

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

IX. MISCELLANEOUS PROJECTS AND CORRESPONDENCE WITH INDUSTRY

D. Market Feasibility and Investment Consulting

2. Correspondence With and Survey Developed For the Kimberlands Project, Norway, WI, 1970 - 1971; Includes financial assumptions for Lily Lake Project presented at the University of Wisconsin Water Resource Center, July 24, 1970

**KIMBERLY-CLARK CORPORATION**

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# Kimberlands, Ltd.

NORWAY, MICHIGAN 49870

Telephone 206-563-2171

January 6, 1970

James A. Graaskamp, Ph.D.  
Urban Land Economist  
2575 University Avenue  
Madison, Wisconsin 53705

Dear Jim:

Thanks for an interesting and informative discussion last Tuesday.

If you can dig them out, could you send me the names and addresses of the following:

1. The two top-notch California consultants you referred to --- and their specialities.
2. The name of the reputable Minneapolis Broker that was eluding you during our visit and discussion of potential Broker contacts.
3. The advertising agency that places ads in small town newspapers.

Best wishes for a rewarding 1970.

Yours very truly,

KIMBERLANDS, LTD.



D. L. Quick  
Land Manager

DLQ:jc

WILDERNESS PROPERTIES FOR RECREATION OR INVESTMENT

January 25, 1970

Mr. D. L. Quick:  
Kimberlands, Ltd.  
Norway, Michigan 49870

Dear Mr. Quick:

As you may remember during your visit here in Madison, we briefly mentioned a feasibility study which I was doing for a major resort operator in Rhinelander. Since 1949, Jim and Doris Zambon have operated the Holiday Acres Resort, probably the largest and best managed in the Rhinelander area. It is part of a family complex first assembled by Mr. And Mrs. Blaesing who have operated resorts in the northern Wisconsin area for at least fifty years.

The Zambons are acquiring slightly more than 200 acres of the Holiday Acre 800-acre complex on Lake Thompson from the Blaesings for development as a deluxe camping resort. The entire tract is wooded and it is planned to locate approximately 90 camp trailer pads in a privacy pattern on the plateau above the lake bank. Each pad will have cold water and electrical hookups; shower and bath facilities are provided for each of the two clusters of pads; the capital budget includes a pick-up truck with sceptic tank and pump equipment to clean out camp trailer tanks daily and to permit dumping of sewage in the Rhinelander municipal system about three miles away. An A-frame recreation building and retailing outlet is planned together with a major swimming pool facility which modern tourists seem to prefer to the lake which surrounds the camping resort points.

Holiday Acres already features a large boat and motor rental inventory, a riding stable with supervised trails, and a handsome natural log supper club with live music during the summer. The design, the demand, and an ideal location are ready to go.

A proven management team is available on the site together with reserve management talent in the persons of Mr. and Mrs. Jack Powers, formerly the University Extension Agent in the County and now completing a Ph.D in resource development here in Madison. He plans to pursue this type of northern recreational development for the balance of his career. It was the hope of the Zambons and Powers that they could recognize the gypsy character of the camper trailer family by providing a series of resort parks (as above) in Northern Wisconsin and Michigan.

Mr. D. L. Quick  
Page Two  
January 25, 1970

The stumbling block is obtaining construction credit at this time in the area. The Blaesings have an estate planning problem which requires liquidity, hence the transfer of land to the Zambons and a desire to dispose of some of their other resort holdings in Oneida and Vilas County. The local banks do not have \$175,000 in free reserves, or otherwise they would be delighted to continue providing mortgage credit to the enterprise. Participation loans are being discussed with several major lenders who see the project as sound and well-timed, but find \$175,000 too small a loan.

After talking with the Zambons and the Powers, I received their permission to ask whether such a project might be of interest to Kimberlands. It would seem to serve as an ideal prototype for a series of such resort camps on your land holdings and give the management team a chance to polish its construction features and operating techniques during the summer of 1970. The following years a joint venture of this group and Kimberland could lease additional camping resort sites from your forest reserves, with your side providing access to credit and the Zambons providing management know-how.

If you thought it would be worthwhile exploring further, the various parties could meet at the Holiday Acres Resort and talk it over in further detail on the site. It is our intent to find financing in time for early spring construction in April of this year so there is some urgency if you wish to consider possibilities of forming a joint venture.

My role in this project began a year ago with University Extension assistance to the Zambons in researching this project; presently I am a consultant for the Zambons.

Sincerely yours,

James A. Graaskamp

Edited preliminary draft re-retyped at Landmark Research, Inc. on July 20, 1992 for inclusion in the JAG Collection of Teaching Materials



# Kimberlands, Ltd.

NORWAY, MICHIGAN 49870  
Telephone 906-563-2171

March 9, 1970

James A. Graaskamp  
Landmark Research Inc.  
2575 University Avenue  
Madison, Wisconsin 53705

Dear Jim:

Enclosed are copies of several plat book pages that illustrate development opportunities that Kimberlands would like to explore. There are many other similar situations where large industrial landowners and estates share undeveloped recreational properties throughout Northern Michigan and Wisconsin. We feel that combining these properties in a particular location or locations, for the purpose of development, has the potential for larger, more flexible, and more profitable development, and with good planning, a better land use pattern.

There has been some thinking advanced in recent land use discussions and a seminar held at Marquette last fall that the large industrial landholders should combine their efforts in recreational land development and use. This thinking was well received, but as with most ideas and opportunities, someone has to take the initiative and act on it.

Since Kimberlands hopefully will be taking the lead in developing recreational potentials on industrial lands, we would like to come up with an approach to joint development of industrial properties that would be attractive enough to interest other companies to participate, and at the same time, let Kimberlands retain the role of the developer and increase the profitability of our venture in that particular area.

Here again, our lack of experience puts us in a position of looking for counsel on arriving at the best approach to successfully packaging these properties into single development units.

I'd appreciate your comment and advice on the best available counsel.

Yours very truly,

KIMBERLANDS, LTD.



D. L. Quick  
Land Manager

DLQ:jc

WILDERNESS PROPERTIES FOR RECREATION OR INVESTMENT

Circa March-April, 1970

Mr. D. L. Quick:  
Kimberlands, Ltd.  
Norway, Michigan 49870

Dear Mr. Quick:

Enclosed are our versions of your questionnaire, largely as we discussed this noon. Several items escaped my memory of which I will comment.

Your title as "land manager" sounds a little English or a little out of date. How about following the modern newspaper talk about resources and calling yourself "land resource manager" or Northland Resource Manager?

Although I realize KC has a western and southern division, I think you should leave out the word "midwestern" as it has images of cornfields in Iowa or an Indiana address, and therefore detracts from your romance of green forests and blue lakes, etc.

On mailing A you should type in their name even though it is only an inquiry in order to suggest personal attention and I would suggest signing it more informally as Don Quick, Land Resource Manager. "Yours very truly" is currently out of favor for business correspondence.

On your acknowledgment letter - mailing A - I believe you should omit that "guarantee satisfaction" for lack of any definition of satisfaction or time period during which time the owner would be satisfied. Secondly you should refer to Owners Title Insurance which covers both the debt balance and the equity position to emphasize the insurance is for the owner rather than the seller-lender alone. The sentence would then read "we guarantee road access to every tract and transfer a warranty deed with Owner's Title Insurance.

Mr. D. L. Quick  
Page Two  
Circa March-April, 1970

For your evaluation report, I think you should put something relative to water frontage or access on the front page with the appropriate cartoon (see my addition). The treatment of that report with the small cartoon is excellent and same light treatment should be carried through on your inquiry responses to carry out the suggestion that buying land in the north can be fun as well as profitable. Indeed your letter form might be printed in a bold curvy type to soften the image of big corporation versus little John Doe, the cabin buyer. etc.

Sincerely yours,

James A. Graaskamp

Please Note:

An edited preliminary draft of this letter was re-retyped at Landmark Research, Inc. on July 20, 1992 for inclusion in the JAG Collection of Teaching Materials



Thomas L. Turk  
James A. Graaskamp  
Timothy M. Schaefer

March 21, 1970

Mr. D. L. Quick  
Kimberlands, Ltd.  
Norway, Michigan 49870

Dear Don:

Your note of March 9th arrived just after I and one of my graduate students began work with Steve Born and his group on your Lily Lake Project. In addition my four wheel drive International arrived this week so it is a delightful change of pace to think about land development in the North woods and a summer of opportunity to bang about on the back 40's. Indeed, the two boys I am adding to my inside crew are both majors in wildlife ecology so I am now fully equipped.

Relative to the Holiday Acres Motor-Camper Resort, I was successful in picking up a \$145,000.00 fifteen year loan at 9% interest, first year interest only shortly after writing to you so that I have not pursued further with your home office people.

In reference to your question about joint packaging of recreational development several comments come to mind based on the drawings which you sent.

1. For the fragmentary pieces such as Dishno Lake, Roberts Lake, Deephole Lake or other bits and pieces, you would be better to trade outright with Mead or Conners Companies to consolidate your respective holdings.
2. You might wish to trade for the balance of frontage on Lake Ellmore and Herbert Lake but initially you should be concerned with those lake frontages which have the best road access. Joint ventures on small lake projects would be far more complex than would be necessary. Simplicity in legal form and avoidance of committee management for a variety of potholes would seem to be basic rules at this point.
3. However, the potentials for controlling the south bay of Lake Michigamme and virtually all of the shorelines of the Michigamme River would seem most desirable. Given your dominant role on that lake presently, purchase of the Weber and Archibald estate together with a joint venture with Sellitax would give you potential for a unique recreation resource. It might be that the two estates would be delighted to trade for stock in such a venture to avoid management, generate some future income and to maximize development potentials for the area.

