



A preliminary feasibility analysis: Idlewild, Door County, Wis..

Landmark Research, Inc.

[s.l.]: [s.n.], [s.d.]

<https://digital.library.wisc.edu/1711.dl/LRSEQ43YIPLRZ8Z>

<http://rightsstatements.org/vocab/InC/1.0/>

The libraries provide public access to a wide range of material, including online exhibits, digitized collections, archival finding aids, our catalog, online articles, and a growing range of materials in many media.

When possible, we provide rights information in catalog records, finding aids, and other metadata that accompanies collections or items. However, it is always the user's obligation to evaluate copyright and rights issues in light of their own use.

**IDLEWILD
Door County, Wis.**

*Landmark
Research
Inc.*

A PRELIMINARY FEASIBILITY ANALYSIS

**IDLEWILD
Door County, Wis.**

A PLANNED UNIT RECREATIONAL COMPLEX

- resort inn with 18-hole golf course
- full shelter yacht harbor & marina
- single family lots
- condominium tracts
- complete sewer and water



Thomas L. Turk
James A. Graaskamp

May 5, 1972

Mr. John Mendonca
129 W. 24th Ave.
Oshkosh, Wis. 54901

Dear John:

This letter will serve to convey the attached feasibility analysis for the 650 acre parcel you control on Sawyer Harbor in Door County in the area generally called Idlewild.

The attached report provides a feasibility analysis of a resort inn with shops and golf course, residential housing including both conventional single family homes and condominiums, and preliminary values of residual lands for retail and marina sites.

This preliminary report does not contain a detailed analysis of the Marina which will be completed shortly. Marinas may be good business but cannot afford to pay much for site so marina lands are valued at a net loss for purposes of this study.

For each of these land uses the report provides the following components of a feasibility analysis:

1. Demand analysis -- demand analysis includes development of demand models from primary and secondary data sources designated to indicate both the profile of your consumer as well as the quantity of demand.
2. Merchandising analysis -- merchandising analysis includes development of a market mix and merchandising strategy designed to fit your potential customer profile.
3. Financial analysis -- financial analysis includes projections of both revenues and expenses on a pre-tax basis. (After-tax analysis was not carried out as first intended for lack of a firm development plan, the absence of specific figures as to government participation in utility and road costs, and due to incomplete acquisition of the site at the time computer analyses were run.)
4. Risk analysis -- risk analysis is provided in a preliminary form for the consequences of time delay in planning and in sales, cost over-runs, and variability of potential government financial participations in development.

The four elements of feasibility above are only a portion of the total problem of feasibility. Physical-technical constraints of the site and general physical planning have been the responsibility of others including cost estimates. Therefore this report has no responsibility for issues of engineering feasibility as it relied upon the owner and his engineering and planning consultants for input or upon reasonable assumptions where facts were not available or supplied. Moreover the economic projections and forecasts provided by the study are subject to the limiting conditions of an economic forecasting in times of economic and price instability and the preliminary character of the owners plans. Legal-political limitations were not the responsibility of this report as the owner retained control of preliminary discussions with regulatory authorities and the researchers were not privy to his land purchase agreements details.

In addition to the objectives above you also requested as the study evolved that we provide a valuation of the assembled site and conservative observations of general development policies.

Possible constraints on development due to environmental impact or economic fallout have been the responsibility of others.

Land development holds a great many profit center potentials for those who control the process as it integrates such a variety of construction related or community service related enterprises and creates a nucleus of people in need of a variety of ancillary retailing services. However, in this analysis only the profits to the land development position have been recognized in the valuation on the assumption the developer would choose to market the assembled land package and land use program to those in the business of executing such a project.

A real estate project is found to be feasible where analysis reveals a reasonable likelihood of satisfying explicit objectives within a context of recognized constraints and limited resources.

According to the above definition we conclude that, as defined and described, the Idlewild project is a feasible, profitable, and desirable project:

1. Specific market demand can be found for each component of the master plan.
2. Only the condominium market is speculative because recreational condominiums themselves are relatively unproven in Wisconsin and the tax laws favoring second home investment seem vulnerable to reform.
3. As shown in Section IX of the following report, a conservatively leveraged project could provide returns of 50% to 140% to equity per year. Even if there were a 10% over-run in total cost and a stretch out in the project calendar of 2 years, the project could return more than 20% a year to the equity position at 1972 prices.

4. Risk of a capital budget over-run is minimized by overstatement of road costs as they do not recognize available county road building assistance or design alternatives for clusters giving less frontage and do provide generous allowances for sewage treatment and trenching.
5. The capital budget has anticipated physical limitations of the site with complete sewer treatment, water distribution, and storm water controls systems. A sanitary district and a harbor commission can be created to operate and monitor the system to the public benefit of an area much larger than the project area itself.
6. Preliminary exploration of the political context in which the development must operate indicates favorable acceptance of the planned unit development concept and harbor development.
7. The risk of inordinate delay in detailed planning and action in cooperation with township, county, state, and federal agencies is more closely related to developer expertise than any apparent governmental opposition. Good concepts are always dependent for success upon careful execution.

Several constructive observations as to the general development plan should be made. Feasibility analysis to date has regarded each of the major land uses as a separate financial entity. However, the diversity of land uses within a single condominium such as Abbey Springs at Geneva Lake and the forthcoming sale of the Abbey Resort as a condominium subject to a rental pool agreement suggests that a better orchestration of capital requirements, land sales, and depreciable tax cover for dealer profits for a developer may be possible. Close examination of an integrated residential and commercial condominium format for Idlewild is warranted. Given the concern of the consumer for naturalness, privacy and freedom from maintenance, residential areas might be planned for smaller sites, less landscaping, and perhaps greater use of the condominium rental pool in the Door County market. Some flexibility of plan should be retained to permit reallocation of land areas between single family and multi family condominium use as the character of consumer demand for second homes becomes defined in the late '70's. Since a significant variable in demand in 1975-76 is the progress made on I-57 between Milwaukee and Green Bay, the financing plan and priority of merchandising targets should be selected to provide maximum financial staying power should completion of the Interstate be postponed.

