JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

IV. UW REAL ESTATE ALUMNI ASSOCIATION

D. Fund-raising

4. Graaskamp's Fund-Raising Efforts

a. Individual donors

Air MAIL

Proposed DUES LETTER
CALL JEFF P Davis with your comment on Friday July 21
312-368-5802

Dear Fellow Alum:

Any discussion of dues and finance brings mixed emotions. Many of us enjoy a great feeling of self satisfaction and pride in our association with the University of Wisconsin Real Estate Program and recognize some degree of responsibility for improving the momentum of the program and the recruiting of ~~better~~ future candidates, ~~for future classes~~ who will further inhance the program image.

The Board of Directors believes there should be no set dues amount. They would like to continue the minumum dues at the 1977 ~~dollar~~ $10 level (tax deductible with a reciept recieved from the University of Wisconsin Foundation). Last year many of you sent $25 and the program can use the extra help ~~but no reports of who paid what are planned to avoid perverse competition or~~ descourages participation ~~with whatever you can afford~~. at this stage of your career.
of (there is no intent to discourage)

About $5 ~~was~~ your contribution supports the mailing costs and newsletter charges as well as tuition for the alumni organization administrator (~~Pam Ole~~). All other funds are used for scholarships for students ~~and~~ or work study research hourly jobs, and for help with other expenses such as terminals and the printing of the program brochure which you recently received. There is a multiplier effect from your dues contribution in several ways. For work sutdy jobs for real estate majors, the federal government will subsidize 80% of the hourly wages for these programs. Thus $100 of alumni funds can create $500 of student aid. If alumni scholarships are tied to Counselor Scholarships, it is possible to waive non-resident tuition for summer school. If your employer has a matching grant program, as described in the enclosed brochure, then each dollar ~~you~~ of your money will bring another dollar to real estate students at Wisconsin. Five alums at one insurance company who provide a $25 contribution each can produce a $250 scholarship for one student; if you indicate that as your wish on the dues card, the Chief will give the scholarship in the name of the company providing the matching grant. [For those of you who just joined the association in '78, consider yourself paid up till next year.] IF THE REAL ESTATE PROGRAM HELPED YOU WITH YOUR CAREER, HELP KEEP THE PROGRAM GOING. SEND YOUR DUES TODAY!

after this

If you know of companies which do not have established giving programs or those who might support the "Wisconsin Idea" in Real Estate education,' why not ~~have~~ take the initiative and contact these companies to see if they have annual giving programs to which the Wisconsin Foundation Real Estate Alumni Fund might be added. Give them the brochure on the program you received with the newsletter or a brochure on the matching gift program. Additional brochures are available from Jeff Davis (his address) or Pam Olenick. Your theme might be IF THE UNIVERSITY OF WISCONSIN REAL ESTATE PROGRAM HAS HELPED YOUR COMPANY IN SOME WAY, NOW IS THE TIME TO HELP KEEP THE PROGRAM GOING WITH A SMALL CONTRIBUTION THAT EXPRESSES YOUR SUPPORT FOR THOSE TEACHING THE BUSINESS VIEW OF REAL ESTATE ISSUES.

Thank you in advance for your help with the 1978 University of Wisconsin Real Estate Alumni fundraising drive. A dues card and envelope are enclosed and a speedy response means the alumni can provide financial assistance for those who need it for the fall semester about to begin August 28, 1978.

With warmenst respects

Jeff Davis - Cahirman 1978 Fund raising drive

Make checks payable to U. of Wis Foundation, Real Estate Alumni Fund, Room 118 Sch. of B, SOB Address

The School of Business
University of Wisconsin-Madison

Graduate School of Business
1155 Observatory Drive
Madison, WI 53706
608/262-0391

May 27, 1986

Mrs. John E. Schroeder
3052 East Newport Court
Milwaukee, WI 53211

Dear Mrs. Schroeder,

It has been many years since I have had an opportunity to see you or John at various events in Milwaukee, since I have little social activity in the Milwaukee area. Fortune continues to smile on us here in Madison where I am Chairman of the Real Estate program, where my wife and I run a nationally recognized real estate consulting firm, and where there is opportunity dabble in the politics of Madison. We have reached that stage in life where we flatter ourselves as having an impact when all of the developers of Wisconsin are staffed with our graduates, including John Hammes, who runs Trammell Crow in Milwaukee. Almost the entire real estate staff at Northwestern Mutual, Johnson Wax, Carley Capital, and others received their graduate degrees in our program.