4. For example, a major resort on Lake Michigan could offer both big lake water sports and whitewater river canoeing. For example why not a training school in canoeing, camping, and fishing and hiking for those adults with more leisure time who have never learned how to enjoy the north woods.
5. One guideline you might follow is one of my basic arguments with our planners. To maximize your revenues with a minimum of capital investment we should merchandise the concept of access to vast wilderness rather than elaborate improvements or fragmentation through subdivision. The Michigan Lake and River frontages have the potential for a creation complex.

In regard to establishing guidelines and a policy for joint development, I would enjoy working on such a problem. In regard to the best legal counsel around on joint real estate ventures, Charles Goldberg, a Milwaukee attorney, is by far the dean of real estate lawyers in the Midwest (his address: 735 N. Water St., Milwaukee, Wisconsin). However on a national basis one organization you should investigate because they provide counseling services from the best minds in the business is a Rockefeller sponsored organization called the Open Space Action Committee, 145 E. 52nd Street, New York, New York, 10022.

Hope this note reaches you before the mail carriers strike sets in.

Sincerely yours,

James A. Graaskamp, CRE



# Kimberlands, Ltd.

NORWAY, MICHIGAN 49870

Telephone 806-563-2171

May 1, 1970

James A. Graaskamp  
Landmark Research Inc.  
2575 University Avenue  
Madison, Wisconsin 53700

Dear Jim:

Enclosed for your interest and review are copies of reports made on Kimberly-Clark's Western and Southern holdings. They should give you a good idea of the recommended course of action that will be made by Real Estate Research Inc.

With this in mind, if you feel Kimberly-Clark is missing the boat by not exploring other approaches to generating income from their real estate, we'd like to hear you out. Since I don't have a direct line to the Vice Presidents, I would suggest the following:

1. My boss and I will come down to review your thinking and recommendations as soon as you have put them together and can schedule a visit with us.
2. We will then schedule a date, as early as possible, for you to come to Neenah for a discussion with one of our Vice Presidents close to the Kimberlands situation.

Let me know what you think.

One other item -- since we are becoming involved in both "Shoreland Renewal Group" efforts and direct counsel with you from time to time, I'll just assume you'll draw the line and bill us accordingly for direct counseling services.

Sincerely,

KIMBERLANDS, LTD.



Don Quick  
Land Resource Manager

DLQ:jc

WILDERNESS PROPERTIES FOR RECREATION OR INVESTMENT

May 23, 1970

Don Quick  
Land Resource Manager  
Kimberlands, Ltd.  
Norway, Michigan 49870

Dear Don:

I very much regret this tardy reply to your letter of May 1 but it has been a hectic session these past four weeks both on campus and off.

Some organized presentation of my thoughts on objectives and policies for Kimberly-Clark might take the following outline:

- A. If the Forestry Division is to be a profit center and judged in terms of earnings per acre owned or controlled, then it follows that wilderness space is the product. The marketing of space while warehousing growing timber on 350,000 acres or more in terms of National holdings implies a mass market or multiple uses of this commodity we call "wilderness space."
- B. Chopping up lakeshore or riverlands is an obsolete concept because it both violates esthetic and ecological criteria and fails to make any significant improvement in "earnings per acre" when sales profits are divided by your gross acre total.
  1. Relative to subdividing, joint venturing or the sale of large gross acreage amounts tends to siphon away profits from KC far in excess the cost of acquiring its own development team and tends to dilute corporate responsibility to society relative to wise land use.
  2. KC would have to sell 3,500 acres a year at a 300% profit to increase yield on total acres by 1%. How deep is the market for second home sites in the 1970's? Whenever an idea like lake lots becomes a conventional piece of wisdom it is time to re-examine the premises.
- C. Mass Markets for vacation homes may not be as extensive as one is led to believe from 1970-1980 as the country faces a variety of economic and technical dilemmas which will require tremendous infusions of public capital, requiring higher income and real estate taxes, continued high interest rates, selective credit controls on mortgage finance, and continued inflationary pressure on buying power, particularly purchase power for a first home!

1. Remember the 25-44 age group is moving from 2.4 to 29.2% of the population in 1970-1980 and the 15-24 age group has already moved from 8.4% of the population in 1960 to 47.5% of the population. This group cannot afford to buy a \$15,000 second home when it is struggling to purchase the first home.
  2. Indeed the cost of housing means the majority of these people will be living in apartment houses and townhouse complexes and anxious to break out of the crowding and noise of high-density living in their leisure time.
- D. Why not joint venture with consumer groups who best can know and appreciate the primary and most attributable timberland - extensive wilderness, such as outdoor camping associations, trailer clubs, feeder airlines creating travel points for vacationers, etc.
1. These age groups are activists. Every other one carries his books to school in a hikers or climbers backpack. They have sleeping bags, and darling do. What would be more natural than to provide vast hiking and canoeing and camping complexes with the same re-supply points and recreation pavilions that characterize the winter sky lodges?
  2. Once these age groups have families, the youngsters require campers and camp trailers and the freedom to move a little like the gypsies. Why not a chain of exclusive camper spots across Minnesota, Northern Wisconsin and Michigan which feature different natural attributes, perhaps one with the White Water River, another with its own glacial lake, a third with a marina and rental units for fishing in Lake Superior or what have you. A reservation service and a standard unit in price would take the uncomfortable uncertainties of family touring out of the holiday.
  3. Pressure on state park facilities could mean that private trailer clubs could rent a couple thousand acres for a summer or two for the exclusive use of its members. I know one yacht club that pays cash money just to rent sand bars on the St. Croix on the Mississippi for the exclusive use of its members.
- E. While the college groups may be most knowledgeable about recreations and wilderness country, the skilled trades people will have a lot more spending power than the college graduates. Our graduates will receive \$9,000 or 10,000 to start but carpenters in Madison will make \$15,500 in 1971 and \$17,000 in 1972. Many of the urban people with money to spend and with the desire to be in the country know little more than to drive and watch and spend money foolishly at the Dells.

1. Why not a school for wilderness skills such as camping and canoeing techniques, hiking and boat-handling, etc.? People are hungry to return home and show off to friends a new skill even if it is only good bar-tending.
  2. A wilderness school system gives you a chance to create a new image for Kimberly-Clark as a conservationist and a corporation with a conscience.
  3. A wilderness school is a captive market for a soft sell of camping clubs and other recreational uses of Kimberly-Clark lands.
  4. A wilderness school gives Kimberlands a point of contact for feedback on what the people really want in the way of recreational resource.
  5. A wilderness school gives KC a point of common interest with those forces in each state which want to push the recreation industry and underdeveloped counties and hence a favorable point of political contact at a time when the politics of ecology will be particularly hard on the high willhouette of large land owners and natural resource consumers.
  6. A logical location for such an initial school effort might be in Norway, Michigan where the southern reaches of Lake Michigan and the River could be secured for a stunning campus areas as well as continuing use for timber needs.
- F. Multiple uses and leases of acreage will produce more earnings per acre sooner than any other plan. 5,000 acres leased to a hiking club for \$2.00/acre is not an unreasonable annual rent on a net basis. If 50,000 acres could be producing only \$2.00/year, would that not represent a significant increase in your earnings per acre relative to your present earnings in Forestry?
- G. There is nothing in the recommended courses of action by Real Estate Research, Inc. that provides imaginative policy for a new decade. Their suggestions would have been equally relevant in 1955. Professor Phil Lewis is nationally known for his work on large-scale inventory of recreational land resources and his intensive studies of midwest patterns of development for the next decade. We would jointly like a half-day session with your decision-makers to demonstrate the sterility of your present course and policy guidelines by Real Estate Research.

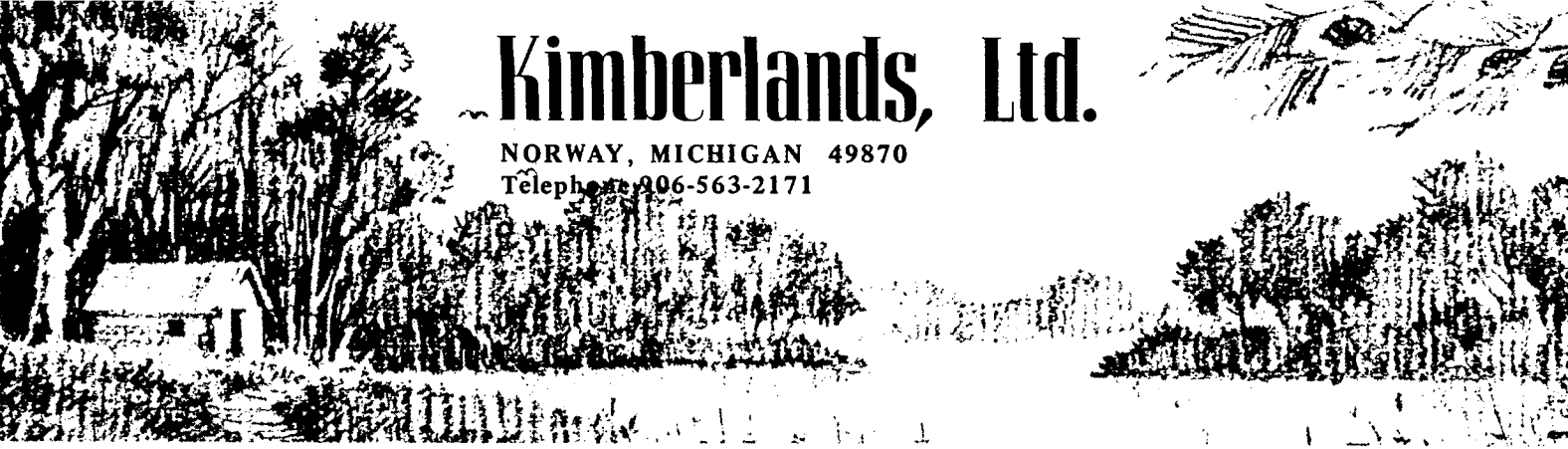
To: Don Quick

Page four

I will be fishing up on Lake Superior during the week of June 15th and could be in Norway, Michigan on Friday the 19th. In the meantime I expect to see you on campus on the 26th.