Finally, you have requested that we provide a fair market value of the assemble 650 acre site which has been the subject of the above feasibility analysis. An appraisal is a carefully conditioned estimate of the highest price in dollars for which knowledgeable buyers and sellers would freely bargain and provide purchase terms determined by the possible application of three analytical approaches; the market comparison approach, the investment income approach, and the cost approach. Once a large number of parcels are assembled into a larger development site with efficiencies of scale and land use patterns, the value of the development tract is greater than the sum of its individual parcels and the increment is termed plottage.

In the case of the Idlewild site, the cost to acquire is approximately one million dollars, according to the records of the owner, John Mendonca. He is a knowledgeable buyer and it took almost five years to assemble the tract from sellers who dealt with him directly and knew what he, the buyer, was attempting to accomplish. Since the present owner was the market in the Idlewild area, these sale prices, whether high or low, are not characteristic of a market required of the market approach, i.e. multiple sellers and multiple buyers.

The real estate for market comparison is therefore the tract rather than individual parcels and no similar market transactions for this unique site can be found. Neither is the cost approach appropriate to raw land in this instance as the improvements are not of significance and the balance of the cost approach would be circular as it relies on market values of the land as though vacant. Thus in these cases, appraisers often rely on a development simulation or income approach to value of the tract. Such an approach is the basis for the following determination of fair market value.

Highest and best use of Idlewild site is as a planned unit development encompassing a resort inn with golf course, single family and condominium recreational homes, and related retailing and marina service sites. The attached report indicates such uses are reasonable, feasible, and relatively non-speculative. Highest and best use infers sale of the tract to a developer or investor group capable of realizing the business enterprise potential and profit centers which are controlled by control of the planned unit development site.

The attached feasibility study, particularly Section IX, is an investment development simulation approach, but under a variety of alternative conditions and consequences. The alternative investment outcomes each provide a present value of the surplus to the developer after all outlays including one million dollars for the land on June 30, 1972. Thus, the possible investment residuals listed below are after recapture of at least one million dollars for the land:

NET PRESENT VALUE OF ALTERNATIVE DEVELOPMENT OUTCOMES FOR IDLEWILD FROM
SECTION IX - EXHIBITS 50-56 ASSUMING A 10% COST OF CAPITAL

	Net Present Value of Incomes	Weight	
Exhibit 50 (Full sewer)	\$1,658,272	15%	= \$249,000
Exhibit 51 (Subsidized sewer)	1,725,287	15%	= 259,000
Exhibit 52 (Full sewer/leverage)	1,429,955	15%	= 214,000
Exhibit 53 (Sub-sewer/leverage)	1,651,684	15%	= 248,000
Exhibit 55 (2 year delay)	1,177,502	15%	= 177,000
Exhibit 56 (2 year delay plus 10% cost over-run)	867,387	25%	= 217,000
			\$1,364,000
			(or rounded) <u>\$1,300,000</u>

These alternative outcomes have been equally weighted with the exception of the most unfavorable possibility which was given a probability of 25%. These weightings suggest a central tendency of investment value of \$1.3 million plus recapture of \$1.0 million for the site as is. The total development land value is therefore \$2.3 million without recognition of any professional, management, or contracting fees which are inherent in the outlays as additional profits to the development group which controls the site.

Thus, in my opinion, the fair market value of the assembled tract used in accordance with its highest and best use would be: TWO MILLION THREE HUNDRED THOUSAND DOLLARS as of May 1st, 1972, subject to the limiting conditions and assumptions of the attached report.

Our associates in this project, Karel J. Clettenberg and Peter Hitch, remain available to discuss the contents of the attached report as you may require, and look forward to your comment and further instruction.

Sincerely yours,

James A. Graaskamp, Ph.D., SRA, CRE
Urban Land Economist

Karel J. Clettenberg

Karel J. Clettenberg, Ph.D.
Urban Land Economist

TABLE OF CONTENTS

SECTION I

RELATIONSHIP OF IDLEWILD PROJECT TO WISCONSIN - ILLINOIS RECREATION MARKETS	<u>Page No.</u>
A. Locating the Idlewild Project Area	1
B. Basic Door County Eco-System Attributes	4
C. General Economic Base of Door County	6
D. Location and Linkages of the Idlewild Tract	7
E. Regulatory Constraints on Recreational Land Development in Wisconsin	13
F. Master Plan Components	17

SECTION II

IDLEWILD RESORT INN--APPROACH TO ANALYSIS, SCALE OF MARKET OPPORTUNITY AND MERCHANDISING STRATEGY

A. Definitions and Methodology	18
B. Supply and Market Standard of Lodging Units in Door County	21
C. Consumer Surveys to Identify the Competitive Differential	24
D. Specifications of Resort Inn Schematic Program	26

SECTION III

FORECASTING ROOM-DAY DEMAND FOR PROPOSED IDLEWILD INN

A. Approach to Demand Analysis	27
B. Present and Potential Tourist-Vacationer Demand Model	28
C. Present and Potential Group Meeting Demand Model	34
D. Initial Unit Size of Proposed Idlewild Inn	43

SECTION IV

FINANCIAL PARAMETERS FOR PROPOSED IDLEWILD INN

A. Approach to Financial Analysis	47
B. Determination of Room Revenue	48
C. Projected Restaurant, Beverage, Telephone and Other Revenues	51
D. Projected Operating Costs and General Expenses	52
E. Capital Expenses	53
F. Construction Capital Budget	56

SECTION V

Page No.