However, in recent years Governor Earl, the Regents, and the Chancellor have been putting the brakes to the UW School of Business. 20% of the freshman class apply to go to Business School, and less than 7% can be admitted because our budgets are so limited. The State and the Chancellor continue to reduce support levels per student for the School of Business and the Real Estate Department. The trend in the School of Business is revealed in charts in the enclosed brochure, and the full-time equivalent credit load factor for the Dept. of Real Estate is revealed by the attached memo from our Dean. Our objectives are to create a permanent endowment to support hiring of additional teaching assistants and an Assistant Professor, as well as to fund guest lecturers from across the country, so that the student-teacher ratio will remain effective. We do not believe that tax-supported business schools have the right to exclude students with elitist test scores just to hold down enrollments for the convenience of faculty lifestyle. Our present enrollments are burning out the young faculty who must turn out acceptable research to achieve tenure.

Here in Madison we offer a B.B.A. and M.S. degree in Real Estate Analysis, and the M.S. program alone has produced approximately 800 graduates since its beginning in 1964. Most of these graduates are relatively young, and have yet to make their fortunes, but they believe in the program and have formed the only departmental alumni program in the School of Business. For the last twelve years they have convened on campus for a bienniel seminar to teach each other what they are doing in real estate. From that affiliation has grown the belief that real estate entrepreneurs cannot wait on questionable leadership of the Governor, the Regents, or the Chancellor. The alums believe that entrepreneurs of the future are those who implement good public policy.

In that spirit, the real estate alumni have initiated their own fund raising campaign because they don't believe that great universities are made by diverting private funds to indoor football fields, convocation center white elephants, or scholarships for a few. Universities, like churches, find their strength in the congregation, not in the bricks and mortar, and their motivation from teachers not councils. The real estate alumni have set goals of $600,000 from their own members, of which they have already pledged almost $400,000; an additional $600,000 from their employers of which $200,000 has been committed or paid in; and an additional $300,000 from foundations such as yours.

I would welcome an opportunity to be with you in Milwaukee and tell you more of the Real Estate Program's story. You would particularly enjoy hearing about our award winning work in appraising the wilderness of the eastern Cascade Mountains and of the native lands in Alaska. We are doing some work with Tom Tuttle and Jim Grootemaat for The Conservancy.

Even if the real estate program does not meet the targeted objectives of your foundation, I would enjoy an opportunity to have lunch with you and John and tell a few lies about our fishing expeditions in Alaska and in the Gulf Stream with our electric fishing rigs.

Very best regards,

JAMES A. GRAASKAMP, Chairman
Real Estate and Urban Land Economics

The School of Business
University of Wisconsin-Madison

Graduate School of Business
1155 Observatory Drive
Madison, WI 53706
608/262-0391

May 27, 1986

Gary MacLeod, Chairman of the Board
Laird, Norton Trust Company
13th Floor
Norton Building
Seattle, WA 9104

Dear Gary,

Thank you for your note of May 12th. We regret that Linda could not attend the June session. However, all is not lost. The ULI had such an overwhelming response that the first course on the development process was immediately subscribed, with another 30 or more on the waiting list. Therefore, ULI requested and we were successful in arranging to duplicate the course in every way for the week starting Sunday night, July 27th to August 1st. If those dates will work for Linda, call Rachelle Levitt at ULI at (202) 289-8500.

On another matter, we are working very hard to sustain the quality of our real estate program here at the University of Wisconsin despite budget cuts by the State and Chancellor for the School of Business. The real estate program has the highest full-time student equivalent credit load per faculty member of any department in the School of Business and yet our teaching funds have actually been reduced.

Our alumni have initiated a capital endowment fund program to supplement the annual alumni giving program. Our alumni are driving for $600,000 from their own pockets; they seek $600,000 from corporate donors who employ our alumni and benefit from their training; and $300,000 from foundations. I have enclosed a fund-raising brochure and letter to Mr. Barlow which I hope you will convey with generous thoughts and some endorsement.

Sincerely,

JAMES A. GRAASKAMP, Chairman
Real Estate and Urban Land Economics

Enclosures

The School of Business
University of Wisconsin-Madison

Office of Dean
1155 Observatory Drive
Madison WI 53706
608/262-1553

January 6, 1988

Mr. Richard W. Nuernberg
Attorney
3 South Pinckney
Madison, WI 53703

Dear Rick:

I want to endorse Professor Graaskamp's suggestion that you consider the Real Estate Endowment, held by the University of Wisconsin Foundation as the ultimate beneficiary of the   Trust. An annual lecture series on real estate and urban land economics topics would be an appropriate use of this trust.

I would be happy to work with you and Professor Graaskamp to make this idea a reality.