Sincerely yours,

James A. Graaskamp  
Assistant Professor In Business



# Kimberlands, Ltd.

NORWAY, MICHIGAN 49870

Telephone 806-563-2171

June 3, 1970

James A. Graaskamp  
Landmark Research Inc.  
202A Breese Terrace  
Madison, Wisconsin 54305

Dear Jim:

Your proposed date of Friday, June 19th for a discussion on Kimberlands' policy at Norway is ok with us. Please let us know a day or so in advance as to when to expect you.

Sincerely,

KIMBERLANDS, LTD.

Don Quick  
Land Resource Manager

DQ:jc





# Kimberlands, Ltd.

NORWAY, MICHIGAN 49870

Telephone 806-563-2171

June 23, 1970

James A. Graaskamp  
Landmark Research Inc.  
202 A Breese Terrace  
Madison, Wisconsin 53705

Dear Jim:

Enclosed for your interest are samples of:

1. Our mailing "A", sent in response to advertising replies and other inquiries.
2. Mailing "B", sent in response to requests for detailed information on specific properties.

Also enclosed are a number of brochures which you may use at your discretion.

We started advertising early in the month, and are receiving pretty fair response and sales commitments are starting to trickle in. We will keep tabs on the questionnaire returns relative to interest in a large off-shore development -- this can perhaps be blended with your research.

Should you have any comments on the material, we'd appreciate hearing them.

I received a copy of the latest questionnaire placed by your group relative to Lily Lake. I hope your response is better than last time.

Two of us will be down by noon hour on Monday, June 29th to meet with the Shoreland Management Group. We will be available until noon hour on Tuesday. I've asked Steve Born to schedule some time for you to talk about Kimberly-Clark's resource management objectives.

Sincerely,

KIMBERLANDS, LTD.



Don Quick  
Land Resource Manager

DQ:jc  
Enclosures

WILDERNESS PROPERTIES FOR RECREATION OR INVESTMENT

**University of Wisconsin  
RECREATIONAL  
LAND DEVELOPMENT  
PREFERENCE STUDY**

**PROBLEM:** Lakeshore lots are expensive and are in short supply. Most northern Wisconsin acreage is dotted with small lakes, streams, bogs, meadow, and large tracts of woods. How do we provide sites for everyone at reasonable costs without ruining the water and the wilderness?

**Proposed Solution:** Co-ordinated planning and development of large tracts of 3,000 acres or more as recreation clubs. Membership in a club would be granted to purchasers of recreation sites, clustered in small groups for either camper-trailers, apartments, or small cottages. In addition to a recreation club-house, various swimming facilities, and year round maintenance, the club would offer hiking and riding trails, archery and rifle ranges, boat and scooter rentals, and social events, such as square dances or curling bonspiels. Annual club dues would be less than \$120 per site. Purchase of a site with water, underground electrical, and septic services would begin at \$2,500 per site. Such a development could be located within 2 hours' drive from Lake Winnebago or 4 hours from Milwaukee.

*Please indicate your response to the following concepts:*

- 1.** One area of the clublands would feature private sites for sale for parking a camper-trailer or motor-camper, consisting of at least 5,000 sq. ft. of land in a small semiprivate cluster, complete with gravel pad, electricity outlet, cold water outlet and short path to a toilet and shower room serving only the cluster, all in a natural woodland setting owned and maintained by the club. No structures of any kind could ever be constructed on these sites. Price: \$2,500; dues \$120.

Just what we need ☐ Good concept but not for me ☐

Ridiculous ☐ Comment: (if any) \_\_\_\_\_

- 2.** Consider an area of Holiday town house and apartment cluster units available on a minimum 2 year lease with rent payable each 6 months. Each little residential unit would be furnished with basic built-in furniture and indoor/outdoor lawn furniture, private patio and proximity to all club facilities. Design would be contemporary A frame, chalet and patio house styles. Just what we need ☐

Good concept but not for me ☐ Ridiculous ☐

If you might rent such a unit, circle your preference for:

- |                                     |                              |
|-------------------------------------|------------------------------|
| 1. \$90 for studio, including dues. | 2. \$100 for one bedroom.    |
| 3. \$110 for two bedrooms.          | 4. \$130 for three bedrooms. |

Comment: \_\_\_\_\_

- 3.** Consider an area of detached homesites on the club grounds for small architecturally approved cabins, rustic style mobile homes or sectionals, with underground wiring, water, and joint septic system. Price: \$4,500; annual dues \$120 per half acre building site.

Just right for me ☐ Good concept but not for me ☐ Ridiculous ☐

Comment: \_\_\_\_\_

- 4.** Owners of cabin sites would share equally in club benefits and responsibilities with the owners of camper pads and apartment units.

1. Would you buy a homesite under those rules? Yes \_\_\_\_\_ No \_\_\_\_\_

2. Do you believe camper owners and cabin owners would mix socially? Yes \_\_\_\_\_ No \_\_\_\_\_

- 5.** Please circle the number of those five recreational features that you and your family would use most often on the clubgrounds:

- |                                     |                                       |
|-------------------------------------|---------------------------------------|
| 1. Swimming beach                   | 11. Hiking along marked nature trails |
| 2. Boat rental                      | 12. Nature appreciation courses       |
| 3. Boat ramps for your boats        | 13. Outdoor skill classes             |
| 4. Motor scooter rental             | 14. Snowmobile rentals                |
| 5. Riding stables with trail guides | 15. Snowmobile trails                 |
| 6. Pony corral                      | 16. Indoor table games                |
| 7. Tennis courts                    | 17. Rifle range                       |
| 8. Archery range                    | 18. Skeet shooting                    |
| 9. Golf driving range               | 19. Shuffleboard                      |
| 10. Supervised playground           |                                       |

- 6.** Please circle the number of features in the community clubhouse which you would use:

- |                                 |                                       |
|---------------------------------|---------------------------------------|
| 1. Card rooms                   | 5. Indoor-outdoor heated pool         |
| 2. Rumpus room with table games | 6. Sauna bath                         |
| 3. Snack bar with beer          | 7. Motel type rooms for your guests   |
| 4. Supper club with 21 bar      | 8. Daily bus run to nearby ski slopes |

We do not need to know your name but please indicate the name of the town in which you presently live.

Age of person filling in questionnaire \_\_\_\_\_

*Please mail to:*

NORTHERN LAND DEVELOPMENT PROJECT M1  
WATER RESOURCE CENTER  
215 Brooks Street, Madison, Wisconsin 53706

## SURVEY RESULTS

### Recreational Land Development Preference Survey

In June 1970, the Water Resource Center, in conjunction with the Graduate School of Business, University of Wisconsin, conducted a preference study via the Milwaukee Journal, the Milwaukee Sentinel, the Appleton Post, and the Green Bay Press-Gazette. The questionnaire, which appeared in the Sunday editions of the above newspapers, posed the following problem.

PROBLEM: Lakeshore lots are expensive and are in short supply. Most northern Wisconsin acreage is dotted with small lakes, streams, bogs, meadow, and large tracts of woods. How do we provide sites for everyone at reasonable costs without ruining the water and the wilderness?

At the same time, a solution was proposed.

Proposed Solution: Co-ordinated planning and development of large tracts of 3,000 acres or more as recreation clubs. Membership in a club would be granted to purchasers of recreation sites, clustered in small groups for either camper-trailers, apartments, or small cottages. In addition to a recreation clubhouse, various swimming facilities, and year round maintenance, the club would offer hiking and riding trails, archery and rifle ranges, boat and scooter rentals, and social events, such as square dances or curling conspiels. Annual club dues would be less than \$120 per site. Purchase of a site with water, underground electrical, and septic services would begin at \$2,500 per site. Such a development could be located within 2 hours' drive from Green Bay or The Fox River Valley or 4 hours from Milwaukee.

> SUMMARY OF QUESTIONNAIRE RESPONSES: <sup>usable</sup>  
Readers were asked to respond to six major questions. There were 110<sup>1</sup> responses. <sup>no focus, preferences, responses were</sup> ~~As a matter of interest respondents were sub-categorized by age, a) under 40 years old and b) 40 years old or more. The questions and the statistics (percentages) follow.~~

1. One area of the clublands would feature private sites for sale for parking a camper-trailer or motor-camper, consisting of at least 6,000 sq.ft. of land in a small semi-private cluster, complete with gravel pad for camper and guest, electricity outlet, cold water outlet and short path to a toilet and shower room serving only the cluster, all in a natural woodland setting owned and maintained by the club. No structures of any kind could ever be constructed on these sites. Prices: \$2,500; dues \$120.