FINANCIAL PARAMETERS OF GOLF COURSE CONSTRUCTION AND OPERATION

A. Considerations of Golf Course Feasibility	57
B. Estimated Demand in Golf Rounds	59
C. Revenue Forecast for Golf Related Operations	62
D. Golf Course Operating Expenses	65
E. Capital Cost Budget for Golf Course	66
F. Financial Feasibility of Golf Course	68

SECTION VI

FEASIBILITY AND VALUE CONCLUSIONS FOR COMBINED IDLEWILD INN - GOLF COURSE

A. Assumptions for Financial Analysis	70
B. Discounted Cash Flows of Combined Idlewild Inn and Golf Course	72
C. Measures of Yield and Risk	76
D. Conclusions Relative to Idlewild Inn Feasibility	77

SECTION VII

FEASIBILITY AND FINANCIAL PARAMETERS OF RESIDENTIAL SUBDIVISION

A. Single Family Lot Component	78
B. An Approach to Feasibility Analysis	79
C. Door County Vacation Lot Situation	80
D. Recreation Lot Development in Wisconsin	84
E. The Best Comparable Project in Wisconsin	88
F. Absorption Rate for Single Family Lot Sales	89

SECTION VIII

PERMANENT AND FINANCIAL PARAMETERS OF CONDOMINIUM PORTIONS OF IDLEWILD COMPLEX

A. Condominium Component	90
B. An Approach to Feasibility Analysis	91
C. A Survey of High Income Wisconsin and Illinois Households	92
D. A Profile of Potential Condominium Buyers	96
E. Product Profile	97
F. Comparable Recreation Condominiums in Wisconsin	102
G. Condominium Unit Demand Conclusions	

SECTION IX

Page No.

FINANCIAL PARAMETERS OF TOTAL LAND DEVELOPMENT OF THE 650 ACRE IDLEWILD TRACT

A. Method of Approval	109
B. Selected Measures of Return	117
C. Measures of Risk	123

ADDENDA

- A. National Geographic Magazine reprint, March 1969
- B. Regulatory Authority Correspondence on Idlewild Proposals
(Furnished by owner)
- C. Northern Wisconsin Resort User Survey Results, by
Professor John E. Powers, U.W.-Green Bay
 - 1. Survey Questionnaire of High Income Families in Eastern Wisconsin
and Northeastern Illinois to Measure Potential Demand for Northern
Wisconsin Resort
 - 2. Survey Questionnaire of 2200 Organizations Using Group Meeting
Facilities in Wisconsin during 1970-71
 - 3. Survey Questionnaire of High Income Families in Eastern Wisconsin
and Northeastern Illinois to Measure Potential Demand for Second
Home Condominiums
 - 4. Survey Questionnaire of Boat Owners Cruising in Door County Waters
to Measure Potential Demand for Sawyer Harbor Marina

LIST OF EXHIBITS

<u>Exhibit No.</u>	<u>Page No.</u>
1 MAP OF DOOR COUNTY	2
2 PROJECT SITE	3
3 POTAWATOMI STATE PARK	11
4 POTAWATOMI STATE PARK DEVELOPMENT PLAN	12
5 LOCATION OF COMPARABLE LODGING FACILITIES IN DOOR COUNTY	22
6 COMPARABLE LODGING FACILITIES IN DOOR COUNTY	23
7 RESORT USER SURVEY	25
8 A COMPARISON OF ESTIMATED IDLEWILD INN OCCUPANCY	29
9 TOURIST-VACATIONER ROOM-DAY DEMAND	30
10 POTENTIAL TOURIST VACATIONER DEMAND AS FOUND BY SURVEYS	33
11 POTENTIAL FIRM CAPTURE FROM THE THREE PRIMARY METRO- POLITAN MARKETS	38
12 GROUP MEETING ROOM-DAY DEMAND	39
13 GROUP MEETING ROOM-DAY DEMAND	40
14 TOTAL ROOM-DAY DEMAND BY MONTH AND SOURCE	44
15 TOTAL ROOM-DAY DEMAND	45
16 ROOM-DAY DEMAND BY MONTH AND SOURCE	46
17 AVERAGE SUMMER ROOM RATES	48
18 ROOM RATES EMPLOYED	49
19 PROJECTED TOTAL ROOM REVENUE FOR IDLEWILD INN	50
20 SOURCE OF COMPARABLE OPERATING RATIOS	54
21 PROJECTED INCOME AND EXPENSES FOR PROPOSED IDLEWILD	55
22 FULL SEASON ESTIMATION OF GOLFER PARTICIPANTS	60
23 ROUNDS ESTIMATED BY COURSE OPERATION	60
24 FORECASTED ROUNDS FOR IDLEWILD GOLF COURSE	61
25 GREEN FEES AT FOUR COMPARABLE DOOR COUNTY GOLF COURSES	62
26 CART RENTAL FEES AT FOUR COMPARABLE DOOR COUNTY GOLF COURSES	62
27 GOLF COURSE REVENUE AND EXPENSE PATTERN	64
28 CAPITAL COST BUDGET SUMMARY FOR GOLF COURSE	
29 INVESTMENT MARKET VALUE ANALYSIS	69
30 ALLOCATION OF GOLF COURSE OUTLAYS FOR TAX DEPR	72
31 SUMMARY OF IDLEWILD INN AND GOLF COURSE	73
32 INVESTMENT MARKET VALUE ANALYSIS	75
33 NET CHANGES IN TOTAL TAX PARCELS BY TOWNSHIP	82
34 DOOR COUNTY SUBDIVISION MARKET DATA	83
35 SINGLE FAMILY LOT COMPARABLES	86
36 RECREATIONAL DRIVING RADIUS FROM MILW-CHICAGO	87
37 DEMAND MODEL-DOOR COUNTY CONDOMINIUM	93
38 PROFESSIONAL CHARACTERISTICS OF POTENTIAL CONDOMINIUM BUYERS	95

Exhibit No.Page No.

39	PRICE RANGE PREFERRED BY POTENTIAL CONDOMINIUM BUYERS	96
40	TYPE OF CONDOMINIUM UNIT PREFERRED	97
41	CONSUMER PREFERENCE OF SITE FEATURES	98
42	PREFERRED BUILDING FEATURES	99
43	OUTDOOR RECREATIONAL FACILITIES PREFERRED	101
44	WISCONSIN CONDOMINIUM COMPARABLES	105
45	PRELIMINARY ALLOCATION OF REVENUE AND DEVELOPMENT COST TO LAND USES	108
46	PRELIMINARY ALLOCATION OF \$1,000,000 RAW LAND ACQUISITION COST	111
47	DERIVATION OF CAPITAL COST ALLOCATIONS & BUDGETS	112
48	DERIVATION OF GROSS SALES REVENUE	116
49	TWO ALTERNATIVE PATTERNS OF CASH REVENUES & OUTLAYS	119
50	INTERNAL RATE OF RETURN FOR CASH BUDGET #1	120
51	INTERNAL RATE OF RETURN FOR CASH BUDGET #2	120
52	CASH BUDGET #1 ADJUSTED FOR LEVERAGE OF \$3,000,000	121
53	CASH BUDGET #2 ADJUSTED FOR LEVERAGE OF \$2,500,000	122
54	CASH BUDGET #1 WITH A \$3,000,000 CREDIT LINE	124
55	CASH BUDGET #1 WITH A FULL YEAR DELAY IN CONSTRUCTION	125
56	CASH BUDGET #1 WITH A 10 PERCENT OVER-RUN	125