Sincerely,

James C. Hickman

James C. Hickman
Dean

JCH:jb

bxc: J. A. Graaskamp

RICHARD W. NUERNBERG
ATTORNEY AT LAW
3 SOUTH PINCKNEY STREET
MADISON, WISCONSIN 53703

608/255-8042

January 4, 1988

Professor James A. Graaskamp
Graduate School of Business
University of Wisconsin - Madison
1155 Observatory Drive
Madison, Wisconsin 53706

RE:

Dear Professor Graaskamp:

Thank you very much for the information contained in your letter of December 26, 1987. The Trust is very interested in supporting the University programs in real estate and urban land economics.

While we have entered a contract to sell the land owned by the Trust in the City of Monona and Town of Blooming Grove, the actual closing is not scheduled to occur until February 1, 1988. After that I will have a definite idea of where the Trust stands as far cash resources are concerned and will be happy to discuss including your programs as a beneficiary of the Foundation.

Thanks again for contacting me.

Very truly yours,

Richard W. Nuernberg

RWN:c

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AREA CODE 608
TELEPHONE 257-2281

November 13, 1987

, Vice President
(1) Foundation

Madison, WI

Re: (2) Foundation
Real Estate

Dear Mr.

Following our conference with Professor James A. Graaskamp and Attorneys on November 10, 1987, I have reviewed the appraisal report prepared by the Company as of June 3, 1983, the Declaration of Trust dated creating the (2) Foundation and the report on title of Dane County Title Company, Inc. dated September 25, 1987 which was given to us with the representation that it covers the property owned by the (2) Foundation.

Professor Graaskamp and Attorney , on behalf of his client, , have made the following proprosal to (1) :

The (2) Foundation owns parcels C and D located on in the City of as shown on maps attached to the appraisal. The (2) Foundation is a trust organized:

> "...for such charitable and educational purposes as the trustees, or a majority of them, shall determine in their sole and absolute discretion at any time and from time to time. It is the intention of the Grantor that the trust funds be expended primarily for the support of education or research on problems of human settlement and pioneer concepts of environmental design, land use development or new town construction. It is the purpose of the Trust to promote imaginative and technological innovation in utilizing the nation's land resources through the combined tools of

architecture, land use planning and artistic design by grants to appropriate educational institutions or fellowships to qualified scholars or graduate students to further their research or education.

The (2) Foundation has not paid real estate taxes on parcels C and D for many years and the final date to redeem from tax sales to Dane County is December 16, 1987. The amount of unpaid taxes, including interest, is approximately $33,000. Parcels C and D, which consist of approximately 14 acres, abut approximately 26 acres owned by (parcels A and B) which, in turn, abuts a large parcel owned by (lot 15). Both our current informants and the appraisal indicate that parcels C and D, parcels A and B, and lot 15 can be most advantageously developed as one parcel. The appraisal of June 1983 estimated the value of parcels C and D at $97,470. Professor Graaskamp has informally indicated to us his opinion that, in any event, parcels C and D are worth the amount of unpaid taxes, $33,000, or more.

The proposition is this: (1) should loan to the trustee of the (2) Foundation the amount necessary to pay all real estate taxes. In exchange, the (2) Foundation would (a) give a first mortgage and mortgage note, with interest at current market rates, to secure repayment and (b) commit to the (1) Foundation that it will contribute to the (1) any net profit made from ultimate sale of parcels C and D, for the benefit of School of Business, in particular the Real Estate Development and Land Use Departments thereof. It is further proposed that the trustee of the (2) Foundation, and enter into an agreement (acceptable to (1)), which would be effective for approximately one year, to attempt to effect a sale of their combined real estate. If such a sale could not be effected, the (2) Foundation would default on its mortgage loan, thus enabling the (1) to obtain clear title to parcels C and D by foreclosure (or, possibly, by deed in lieu of foreclosure). This has been offered by Attorney as a "no risk" situation for (1).

Based on my review of the documents furnished, I have the following questions and comments:

i. None of the documents, including the Declaration of Trust, indicate the identity of the trustee of the (2) Foundation. We are informed that was trustee until August of 1987, at which time he was adjudicated incompetent and placed under guardianship. We are informed that a special trustee has been appointed by the Circuit Court for Dane County, but with authority only to collect rents. A successor trustee, with full powers, would have to be appointed and authorized to take out the proposed mortgage loan and to commit the balance of the (2) Foundation's assets to the (1) . The prior sole trustee of the (2) Foundation was reputed to be an eccentric individual and I question whether any well-advised individual would dare take on the duties of successor trustee.