	% of total	% under 40	% 40+
Just what we need	38	39	37
Good but not for me	45	46	45
Ridiculous	13	14	12
No response	04	02	06

2. Consider an area of Holiday town house and apartment cluster units available on a minimum 2 year lease with rent payable in advance each 6 months. Each little residential unit would be furnished with basic built-in furniture and indoor/outdoor lawn furniture, private patio and proximity to all club facilities. Design would be contemporary A frame, chalet and patio house styles.

	% of total	% under 40	% 40+
Just what we need	26	29	24
Good but not for me	48	47	49
Ridiculous	17	20	14
No response	08	03	14

3. Consider an area of detached homesites on the club grounds for small architecturally approved cabins, rustic style mobile homes or sectionals, with underground wiring, water, and joint septic system. Price: \$4,000; annual dues \$120 per half acre building site.

	% of total	% under 40	% 40+
Just what we need	42	46	37
Good but not for me	35	32	37
Ridiculous	15	19	12
No response	08	02	16

4. Owners of cabin sites would share equally in club benefits and responsibilities with the owners of camper pads and apartment units.

A. Would you buy a homesite under these rules?

	% of total	% under 40	% 40+
Yes	66	75	57
No	23	17	29
UNK	11	08	14

B. Do you believe camper owners and cabin owners would mix socially?

	% of total	% under 40	% 40+
Yes	68	73	63
No	25	22	29
UNK	06	05	08

5. In this question, respondents were to circle the five recreational features that they or their families would use most often on the clubgrounds. Many respondents listed more than five items. All items were included in the analysis. The percentage of responses per line item is a good index of what respondents want in the way of recreational facilities.

	% of total	% under 40	% 40+
1. Swimming beach	85	90	80
2. Hiking on market trails	67	66	69
3. Boat ramps	35	29	41
4. Nature courses	34	25	43
5. Boat rental	33	37	27
6. Riding stables	30	25	35
7. Supervised playground	28	42	12
8. Tennis courts	26	34	18
9. Outdoor skill classes	25	20	31
10. Rifle range	24	19	29
11. Golf driving range	22	22	22
12. Snowmobile trails	19	20	18
13. Indoor table games	15	05	25
14. Skeet shooting	15	07	24
15. Archery range	14	14	14
16. Shuffleboard	13	12	14
17. Snowmobile rentals	12	14	10
18. Motor scooter rental	05	07	02
19. Pony corral	02	02	02

6. In this question, respondents were to circle those features they would use in the community clubhouse. The percentage of responses per line item is a good index of what respondents want in the way of clubhouse facilities.

	% of total	% under 40	% 40+
1. Indoor-outdoor heated pool	65	77	52
2. Sauna bath	42	53	30
3. Snack bar with beer	42	44	40
4. Supper club with bar	36	44	28
5. Rumpus room	32	37	26
6. Bussing to ski-areas	21	28	12
7. Motel guest rooms	19	21	16
8. Card rooms	17	12	22

## Kimberland Feasibility Report

- A. Definition of feasibility - ~~including~~ given the likelihood of satisfying specific objectives within a context of limited resources and institutional constraints.
- B. Elements of feasibility analysis - strategy, market, merchandising, legal-political, physical-technical, ethical-~~static~~<sup>esthetic</sup>, and financial.
- C. Strategic objectives of Kimberly Clark and Great Lakes project.
  - 1. Improve earnings per acre of Forestry Division while developing techniques to serve 1970-1980 market.
  - 2. To discover methods of reconciling development for profit and conservation of natural resources.
  - 3. Tactical objectives were to merchandise 4,000 acres in a manner which would establish a position of leadership for K.C. in the field where other competitors have made a name and perhaps a future public relations problem of some size.
- D. Market trends indicate only opportunity areas
  - 1. The 1970's market will be a younger market and a poorer market in terms of recreational purchasing power.
  - 2. A poorer but wiser market in terms of selecting water related land.
  - 3. The Volkswagon syndrome - Economy for economy and ecology - the anti-snob-snob.
  - 4. Slotting to a sub-market - the advantage of a good monopoly.
- E. Merchandising studies -
  - 1. Proximity to travel corridors and population centers
  - 2. The approach zone
  - 3. Competitive interception problems - Legend Lake.
  - 4. Sales on first visit
  - 5. Younger markets want swimming pools, participation activities other than fishing such as hiking, are acclimated to concept of recreation clubs via the Playboy, apartment complexes, travel clubs, etc.
  - 6. Spaciousness versus proximity
  - 7. Attitude studies via newspapers and direct mail survey.
  - 8. These techniques produce a definition of a consumer profile and product mix and specifications which must then be adapted to the natural constraints of the site.

F. Design solution must then be fit to financial constraints

# FINANCIAL ASSUMPTIONS FOR LILY LAKE PROJECT

## Basic Land Development Profit Program Run #22

### Proposal for Kimberlands, Limited

#### University of Wisconsin Water Resource Center

Sept. 1, 1970

- I. Total equity of \$540,000 consisting of a) \$115,000 cash, b) \$95,000 cash for miscellaneous land purchases plus c) \$330,000 land basis representing purchase of 3300 acres @ \$100/ac.
- II. Profit centers for Kimberlands, Ltd. included in model yield calculations.
  - A. Land development/sale of .5 Ac Lots  
900 lots X \$6000 gross profit/lot = \$5,400,000 gross profit
  - B. Land development/sale of 1 Ac Lots  
400 lots X \$4150 gross profit/lot = \$1,660,000 gross profit
  - C. Development/Construction/sale of Studio  
Deluxe Condominiums  
80 units X \$7125 gross profit/unit = \$570,000 gross profit
  - D. Development/Construction/sale of 2 Br  
Condominiums  
80 units X \$8725 gross profit/unit = \$698,000 gross profit
- III. Possible profit centers for Kimberlands, Ltd. not included in model yield calculations.
  - A. Possible mobile home franchising, estimated sales of  
400 units X \$600 commission/unit = \$240,000 gross profit
  - B. Possible project management contract with ownership  
association, 1460 property owners at \$30 each/year = \$43,650 net fees  
Assume assessments at \$100/year.
- IV. Profit centers for Kimberly-Clark Corp. not included in model yield calculations.
  - A. Sale of 3300 acres X \$100/ac = \$330,000 revenue  
or a \$165,000 profit on a \$50/ac basis.
  - B. Interest on working capital loans to subsidiary at 1.25% per month  
or 15% per year.

- C. If K-C finances Kimberland's land contracts, assume 50% of total sales on 5 year land contracts X 80% loan ratio X allowance for 10% discount + 8%/year on-going interest.

V. General administrative cost allowances.

- A. Organizational legal fees \$5,000
- B. Fixed management cost of \$75,000 per year, plus;
- C. Professional construction fees and construction administration at 10% of construction cost in place, plus;
- D. Sales administration and advertising at 15% of sales plus;
- E. Sales commission of 15% of sales unit cost.
- F. Credit line for construction of improvements provided at 12%
- G. Working capital loans from parent corporation at 15% per annum.

VI. Budget for major facilities provided all home owners.

A. Main club-house	\$100,000
B. Indoor-outdoor pool at main club-house	75,000
C. Stable	10,000
D. Skeet shooting and archery ranges	5,000
E. Docks and landings	10,000
F. Recreational equipment (rental boats, motors, tennis, etc.)	36,500
G. Hiking trails 16 miles	32,000
H. Snowmobile and riding trails 16 miles	84,500
I. 2 Outdoor pools	30,000
J. 12 miles of road not allocated to lots	443,520
K. Wilderness land - excluding trail right-of-way, etc. - approximately 2,442 acres	

VII. Product mix of lots and condominiums

A. 1. Acres improved and lotted	858 acres
2. Wilderness acreage with trails only in common ownership	2442 acres
3. Developed to wilderness acreage ratio is 1:2.8	
4. Dwell units per acre - 1460/3300, ratio 1:2.26	
B. One-half acre lots (approx. 100 X 200) with water, electricity and group septic services	900 units
1. Initial sales price	\$8,000
2. Absorption rate 180 units per year	
3. Specific allocated improvement costs:	
a. 100 feet of half road	350
b. electrical service	200
c. water line	250
d. cluster septic share	500
e. recreation equipment allowance	25



f. pedestrian trail at rear of lot	50
g. contingencies	200
h. financing charge*	425
Total capital cost per unit	\$2,000/lot
4. Gross profit per unit	\$6,000
C. One acre lots (approx. 150 X 290) without water and septic, 400 units	
1. Initial sales price	\$5,500
2. Absorption rate 100 units per year	
3. Specific allocated improvement costs:	
a. 150 feet of half road	525
b. electrical service	200
c. recreation equipment allowance	25
d. pedestrian trail at rear of lot	75
e. contingencies	200
f. financing charge*	325
Total capital cost per unit	\$1,350/lot
4. Gross profit per unit	\$4,150
D. Studio deluxe condominium (550 square feet living space) 80 units	
1. Initial sales price with land	\$17,900
2. Absorption rate 20 units per year	
3. Specific allocated improvement costs:	
a. road share plus 2 parking stalls	350
b. electrical service	200
c. recreation equipment allowance	25
d. cluster septic share	500
e. water line	250
f. structure @ \$15/sf	8,250
g. financing charge	1,000
h. contingencies	200
Total capital cost per unit	10,775/unit
4. Gross profit per unit	\$7,125
E. Two-bedroom condominium (750 square feet living space) 80 units	
1. Initial sales price with land	\$22,500
2. Absorption rate 20 units per year	
3. Specific allocated improvement costs:	
a. road share plus two parking stalls	350
b. electrical service	200
c. recreational equipment allowance	25
d. cluster septic share	500
e. water line	250
f. structure @ \$15/sf	11,250
g. financing charge*	1,000
h. contingencies	200
Total capital cost per unit	\$13,775/unit
4. Gross profit per unit	\$8,725
Total number of salable units on 3300 acres	1,460 units

\* Allowance for discount on sale of 8% land contract for cash.