SECTION I

RELATIONSHIP OF IDLEWILD PROJECT TO WISCONSIN - ILLINOIS RECREATION MARKETS

A. Locating the Idlewild Project Area

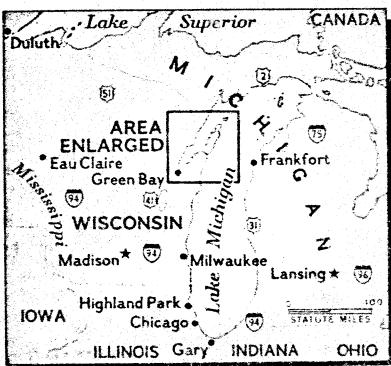
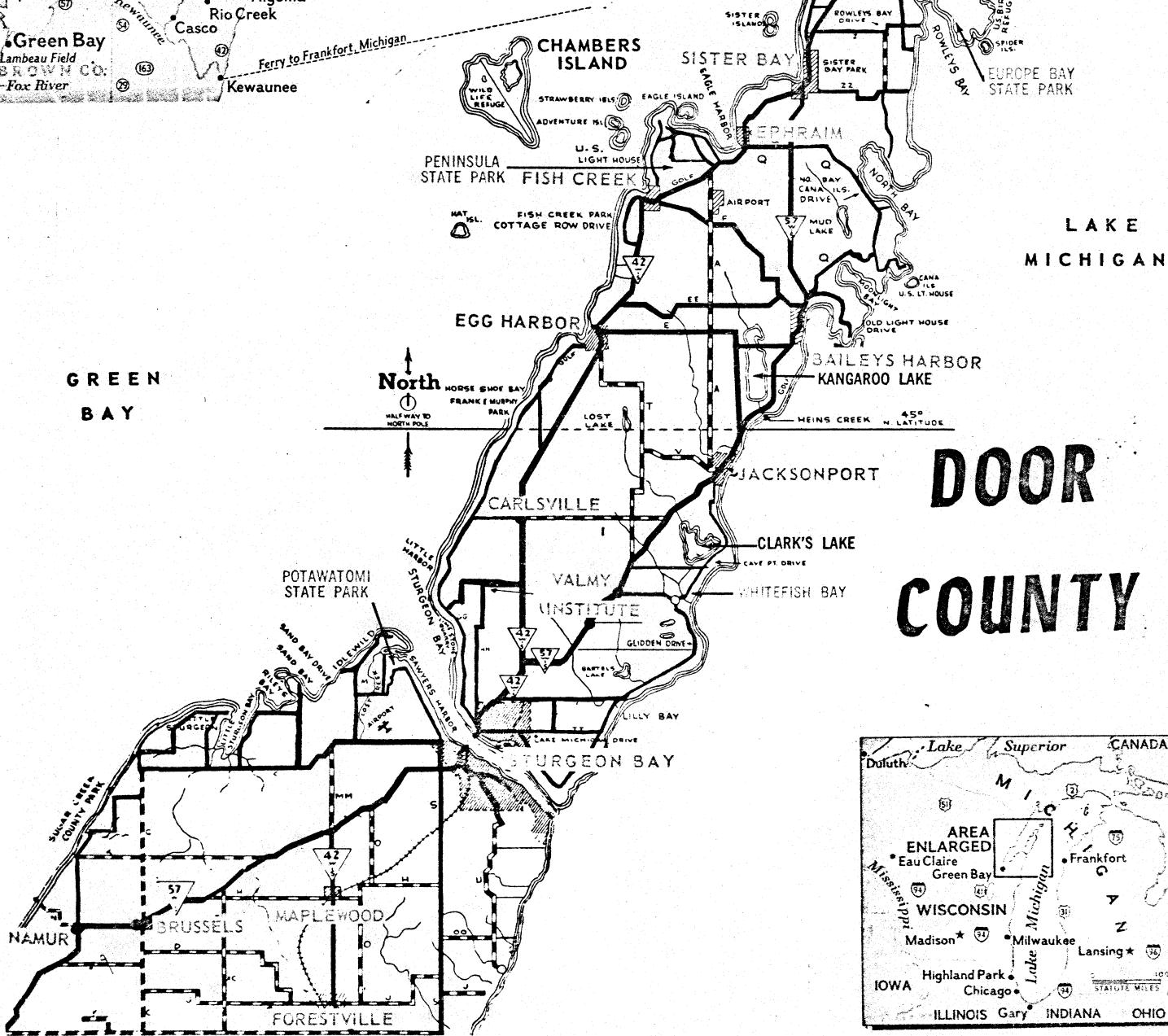
The Idlewild project area of 650 acres surrounds the traditional resort bay of Sawyer Harbor, at the Green Bay entrance to the Sturgeon Bay Canal which bisects the world-famous recreational area called the Door County Peninsula of Northeastern Wisconsin. As described by maps and topography, (See Exhibit 1 and Exhibit 2) as well as the glowing prose in National Geographic Magazine of March, 1969 (See Addenda A), Door County is regarded as the Cape Cod of the Great Lakes with 250 miles of shoreline for a land mass of 477 square miles.