2. (1) would have to insist on title insurance showing its mortgage to be a first and paramount lien. We have been informed that there may be some construction lien claims outstanding and that the existing "special trustee" has not been paid. We do not know, and would have no way of knowing what other commitments the former trustee may have made on behalf of the (2) Foundation and we could, theoretically at least, find that the (2) Foundation could not perform its obligation to convey all of its assets to (1), even if a prompt sale were effected.

3. and are individuals unknown to (1) staff. If, as currently represented and as suggested in the 1983 appraisal, all of the parcels should be developed and sold as a unit, will these other individuals be agreeable to work with and will their goals and expectations be compatible with the purposes of (1) ?

4. Attorney advises that he has been unable to contact in recent weeks. What if she cannot be contacted or is found to be uncooperative? If her parcel is essential to optimum development, will the value of parcels C and D be reduced so as to impair the (1) 's investment or substantially impair its expectation of gain from the project?

5. If and are agreeable, how will (1) ascertain the relative value of parcels C and D as opposed to parcels A and B and lot 15? The 1983 appraisal indicates that the various parcels have different topography, different soils problems and differing attributes of highway frontage, drainage, etc. If , and (1) cannot agree, how will the dispute be resolved? In this connection, everyone is aware that the estate of was the subject of a great deal of litigation, lasting many years, in which was directly involved.

6. I call your attention to the fact that the appraisal is nearly five years old. Consequently, none of its factual background nor conclusions can be regarded as valid today without a formal update by the appraiser. With that in mind, I point out the following problems disclosed in the appraisal report itself:

   a. The soils and drainage problems on the entire property appraised, including parcels C and D, are described as having "severe engineering limitations" resulting from poor soil, poor subsurface and lack of drainage.

   b. It appears that a sewage lift station would have to be installed before any of the property could be developed.

   c. The property is zoned as a Community Development District which means that no use of the property can be made without the permission of the City, thus introducing the vagaries of local politics.

   d. Although appraised parcels C and D at $97,470, the equalized assessed value of parcels C and D was $63,763.

   e. The appraiser points out, at pages 14 and 15, that at the time of the appraisal, the outcome of the controversy concerning improvement of Highways versus construction of a bypass had not been resolved. The appraiser did suggest, however, that if the bypass were elected (as has, in fact, happened) it would have negative impact on potential commercial development of parcels C and D.

   f. At page 28, the appraiser suggests that a portion of parcel D is fit only for permanent greenway uses.

   g. At pages 33 and following, the appraiser describes the considerable costs of development of the overall property, much of which is marshland and creek bottom.

   h. The appraiser cautions that development of all of the property would take a long time to sell off. In 1983, he estimated six years. (1) must consider current economic conditions and whether the sell off period would be longer or shorter under present circumstances.

   i. It is apparent from the appraisal that the value of

> parcel C and D is, to some extent at least, tied to the value of parcels A and B and lot 15. Consequently, (1) must question what the intrinsic value of parcels C and D might be, standing alone, if agreement cannot be reached with and as to co-development of the entire property or if the (2) Foundation were to default on its mortgage and (1) were to acquire title.

In summary, my reaction is that the proposal being made to (1) constitutes a "businessman's risk" which should be entered into with the understanding that a loss situation or a long term holding of unproductive real estate are possibilities just as a quick profit is a possibility. Although it appears from the report on title that a "clean" first mortgage could be obtained by (1), the senior status of that mortgage might be rapidly eliminated if the trustee of the (2) Foundation, had to get involved in hundreds of thousands of dollars of development expenses. Borrowing would have to be made for these expenses from lenders who would insist that (1) subordinate its position. Add to this the prospect of entering into a major business transaction with unknown partners, the history of litigation with this property and its owners and our information that the residential buildings on parcels C and D (presently occupied by tenants) are in a bad state of repair. Query, therefore whether the proposal fits within the guidelines of investment which have been established by (1)'s investment committee.

It occurs to me that if (1) desires to enter into real estate ventures as a part of its investment portfolio, it should invest in improved real estate which is income producing, rather than speculate in unimproved land.

(1) has, of course, accepted gifts of unimproved land on many occasions.

Many of the questions raised would be moot if there were a purchaser ready to acquire parcels C and D immediately upon qualification of a successor trustee and clearing of the back real estate taxes.

I conclude by acknowledging that I am neither a real estate appraiser nor a real estate developer and that the particular property here involved may, indeed, have substantial value above the amount of investment being proposed. I do believe, however, that the (1) should satisfy itself as to the questions I have raised before proceeding.

Very truly yours,

STROUD, STROUD, WILLINK, THOMPSON & HOWARD

By: C. Vernon Howard

CVH/sjs