## FINANCIAL ASSUMPTIONS FOR LILY LAKE PROJECT

Proposal for Kimberlands, Limited

University of Wisconsin Water Resource Center

July 24, 1970

### I. Profit Centers Available From Lily Lake Development

- A. Sale of 3,300 acres at \$50 profit per acre = \$165,000
- B. Land development profit of 1,463,330 or 10.9% of 13,433,900 sales
- C. Consumer paper and land contracts on 50% of sales X 80% loan ratio X discount of 10% + 8% interest (optional)
- D. Condominium construction profit 160 units at avg \$1,000 each = \$160,000
- E. Sale of prefab buildings or mobile home franchise 400 X \$600 each = \$240,000
- F. Short-term loans from parent at 1.25% per month
- G. Project management contract with association 1400 property owners at \$30 per year (out of \$100 per year assessment)

### II. General Administrative Cost Allowances

- A. Organizational legal fees \$5,000
- B. Fixed management cost of \$75,000 per year, plus;
- C. Professional construction fees and construction administration at 10% of construction cost in place, plus;
- D. Sales administration and advertising at 15% of sales plus;
- E. Sales commission of 15% of sales unit cost.
- F. Credit line for construction of improvements provided at 12%
- G. Working capital loans from parent corporation at 15% per annum.

### III. Budget for Major Facilities Provided All Home Owners

- |   |           |
|---|-----------|
| A. Main club-house  | \$100,000 |
| B. Indoor-outdoor pool at main club-house   | 75,000    |
| C. Stable   | 10,000    |
| D. Skeet shooting and archery ranges  | 5,000     |
| E. Docks and landings   | 10,000    |
| F. Recreational equipment (rental boats, motors, tennis, etc.)                      | 36,500    |
| G. Hiking trails 16 miles   | 32,000    |
| H. Snowmobile and riding trails 16 miles  | 84,500    |
| I. 2 Outdoor pools  | 30,000    |
| J. 12 miles of road not allocated to lots   |           |
| K. Wilderness land - excluding trail right-of-way, etc. - approximately 1,650 acres |           |

IV. Product Mix of Lots and Condominiums

A. One-half acre lots (approx. 100 X 200) with water,  
electricity and group septic services 900 units

1. Initial sales price	\$8,000
2. Absorption rate 180 units per year	
3. Specific allocated improvement costs:	
a. 100 feet of half road	350
b. electrical service	200
c. water line	250
d. cluster septic share	500
e. recreation equipment allowance	25
f. pedestrian trail at rear of lot	50
g. contingencies	200
h. financing charge*	425
	<u>\$2,000/lot</u>

B. One acre lots (approx. 150 X 290) without water and septic 400 units

1. Initial sales price	\$5,500
2. Absorption rate 100 units per year	
3. Sales price in year 5, \$5,000	
4. Specific allocated improvement costs:	
a. 150 feet of half road	525
b. electrical service	200
c. recreation equipment allowance	25
d. pedestrian trail at rear of lot	75
e. contingencies	200
f. financing charge *	250
	<u>\$1,275/lot</u>

C. Studio Deluxe Condominium (550 square feet living space) 80 units

1. Initial sales price with land	\$17,900
2. Absorption rate 20 units per year	
3. Specific allocated improvement costs:	
a. road share plus 2 parking stalls	350
b. electrical service	200
c. recreation equipment allowance	25
d. cluster septic share	500
e. water line	250
f. structure @ \$15/sf	8,250
g. financing charge	1,000
h. contingencies	200
	<u>\$10,775/unit</u>

\* Allowance for discount on sale of 8% land contract for cash.

D. Two-bedroom condominium (750 square feet living space) 80 units

1. Initial sales price with land	\$22,500
2. Absorption rate 20 units per year	
3. Specific allocated improvement costs:	
a. road share plus two parking stalls	350
b. electrical service	200
c. recreational equipment allowance	25
d. cluster septic share	500
e. water line	250
f. structure @ \$15/sf	11,250
g. financing charge*	1,000
h. contingencies	200
	<u>\$13,775/unit</u>

Total number of salable units on 3300 acres 1460 units

\* Allowance for discount on sale of 8% land contract for cash.

## SUMMARY OF INPUTS

## CAPITAL COST COMPONENTS

## ANNUAL PERCENTAGE INDEXES

NAME	PRICE PER UNIT	LAND COVERED	TYPE	YEAR	LAND	R.E. TAXES	CAPITAL COSTS	CASH
10FT 1/2 SURF RD	3.50	20.00	2	1	100.	100.	100.	90.
SECOND REC BLD	35000.00	1.00	1	2	101.	120.	105.	80.
ELECT TO SITE	200.00	.00	0	3	102.	123.	110.	70.
CLUB HOUSE	100000.00	25.00	1	4	103.	124.	115.	60.
I-O POOL	75000.00	1.00	1	5	104.	126.	120.	.
AREA SWM POOL	15000.00	1000.00	2	6	105.	128.	125.	.
AREA UTIL BLDG	9000.00	1000.00	2	7	106.	130.	130.	.
ENTRANCES + SGNS	30000.00	80000.00	2	8	107.	132.	135.	.
IRF OF 40FTW TRL	1.00	40.00	2	9	108.	134.	140.	.
STABLE	10000.00	4.00	1	10	109.	136.	145.	.
SKEET + RIF RANG	5000.00	1.00	1					
DOCKS + LANDINGS	10000.00	.50	1					
REC EQUIP	25.00	.00	0					
MGR. HOUSE	20000.00	.50	1					
.1 CLUSTERSEPTIC	500.00	.00	0					
WATER WELL	2100.00	.00	0					
MAINT FACILITIES	10000.00	2.00	1					
RES BLDG COST SF	15.00	.00	0					
WILDERNESS LAND	100.00	1605.00	1					
AREA 1 DREDGING	18000.00	.00	0					
AREA 2 DREDGING	30000.00	.00	0					
CONTINGENCIES	200.00	.00	0					
HIKING TRAIL	2000.00	15740.00	2					
WATER LINE	250.00	1.00	0					

## TYPE CODES

0=NO LAND COVERED

1=LAND COVERED IN ACRES

2=LAND COVERED IN SQUARE FEET

MARGINAL TAX RATE	.4800	CARRYING COST PER RAW ACRE OF LAND	1.00
WORKING CAPITAL INTEREST RATE	.1500	EQUITY RATE OF RETURN--USED IN PRESENT VALUE CALCULATIONS	20.00
REAL ESTATE TAX EQUALIZATION RATE	33.00	PORTFOLIO RATE OF RETURN--OR OPPORTUNITY COST	20.00
REAL ESTATE TAXES PER THOUSAND OF VALUE	90.00	FIXED ADMINISTRATIVE + GENERAL EXPENSES PER YEAR	75000.
PRORATION FORMULA 0/0 TO LAND AREA	.00	ADMIN. + GENERAL EXPENSES AS A 0/0 OF SALES VALUE	15.00
PRORATION FORMULA 0/0 TO SALES VALUE	100.00	ADMIN. + GENERAL EXPENSES AS A 0/0 OF CAPITAL EXPENDITURES	10.00

COSTS OF GENERAL IMPROVEMENTS	1	2	3	4	5	6	7	8	9	10
10FT 1/2 SURF RD	245000.	64312.	67375.	70437.	.	.	.	.	.	.
SECOND REC BLD	.	.	38500.	.	.	.	.	.	.	.
CLUB HOUSE	100000.	.	.	.	.	.	.	.	.	.
I-O POOL	75000.	.	.	.	.	.	.	.	.	.
AREA SWM POOL	30000.	.	.	.	.	.	.	.	.	.
AREA UTIL BLDG	18000.	.	.	.	.	.	.	.	.	.
ENTRANCES + SGNS	30000.	.	.	.	.	.	.	.	.	.
IRF OF 40FTW TRL	42240.	44352.	.	.	.	.	.	.	.	.
STABLE	10000.	.	.	.	.	.	.	.	.	.
SKEET + RIF RANG	5000.	.	.	.	.	.	.	.	.	.
DOCKS + LANDINGS	20000.	.	.	.	.	.	.	.	.	.
MGR HOUSE	20000.	.	.	.	.	.	.	.	.	.
WATER WELL	6300.	.	.	.	.	.	.	.	.	.
MAINT FACILITIES	10000.	.	.	.	.	.	.	.	.	.
WILDERNESS LAND	100.	.	.	.	.	.	.	.	.	.
AREA 1 DREDGING	18000.	.	.	.	.	.	.	.	.	.
AREA 2 DREDGING	.	.	33000.	.	.	.	.	.	.	.
HIKING TRAIL	16000.	.	17600.	.	.	.	.	.	.	.
TOTAL	645640.	108664.	156475.	70437.	.	.	.	.	.	.