Door County's greatest resources are its natural beauty and shoreline. As a peninsula jutting into Lake Michigan, it is bordered on the west by Green Bay, to the north by a series of islands stretching towards the Straits of Mackinac, to the east by Lake Michigan and to the south by the fishing streams of Kewaunee County. Many small harbors and scenic bluffs have made it an ideal recreation area for many decades. As early as 1895, it was said that, "Scenery began to attract attention of the discriminating people and summer resorters have since then each year gathered by the thousands, greatly enriching the county."¹ Idlewild at the turn of the century was a steamboat landing for those coming from Green Bay, Milwaukee and Chicago and the old quay remains. Eventually rocky little harbors such as Fish Creek, Ephraim, Egg Harbor and Bailey's Harbor became more prestigious summer spas as the auto replaced the steamboat. Sawyers Harbor silted shut to all but small boats. As a result when the coho and lake trout fishing returned to Lake Michigan and the middle class sought recreational home sites Sawyer Harbor remained the only undeveloped harbor in the peninsula, indeed the only harbor that enjoyed direct access to both the sheltered sailing in Green Bay and the resurging fishing on Lake Michigan north of the coho fishing centers of Algoma and Kewaunee.

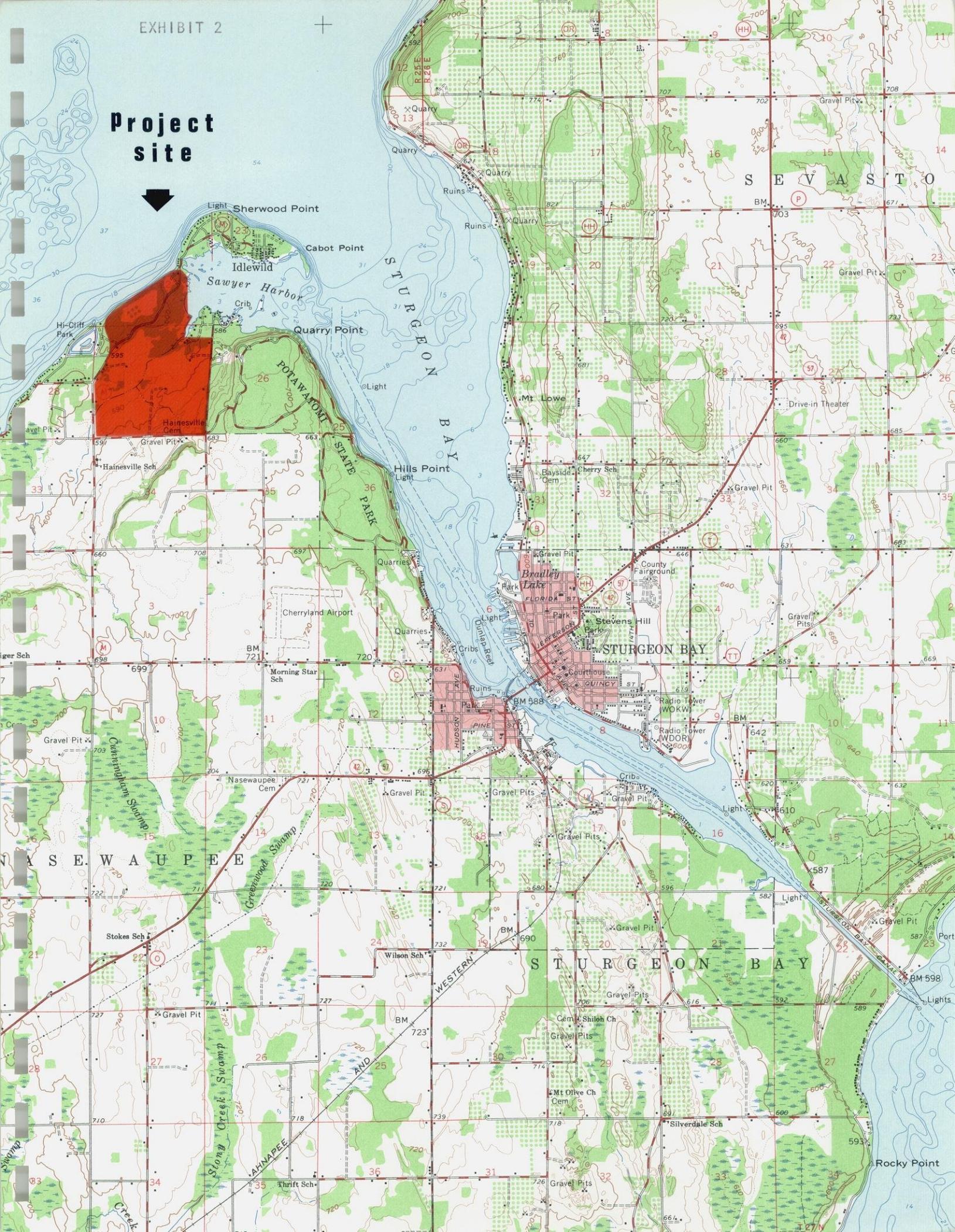
The charm of Door County for vacationers is further enhanced by its quaint accent on history. Jean Nicolet, the French explorer, first visited the peninsula in 1634 convinced he was in China. The first permanent settlers arriving in the early 19th century were Norwegians, Swedes, Danes, Icelanders and some Germans. Door County attracted these earlier settlers for the rugged bluffs and tall timber reminded them of their homelands. The first Icelanders to settle as a group in the United States chose Washington Island to be their home. In 1853 a group of Moravians founded Ephraim and to this day liquor sales are prohibited in Ephraim. Its harbors and towns have become favorite subjects of both professional and amateur art colonies and the full time residents have been careful to nurture such traditional events as fish boils, Scandinavian cuisine, cherry festivals and summer stock theatre. The only winery in Wisconsin (Von Stiehl's) has been commercially restored in nearby Algoma with heavy tourist traffic.

¹ Norbert P. Schacktner, A Study of Tourist-Lodging in Door County, Wisconsin, 1968

EXHIBIT I



Project site



B. Basic Door County Eco-System Attributes

Door County, due to its proximity to larger bodies of water has been credited with having natural "air conditioning". Air circulating over the county from Green Bay and the Lake Michigan waters is tempered by the land air thereby moderating the temperature throughout the year. The average summer temperature is 75° during the day and 62° at night. During the winter Door County often has the warmest average temperature in the state with an average of 24° from December through March. In the fall the warm air from the water keeps the leaves on the trees for a long period of time. Door County has the highest number of frost-free days in Wisconsin, a condition which accounted for its large cherry and apple orchard industry.

The geology of Door County is both a major asset and significant constraint on further real estate development. Door County is primarily comprised of Niagara Limestone deposited by waters covering the area during the Paleozoic era. Later, glacial action further sculptured the Door Peninsula and created what is now Green Bay and Fox River Valley leaving "a broad upland ridge reaching up to 200 and 300 feet above lake level, and having a relatively gentle slope to the southeast, and a steep slope often with precipitous cliffs on the west adjacent to Green Bay".² The peninsula is approximately divided in half by the Sturgeon Bay Canal. To the north of the canal the topography is rolling with occasional outcroppings. South of the canal where nature has been more passive, greater amounts of glacial drift is found and the terrain is level to gently rolling. Due to the porous Niagara limestone which lies close to the surface for the area north of the Sturgeon Bay Canal, septic tanks can in many areas introduce pollutants which enter the ground water and contaminate wells. Press and public outcry have precipitated firm county and state reaction. New regulations for septic tanks were introduced in 1971 which effectively prevents further construction in many existing subdivisions. In addition, the Department of Natural Resources working with the State Board of Health, has ordered four Door County communities (Egg Harbor, Ephraim, Bailey's Harbor and Fish Creek) to install sanitary sewer and sewage treatment facilities by December 31, 1974. Food processors have been required to install facilities which will dispose of process water in a manner which will prevent wastes from reaching the underground water supply. The east section of the peninsula has been less affected due to more favorable soils and lower bedrock. The Idlewild area has generally feasible bedrock depths for installation of sewerline interceptors and would enjoy a timely monopoly on sewer and water systems.

² Samuel Weidman and Alfred Schultz, The Underground and Surface Water Suppliers of Wisconsin

Comment should be made also on the water quality of both Green Bay and Lake Michigan. The northern waters of Lake Michigan are of significantly higher quality than the industrialized southern part due to a ridge running approximately across the lower third of the lake bottom diverting currents from the south. Investigation of possible temperature changes affecting fish due to an increasing number of atomic power plants on both the east and west shores of Lake Michigan by the University Department of Limnology indicated there would be no immediate threat to temperature sensitive breeding habits of trout and coho except within a mile or two of specific power plant outlets. The waters east of Door County from Kewaunee north have been the center of Wisconsin's resurging sport and commercial fishing for lake trout, coho and German brown trout which are planted in the shore streams of the county.

It should be noted that the long term trend is favorable only in terms of toxic pollutants which gain quick publicity and some corrective controls. However, the Great Lakes are in a steady decline as fisheries, in the opinion of Howard H. Tait, Director of the United States Great Lakes Fishing Laboratory in Ann Arbor, Michigan. The 100 year trend has been for a warming of the lakes due to the loss of tree cover on the streams, warm waste water, and power boat useage. There are only certain types of fish in the world that live in deep large lakes in North America. The Great Lakes are the southern limit of these fish, oligotrophic species include such fish as the lake trout, chubs, white fish, and northern pike. Large fish of less desirable species are not fit for human consumption because of mercury contamination. What is happening chemically, thermally and physically to the Great Lakes is in essence to make them southern in character. It appears to be an irreversible trend but so slow and subtle as to not affect the 10 year forecast.

Due to agriculture, industrial and paper making waste of the Fox River Valley which drains into Green Bay, the state has given industry time-table deadlines to control the more serious situations and already three paper pulping operations in the Fox River Valley have shut down. Continuing funding has been provided for ecological research and control for the base of Green Bay so that the situation is not expected to reach another 25 miles north to Idlewild. Indeed, Prof. James F. Kerrigan of the University of Wisconsin, Madison, Water Resources Department, feels that the quality of water in Green Bay should only improve in the future.

C. General Economic Base of Door County

The first major industries in Door County were fishing and lumbering. Later, after much of the land was cleared, farming became significant beginning first with peas and wheat and later dairying. In 1878 the Sturgeon Bay ship canal was opened and ship building began to flourish soon after. In the latter part of the 19th century Door County was discovered to have an ideal climate for growing fruit and soon this became a major industry. By the turn of the century cheese making, canning, quarrying and the resort business began to emerge. In 1968 economic transactions in Door County totaled almost \$264 million.³ The largest single industry was manufacturing with sales of \$35 million followed by agriculture with sales of almost \$15 million. The tourist industry was third with sales of \$13 million and of this date has probably surpassed agriculture. The total impact of the tourist industry on the Door County economy was estimated at \$28.6 million.

The 1970 census population for Door County was 19,341 permanent residents, of which 6,581 were located in Sturgeon Bay which is seven miles from Idlewild site. Indeed, the Sturgeon Bay airport, the only airport in the county capable of handling small jets, is on the approach road to the site and justified by the year round industry of Sturgeon Bay. The presence of Sturgeon Bay on the perimeter of the subject area provides potential for finding permanent residents and employees as well as recreational vacationers and seasonal help.

The Chamber of Commerce for Door County estimates 1.2 million persons visit the county for at least one day during the year, of which a minimum of 1 million visit between May and October. Winter recreation such as snowmobiling, ice fishing and cross country skiing are beginning to contribute to winter weekend tourist volume.

³ William A. Strang, Recreation and the Local Economy, The University of Wisconsin Sea Grant Program, 1970.

D. Location and Linkages of the Idlewild Tract

The site occupies 650 acres on Sherwood Point (Idlewild) in the Township of Nasewaupee, Door County, Wisconsin (See Photographs).

- Fronting Sawyer Harbor to the north, Green Bay and County Trunk M to the west, and Odegard Road to the south, its natural resources include 60 percent open area, 25 percent northern hardwoods, 10 percent swamp timber, and 5 percent lowland brush. Geologically, to the west the site is comprised primarily of bedrock with a shallow layer of forest loam. Dipping north towards the water a greater depth of sand, gravel and peat is found overlying bedrock.

The site has unique accessibility to a sheltered harbor, adequate for small sailboat racing and water skiing as well as anchorage for pleasure craft of all sizes when development program described later in the study is completed. Sawyer Harbor leads to the larger recreational area of Sturgeon Bay with Green Bay immediately to the west and Lake Michigan eight nautical miles to the east through the unimpeded ship canal. Water sports such as fishing and sailing can be pursued on each body of water as the skill of the sportsman or weather conditions warrant.