ACRES DEDICATED	1	2	3	4	5	6	7	8	9	10
GENERAL USE										
10FT 1/2 SURF RD	32.13	8.03	8.03	8.03	.00	.00	.00	.00	.00	.00
SECOND REC BLD	.00	.00	1.00	.00	.00	.00	.00	.00	.00	.00
CLUB HOUSE	25.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
I-O POOL	1.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
AREA SWM POOL	.04	.00	.00	.00	.00	.00	.00	.00	.00	.00
AREA UTIL BLDG	.04	.00	.00	.00	.00	.00	.00	.00	.00	.00
ENTRANCES + SGNS	1.83	.00	.00	.00	.00	.00	.00	.00	.00	.00
IRF OF 40FTW TRL	38.78	38.78	.00	.00	.00	.00	.00	.00	.00	.00
STABLE	4.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
SKEET + RIF RANG	1.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
DOCKS + LANDINGS	1.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
MGR HOUSE	.50	.00	.00	.00	.00	.00	.00	.00	.00	.00
MAINT FACILITIES	2.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
WILDERNESS LAND	1605.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
HIKING TRAIL	2.89	.00	2.89	.00	.00	.00	.00	.00	.00	.00
SPECIFIC USE										
10FT 1/2 SURF RD	.00	16.98	16.98	16.98	16.98	8.26	.00	.00	.00	.00
IRF OF 40FTW TRL	.00	15.15	15.15	15.15	15.15	8.26	.00	.00	.00	.00
TOTAL	1715.24	78.96	44.06	40.17	32.13	16.52	.00	.00	.00	.00

INITIAL RAW LAND AVAILABLE--	3300.00 ACRES
LAND FOR .5AC LOTS W/UTIL	450.00
LAND FOR 1AC LOT W/O UTIL	400.00
LAND FOR STUDIO CONDO LUX	4.00
LAND FOR 2 PR CONDOMINIUM	4.00
LAND DEDICATED	1927.08
LAND LEFT FOR OPEN SPACE	514.89

PURCHASE BASIS OF RAW LAND FOR DEVELOPER	425000.
DEBT OUTSTANDING ON RAW LAND AT START OF DEVELOPMENT	.
BOOK EQUITY IN RAW LAND AT START OF DEVELOPMENT	425000.
RESALE VALUE OF RAW LAND NET OF TRANSFER COSTS	425000.
RESALE EQUITY IN RAW LAND	425000.
INITIAL EQUITY CASH IN DEVELOPMENT ENTITY	175000.
TOTAL EQUITY IN DEVELOPMENT ENTITY	600000.
CASH EXPENSES OF ORGANIZATION	5000. AMORTIZED FOR 5 YEARS--RECOGNIZED IN TAXABLE INCOME
NET CASH FOR DEVELOPMENT	170000. INCLUDED IN YEAR 1 NET CASH AFTER TAXES

## FINANCING FOR LAND DEVELOPMENT

1ST MORTGAGE	AMOUNT--	3000000.	INTEREST RATE--	.1200	MONTHLY PAYMENT--	.RELEASE PAYMENT--	7500.		
	1	2	3	4	5	6	7	8	9
PRINCIPAL PAID	.	1410000.	1410000.	1410000.	642140.	.	.	.	.
INTEREST	92958.	194684.	163682.	89973.	18116.	.	.	.	30.
PRINCIPAL RECEIVED	1547640.	1392800.	1077170.	514337.	340200.	.	.	.	514.
BALANCE	1547640.	1530440.	1197610.	301947.	.	.	.	.	514.

.5AC LOTS W/UTIL

## SUMMARY OF INPUTS

		YEAR	SALES PRICE	NO. UNITS SOLD
LOT SIZE--SQUARE FEET	21780.	1	8000.	.
LOT SIZE--ACRES	.50	2	8000.	180.
PERCENT SOLD FOR CASH EACH YEAR	100.00	3	8400.	180.
O/O DOWN REQUIRED ON LAND CONTRACT SALES	.00	4	8400.	180.
INTEREST RATE ON LAND CONTRACT SALES	.00	5	8800.	180.
TERM IN YEARS ON LAND CONTRACT SALES	.00	6	8800.	180.
CARRYING COST PER UNIT OF SALES INVENTORY	100.00	7	.	.
SALES COMMISSIONS O/O OF SALES PRICE	15.00	8	.	.
CLOSING COSTS PER UNIT	425.00	9	.	.
CAPITAL COST PER UNIT	1575.00	10	.	.

DEVELOPMENT PERIOD	1	2	3	4	5	6	7	8	9	10
BEGINNING INVENTORY	.	.	180.	180.	180.	180.	.	.	.	.
PRODUCTION STARTS	.	360.	180.	180.	180.	.	.	.	.	.
PRODUCTION COMPLETIONS	.	360.	180.	180.	180.	.	.	.	.	.
SALES IN UNITS	.	180.	180.	180.	180.	180.	.	.	.	.
UNITS SOLD FOR CASH	.	180.	180.	180.	180.	180.	.	.	.	.
PRICE PER UNIT	8000.	8000.	8400.	8400.	8800.	8800.	.	.	.	.
REVENUE FROM CASH SALES	.	1440000.	1512000.	1512000.	1584000.	1584000.	.	.	.	.
UNITS SOLD ON LAND CONTRACTS	.	.	.	.	.	.	.	.	.	.
DOWN PAYMENT RECEIVED	.	.	.	.	.	.	.	.	.	.
ACCOUNTS RECEIVABLE ADDED	.	.	.	.	.	.	.	.	.	.
SALES COSTS										
COMMISSIONS PAID	.	216000.	226800.	226800.	237600.	237600.	.	.	.	.
CLOSING COSTS	.	76500.	76500.	76500.	76500.	76500.	.	.	.	.
NET CASH GENERATED FROM SALES	-.	1147500.	1208700.	1208700.	1269900.	1269900.	-.	-.	-.	-.
RUNOFF OF LAND CONTRACT SALES										
INTEREST	.	.	.	.	.	.	.	.	.	.
PRINCIPAL	.	.	.	.	.	.	.	.	.	.
PERIOD END ACCOUNTS RECEIVABLE	.	.	.	.	.	.	.	.	.	.
REAL ESTATE TAXES ON INVENTORY	.	21384.	44906.	44906.	47044.	23522.	.	.	.	.
CARRYING COST OF INVENTORY	.	9000.	18000.	18000.	18000.	9000.	.	.	.	.
CAPITAL COST OF IMPROVEMENTS	.	595350.	311850.	326025.	340200.	.	.	.	.	.
TOTAL CASH REVENUE	-.	521766.	833944.	819774.	864656.	1237380.	-.	-.	-.	-.



1AC LOT W/O UTIL

## SUMMARY OF INPUTS

		YEAR	SALES PRICE	NO. UNITS SOLD
LOT SIZE--SQUARE FEET	43560.	1	5500.	.
LOT SIZE--ACRES	1.00	2	5500.	100.
PERCENT SOLD FOR CASH EACH YEAR	100.00	3	5775.	100.
O/O DOWN REQUIRED ON LAND CONTRACT SALES	.00	4	6050.	100.
INTEREST RATE ON LAND CONTRACT SALES	.00	5	6050.	100.
TERM IN YEARS ON LAND CONTRACT SALES	.00	6	.	.
CARRYING COST PER UNIT OF SALES INVENTORY	100.00	7	.	.
SALES COMMISSIONS O/O OF SALES PRICE	15.00	8	.	.
CLOSING COSTS PER UNIT	325.00	9	.	.
CAPITAL COST PER UNIT	1025.00	10	.	.

DEVELOPMENT PERIOD	1	2	3	4	5	6	7	8	9	10
BEGINNING INVENTORY	.	.	100.	100.	100.	.	.	.	.	.
PRODUCTION STARTS	.	200.	100.	100.	.	.	.	.	.	.
PRODUCTION COMPLETIONS	.	200.	100.	100.	.	.	.	.	.	.
SALES IN UNITS	.	100.	100.	100.	100.	.	.	.	.	.
UNITS SOLD FOR CASH	.	100.	100.	100.	100.	.	.	.	.	.
PRICE PER UNIT	5500.	5500.	5775.	6050.	6050.	.	.	.	.	.
REVENUE FROM CASH SALES	.	550000.	577500.	605000.	605000.	.	.	.	.	.
UNITS SOLD ON LAND CONTRACTS	.	.	.	.	.	.	.	.	.	.
DOWN PAYMENT RECEIVED	.	.	.	.	.	.	.	.	.	.
ACCOUNTS RECEIVABLE ADDED	.	.	.	.	.	.	.	.	.	.
SALES COSTS	.	.	.	.	.	.	.	.	.	.
COMMISSIONS PAID	.	82500.	86625.	90750.	90750.	.	.	.	.	.
CLOSING COSTS	.	32500.	32500.	32500.	32500.	.	.	.	.	.
NET CASH GENERATED FROM SALES	.	435000.	458375.	481750.	481750.	.	.	.	.	.
RUNOFF OF LAND CONTRACT SALES	.	.	.	.	.	.	.	.	.	.
INTEREST	.	.	.	.	.	.	.	.	.	.
PRINCIPAL	.	.	.	.	.	.	.	.	.	.
PERIOD END ACCOUNTS RECEIVABLE	.	.	.	.	.	.	.	.	.	.
REAL ESTATE TAXES ON INVENTORY	.	8167.	17151.	17968.	8984.	.	.	.	.	.
CARRYING COST OF INVENTORY	.	5000.	10000.	10000.	5000.	.	.	.	.	.
CAPITAL COST OF IMPROVEMENTS	.	215250.	112750.	117875.	.	.	.	.	.	.
TOTAL CASH REVENUE	.	206583.	318474.	335907.	467766.	.	.	.	.	.