Potawatomi State Park, a heavily wooded 1200 acres, stabilizes this shoreline with a wilderness area contiguous with the east boundary of the site and Sawyer Harbor. The park offers camping, swimming, boat landing facilities, outstanding hiking and snowmobile trails, intermediate skiing and tobogganning runs (See Exhibits 3 and 4).

A short drive to the community of Sturgeon Bay is another asset of the site for medical and hospital services, elaborate boatyards and yachting service facilities, and several regionally known restaurants and clubs as well as the usual urban services. Sturgeon Bay has the only bridge to the northern half of the peninsula, giving the subject site the advantage of avoiding the bottleneck of Highway 57-42 for those coming from the south. Since Highway 57 is a two lane road, an additional 45 minutes of driving time is necessary to move north from Sturgeon Bay to Ephraim and Bailey's Harbor. However, the latter communities have the public image associated with Door County while Idlewild slipped from the public consciousness. The advantage in driving time can only be maximized by reestablishing the identity of Idlewild.

While the site has direct access to recreational opportunity, the more important question is its linkage to potential consumers of appropriate means. These markets will be found largely among the residents of the Fox River Valley, eastern shores of Wisconsin, Milwaukee-Madison metropolitan areas, and the northern tier of Illinois counties, particularly the Lake and Cook County areas of Chicago.

The subject tract is five miles from State Highway 57-42 via County Trunk M and Highway 57 is a two lane, often crowded linkage to the base of the peninsula (See Exhibit 1). The vacationer from the south can reach Highway 57 by following the meandering highways along the Lake Michigan shoreline 42-141, or a slightly more efficient, heavily travelled four lane Highway 41 which connects each of the communities in the Fox River Valley, to Milwaukee and Chicago to the south. Thus the site is 40 miles (1 hour) by car from Green Bay, 140 miles (3 hours) from Milwaukee, 175 miles (3 1/2 hours from Madison and 230 miles (4 1/2 hours) from Chicago. Several Wisconsin studies have indicated vacationers, particularly second home owners, prefer a four hour drive at most and preferably something closer to two and three hours. However, a study of Door County tax roles indicates that as many as 80 percent of seasonal home lot owners reside in the Chicago area so that the Door County image would seem to offset the fact that it is a good distance from the Chicago market. Nevertheless, the road linkages as they exist represent some resistance to market access.

Presently the state plans to upgrade and extend Highway 14 from Milwaukee as an Interstate 57 to Green Bay, but completion is at least seven years away, 1980 in the midst of long projection periods. As this highway holds close to the eastern shore of the state, it would reduce driving time significantly and tie directly to the expressway systems of metropolitan Milwaukee and thence to Chicago on existing interstate systems. In addition, the state is planning some improvements to Highway 57 from Green Bay to Sturgeon Bay. On the southern anchor Highway 57 passes the new state University of Green Bay, where it has been expanded to four lanes to the junction with Highway 54 to Algoma. The single bridge at Sturgeon Bay is to be replaced as the main 57 artery by a second bridge which will locate Highway 57 two miles east of its present bridge providing less congested access from Sturgeon Bay and points north to the subject site. At the same time the bridge will be four lanes, presaging additional lanes for Highway 57 south to Green Bay at a date yet to be established.

The frustrations of the existing highway network which grow worse north of Sturgeon Bay serve to underscore the value of site linkages to the Sturgeon Bay airport, (Cherryland Airport)--a county owned and operated facility. Presently there exists a 3,600 foot runway scheduled to be extended to 4,000 feet by fall, 1972. It can accommodate most private aircraft including jets and maintains 24 hour runway lights and beacon.

A further dynamic linkage for the site is the Sturgeon Bay ship canal and Sturgeon Bay as center of gravity for large yachting and cruising activities. Indeed, many Chicago, Milwaukee and Fox River Valley people base their boats in the area for the summer and in winter store them with the major marinas and boat builders of Sturgeon Bay. Sturgeon Bay shipyards still build many commercial and pleasure craft and in the past built submarines during World War II. Thus the yacht-shipyard facilities are perhaps among the most elaborate on the Great Lakes.