## STUDIO CONDO LUX

## SUMMARY OF INPUTS

		YEAR	SALES PRICE	NO. UNITS SOLD
LOT SIZE--SQUARE FEET	550.	1	17900.	.
LOT SIZE--ACRES	.01	2	17900.	20.
PERCENT SOLD FOR CASH EACH YEAR	100.00	3	18795.	20.
0/0 DOWN REQUIRED ON LAND CONTRACT SALES	.00	4	19690.	20.
INTEREST RATE ON LAND CONTRACT SALES	.00	5	20585.	20.
TERM IN YEARS ON LAND CONTRACT SALES	.00	6	.	.
CARRYING COST PER UNIT OF SALES INVENTORY	300.00	7	.	.
SALES COMMISSIONS 0/0 OF SALES PRICE	15.00	8	.	.
CLOSING COSTS PER UNIT	1000.00	9	.	.
CAPITAL COST PER UNIT	9775.00	10	.	.

DEVELOPMENT PERIOD	1	2	3	4	5	6	7	8	9	10
BEGINNING INVENTORY	.	.	20.	20.	20.	.	.	.	.	.
PRODUCTION STARTS	40.	20.	20.	.	.	.	.	.	.	.
PRODUCTION COMPLETIONS	.	40.	20.	20.	.	.	.	.	.	.
SALES IN UNITS	.	20.	20.	20.	20.	.	.	.	.	.
UNITS SOLD FOR CASH	.	20.	20.	20.	20.	.	.	.	.	.
PRICE PER UNIT	17900.	17900.	18795.	19690.	20585.	.	.	.	.	.
REVENUE FROM CASH SALES	.	358000.	375900.	393800.	411700.	.	.	.	.	.
UNITS SOLD ON LAND CONTRACTS	.	.	.	.	.	.	.	.	.	.
DOWN PAYMENT RECEIVED	.	.	.	.	.	.	.	.	.	.
ACCOUNTS RECEIVABLE ADDED	.	.	.	.	.	.	.	.	.	.
SALES COSTS										
COMMISSIONS PAID	.	53700.	56385.	59070.	61755.	.	.	.	.	.
CLOSING COSTS	.	20000.	20000.	20000.	20000.	.	.	.	.	.
NET CASH GENERATED FROM SALES	.	284300.	299515.	314730.	329945.	.	.	.	.	.
RUNOFF OF LAND CONTRACT SALES										
INTEREST	.	.	.	.	.	.	.	.	.	.
PRINCIPAL	.	.	.	.	.	.	.	.	.	.
PERIOD END ACCOUNTS RECEIVABLE	.	.	.	.	.	.	.	.	.	.
REAL ESTATE TAXES ON INVENTORY	.	5316.	11164.	11695.	6113.	.	.	.	.	.
CARRYING COST OF INVENTORY	.	3000.	6000.	6000.	3000.	.	.	.	.	.
CAPITAL COST OF IMPROVEMENTS	391000.	205275.	210050.	.	.	.	.	.	.	.
TOTAL CASH REVENUE	-391000.	70708.	67300.	297035.	320832.	.	.	.	.	.

## 2 BR CONDOMINIUM

## SUMMARY OF INPUTS

		YEAR	SALES PRICE	NO. UNITS SOLD
LOT SIZE--SQUARE FEET	750.	1	22500.	.
LOT SIZE--ACRES	.01	2	22500.	20.
PERCENT SOLD FOR CASH EACH YEAR	100.00	3	23625.	20.
O/O DOWN REQUIRED ON LAND CONTRACT SALES	.00	4	24750.	20.
INTEREST RATE ON LAND CONTRACT SALES	.00	5	25875.	20.
TERM IN YEARS ON LAND CONTRACT SALES	.00	6	.	.
CARRYING COST PER UNIT OF SALES INVENTORY	300.00	7	.	.
SALES COMMISSIONS O/O OF SALES PRICE	15.00	8	.	.
CLOSING COSTS PER UNIT	1000.00	9	.	.
CAPITAL COST PER UNIT	12775.00	10	.	.

DEVELOPMENT PERIOD	1	2	3	4	5	6	7	8	9	10
BEGINNING INVENTORY	.	.	20.	20.	20.	.	.	.	.	.
PRODUCTION STARTS	40.	20.	20.	.	.	.	.	.	.	.
PRODUCTION COMPLETIONS	.	40.	20.	20.	.	.	.	.	.	.
SALES IN UNITS	.	20.	20.	20.	20.	.	.	.	.	.
UNITS SOLD FOR CASH	.	20.	20.	20.	20.	.	.	.	.	.
PRICE PER UNIT	22500.	22500.	23625.	24750.	25875.	.	.	.	.	.
REVENUE FROM CASH SALES	.	450000.	472500.	495000.	517500.	.	.	.	.	.
UNITS SOLD ON LAND CONTRACTS	.	.	.	.	.	.	.	.	.	.
DOWN PAYMENT RECEIVED	.	.	.	.	.	.	.	.	.	.
ACCOUNTS RECEIVABLE ADDED	.	.	.	.	.	.	.	.	.	.
SALES COSTS										
COMMISSIONS PAID	.	67500.	70875.	74250.	77625.	.	.	.	.	.
CLOSING COSTS	.	20000.	20000.	20000.	20000.	.	.	.	.	.
NET CASH GENERATED FROM SALES	.	362500.	381625.	400750.	419875.	.	.	.	.	.
RUNOFF OF LAND CONTRACT SALES										
INTEREST	.	.	.	.	.	.	.	.	.	.
PRINCIPAL	.	.	.	.	.	.	.	.	.	.
PERIOD END ACCOUNTS RECEIVABLE	.	.	.	.	.	.	.	.	.	.
REAL ESTATE TAXES ON INVENTORY	.	6682.	14033.	14701.	7684.	.	.	.	.	.
CARRYING COST OF INVENTORY	.	3000.	6000.	6000.	3000.	.	.	.	.	.
CAPITAL COST OF IMPROVEMENTS	511000.	268275.	281050.	.	.	.	.	.	.	.
TOTAL CASH REVENUE	-511000.	84542.	80542.	380349.	409191.	.	.	.	.	.

LAND DEVELOPMENT CASH FLOW ANALYSIS FOR--WATER RESOURCES UNIT STUDY

AGGREGATE RESULTS

DEVELOPMENT PERIOD	1	2	3	4	5	6	6 YR TOTALS	% of SALES
REVENUE FROM CASH SALES	.	2738000.	2937900.	3003300.	3118200.	1584000.	\$13,433,900	
DOWNPAYMENT RECEIVED	.	.	.	.	.	.		
ACCOUNTS RECEIVABLE ADDED	.	.	.	.	.	.		
SALES COSTS								
COMMISSIONS PAID	.	419700.	440685.	450370.	467730.	237600.	2,016,585	15
CLOSING COSTS	.	149000.	149000.	149000.	149000.	76500.	672,500	05
RUNOFF OF LAND CONTRACT SALES								
INTEREST	.	.	.	.	.	.		
PRINCIPAL	.	.	.	.	.	.		
PERIOD END ACCOUNTS RECEIVABLE	.	.	.	.	.	.		
CASH FROM OPERATIONS	.	2229300.	2348220.	2405930.	2501470.	1269900.	10,751,820	80
LESS CASH OUTLAYS								
CARRYING COSTS--RAW LAND	1650.	.	.	.	.	.	1,650	00
CARRYING COSTS--INVENTORY	.	20000.	40000.	40000.	29000.	9000.	138,000	01
REAL ESTATE TAX--RAW LAND	6311.	.	.	.	.	.	6,311	00
REAL ESTATE TAXES--INVENTORY	.	41550.	87255.	89272.	69827.	23522.	311,426	02
MANAGEMENT + ADMIN. COSTS	154764.	558980.	548402.	502303.	501750.	237600.	2,503,799	19
NEW ALLOCATED CAPITAL OUTLAYS	902000.	1284140.	920700.	443300.	340200.	.	3,890,940	29
NEW GENERAL CAPITAL OUTLAYS	645640.	108664.	156475.	70437.	.	.	981,216	07
NET CASH REVENUE	-1710360.	215966.	595395.	1260030.	1560700.	999780.	2,921,511	22
PROJECT DEBT STRUCTURE								
TOTAL INITIAL BALANCE	.	.	.	.	.	.		
BALANCE END OF YEAR	1547640.	1530440.	1197610.	301947.	.	.	4,577,637	34
TOTAL PRINCIPAL PAYMENTS	.	1410000.	1410000.	1410000.	642140.	.	4,872,140	36
TOTAL INTEREST PAID ON PROJ.	92858.	197519.	196918.	134595.	55832.	.	677,722	05
INTEREST ADDED TO LOAN BAL.	.	.	.	.	.	.		
NET CASH FROM DEBT INCURRED	1547640.	1392800.	1077170.	514337.	340200.	.	4,872,147	36
CASH AVAILABLE BEFORE TAXES	-255570.	1250.	65650.	229772.	1202920.	999780.	2,243,803	17
CAPITAL COST OF IMPROVEMENTS								
PRORATED TO UNITS SOLD	.	878850.	878850.	920700.	962550.	340200.	3,981,150	30
GENERAL CAPITAL COST								
PRORATED TO UNITS SOLD	.	156986.	208015.	240288.	249273.	126629.	981,191	07
LAND COST PRORATED TO UNITS SOLD	.	88452.	92875.	95021.	98574.	50074.	424,996	03
TAXABLE INCOME FROM OPERATIONS	-256570.	285958.	294305.	382769.	533663.	482877.	1,723,602	13
ESTIMATED INCOME TAXES	.	137259.	141554.	183729.	256158.	231780.	517,740	02
TAX SAVINGS ON OTHER INCOME	123153.	.	.	.	.	.		
NET CASH AFTER TAXES	-85570.	-136009.	-75904.	46043.	946770.	768000.	1,463,330	11
REINVESTED EARNINGS	.	.	.	.	.	.		
WORKING CAPITAL LOAN BALANCE	85570.	221577.	297483.	251440.	.	.	856,072	06
CASH AFTER TAXES FOR DIVIDENDS OR REINVESTMENT	.	.	.	.	695330.	768000.	1,463,330	11
DIVIDENDS PAID	.	.	.	.	695330.	768000.	1,463,330	11
NET AFTER TAX + DEBT REPAYMENT ON BULK SALES	-987570.	-251119.	-3700.	810203.	478799.	25.		
P.V. AT 20.0% OF EQUITY RETURNS	-720348.	-71761.	100484.	493347.	574481.	639273.		
INTERNAL RATE OF RETURN	-33.12	10.31	15.77	18.58	19.39	19.63		

totaling in error

(Pasted on last page of print-out)

2-4 P. 1



A Subsidiary of Kimberly-Clark Corporation

Telephone 906/563-2171

NORWAY, MICHIGAN 49870

January 11, 1971

James A. Graaskamp  
202A Breese Terrace  
Madison, Wisconsin 53705

Dear Jim:

Having been sidelined since mid-November as a result of a visit with the surgeon, I fell behind on some of my holiday and year end communications I had intended to make.

Kimberlands had a good year in 1970 in terms of budget performance. We sold approximately 70 parcels totaling \$480,000. We had budgeted for \$460,000 in gross sales.

We are just starting to analyze our advertising and marketing program -- but will offer a couple of general comments that may be of interest to you.

- A. It appears that the effort in presenting all the facts in a confidence instilling "B" mailing is worthwhile. We sold more tracts to people who reviewed the property on their own or bought sight unseen than we did to people who requested "showings". This cut down considerably on co-Brokerage fees and demand on our own time for showings.
- B. Our efforts to work with several reputable Michigan urban Brokers did not pan out. While they got excited over the possibilities of assisting with selected high price properties, we had very little follow up on the part of any of them. Perhaps I'll give some of your recommended Wisconsin Brokers a try this year. It would appear, at this point, that the money we might shell out in co-Brokerage fees might better be spent on improving our advertising program.
- C. Although our lake and river properties offered nothing unique in the way of new or offshore development technique, I believe the fact that we had them "ready to go" with roads, driveways, power, brushed out lots, good covenants, and commonly owned open space (on Lake Michigan) was a big factor in "selling" the customers.

We have approximately 1,000 questionnaires on file. We will be analyzing them in an attempt to develop a workable inquiry file and gain some direction in matching our property to the desires of the customer. If the analysis of these would be of interest to any of your real estate graduate students, and the cost would be commensurate with the benefit to us, we'd be glad to make them available. You will note that we had approximately 300 people express interest in a cooperative club. Perhaps we should send them a more specific questionnaire this winter to fortify our background information in that area.

James A. Graaskamp - January 11, 1971 -2-

1971 for Kimberlands will be patterned somewhat after 1970 with some improvements based on our experience. Top priority will be to convince management that we can successfully conclude the development and sale of modest development purchases (both K-C and outside) we made in 1970, and to sell them on a future course of action that will allow room for assuming a leadership role in the management of our land resource.

Jim, I want to thank you for your counsel on the several occasions we visited during the year. It was instrumental in helping Kimberlands achieve the degree of success that it did. I'm looking forward to continuing our counsel and communication with you.

Best wishes for a rewarding 1971.

Sincerely,

KIMBERLANDS, LTD.

A handwritten signature in cursive script that reads "Don Quick".

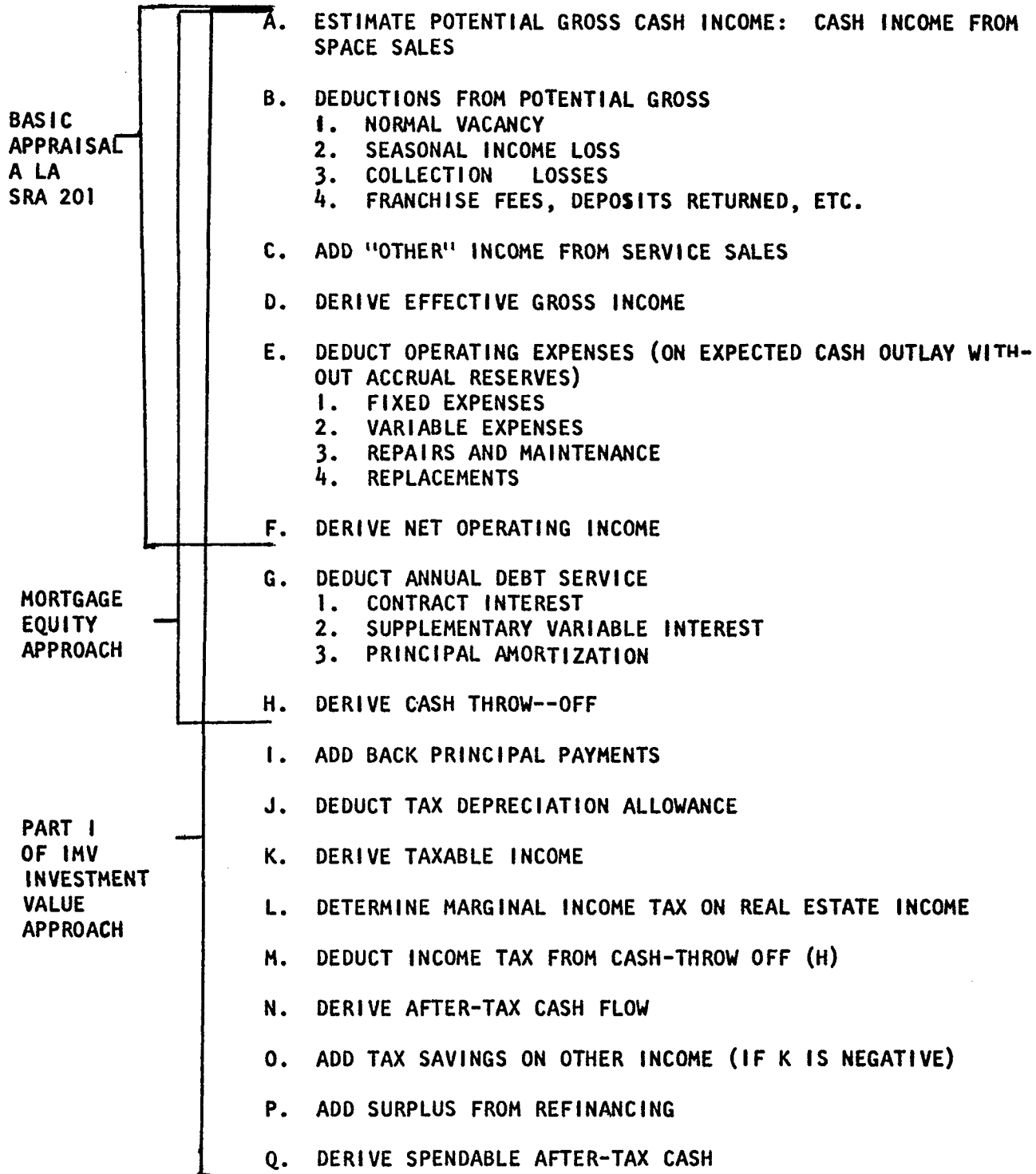
Don Quick  
Land Resource Manager

DQ:jc

Enclosures

SYSTEMATIC ESTIMATION OF FORECAST ANNUAL INCOME FOR AN INCOME-  
PRODUCING PROPERTY

PART I. ANNUAL RETURNS TO INVESTOR



PART II. RESALE RETURNS TO INVESTOR

## PART II. RESALE RETURNS TO INVESTOR

- A. ESTIMATED RESALE PRICE (EOY)
- B. DEDUCT BROKER'S COMMISSION AND OTHER TRANSACTION COSTS
- C. DERIVE EFFECTIVE GROSS PROCEEDS FROM SALE
- D. DEDUCT ALL CREDIT CLAIMS (EOY) OUTSTANDING
  - 1. SHORT AND LONG TERM NOTE BALANCES DUE
  - 2. PREPAYMENT PENALTIES
  - 3. DEDUCT EQUITY SHARES TO NON-OWNER INTEREST
- E. DERIVE PRE-TAX REVERSION TO EQUITY
- F. DEDUCT TAX CLAIMS ON OWNERSHIP INTEREST
  - 1. DEDUCT CAPITAL GAINS TAX
  - 2. DEDUCT INCOME TAX ON DISALLOWED ACCELERATED DEPRECIATION
  - 3. DEDUCT SURTAX ON TAXABLE PREFERENTIAL INCOME
- G. DERIVE AFTER TAX RESALE PROCEEDS TO INVESTOR