8-28-67

BHQ - 2 HH - 1





a



b



c



d



h



i



j



k



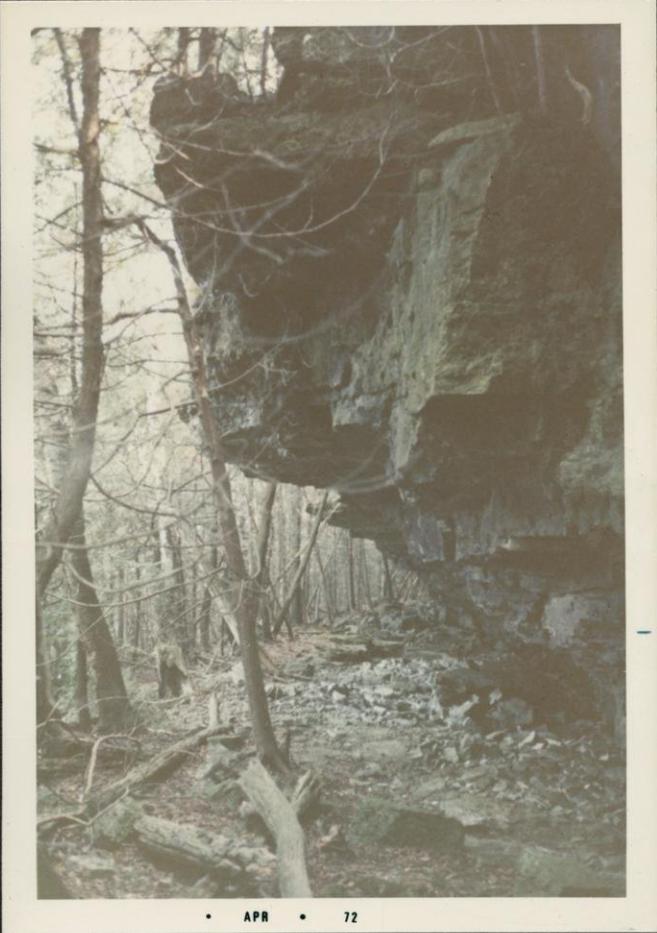
APR 72

e



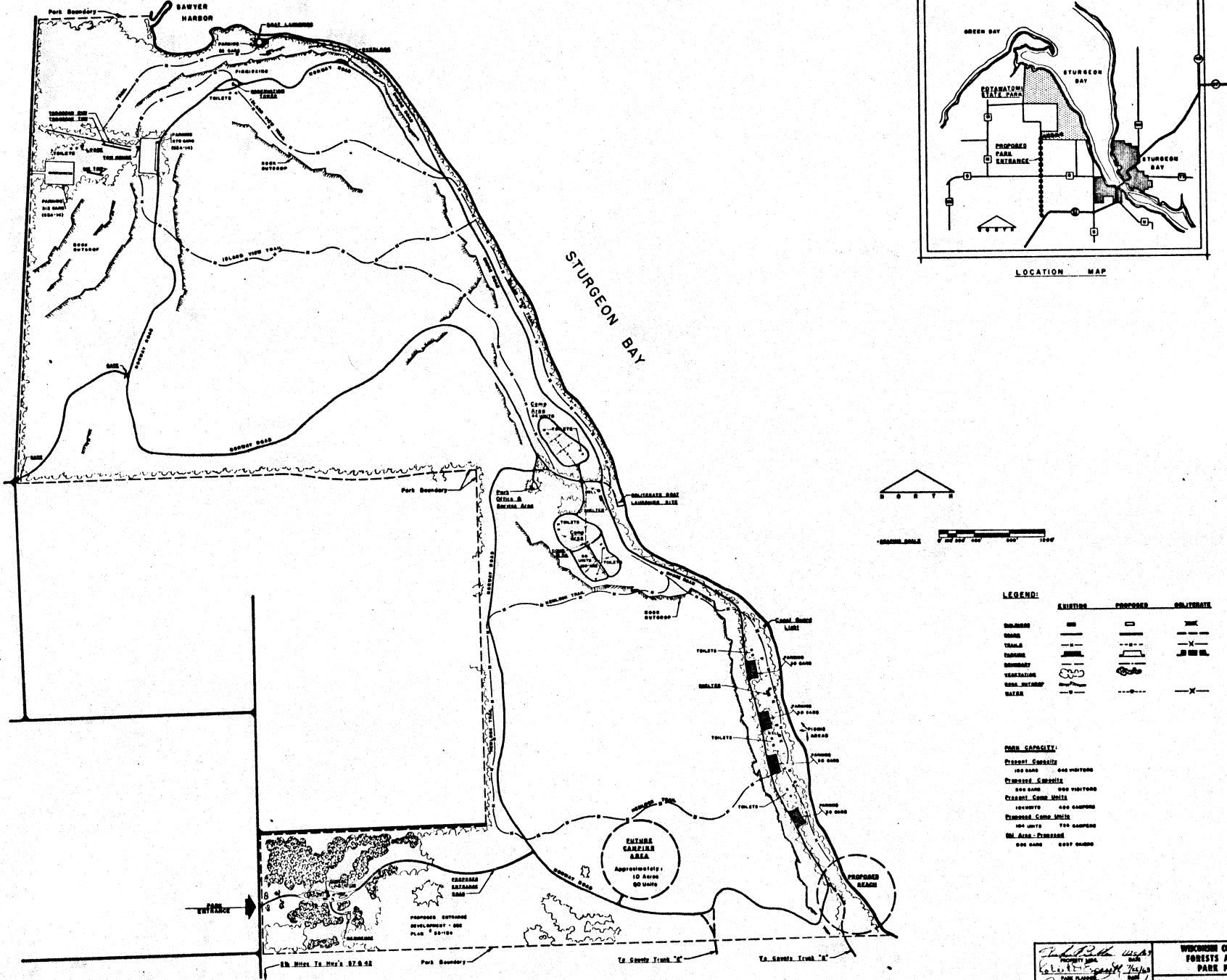
APR
72

f



APR 72

g



		WISCONSIN CONSERVATION DEPARTMENT FORESTS AND PARKS DIVISION PARK PLANNING SECTION		BUREAU BY DIVISION CHIEF BY SECTION TITLE DATE BUREAU BY DIVISION CHIEF BY SECTION TITLE DATE BUREAU BY DIVISION CHIEF BY SECTION TITLE DATE
PROPERTY NAME DATE PLANT PLANNING DATE PARK PLANNING DATE AREA APPROVED DATE APPROVAL DATE DATE APPROVAL DATE DATE		DEVELOPMENT PLAN FOR POTAWATOMI STATE PARK		

E. Regulatory Constraints on Recreational Land Development in Wisconsin

1. Zoning

There are two avenues which the developer may take in acquiring zoning approval. The first being the establishment of a Recreational District (Section III-D, Door County Zoning Ordinance) which requires the granting of conditional permits and zoning modification. The second approach falls under Planned Residential Unit Developments (Section V-C, Door County Zoning Ordinance) which allows grouping of residences in clusters. Application for zoning approval are generally the same under both types but it is felt that the latter offers greater flexibility. The procedure for obtaining limited rezoning in the form of a Planned Residential Unit Development is as follows:

- a. A petition setting forth all the facts is submitted to the county clerk.
- b. The petition is submitted to the county zoning committee which shall hold a public hearing and report to the county board. If a public hearing is held at this time a second public hearing concerning the approval of a planned use development plot is not necessary.
- c. The county board then makes written findings as to the compliance or noncompliance of the petition to Section D-c2 and any conditions which it feels applicable.
- d. The developer at his own expense may develop the facts so as to comply with the provisions set down in Section V-c2 or may reimburse the county for the costs of studies undertaken by the county.

2. Platting

Preliminary plot must be submitted to and approved by:

- a. County Planning Committee (8 copies) - they submit copies to:
 - 1). Town Clerk
 - 2). County Health Department
 - 3). County Planning Department
- b. Local and Regional Planning (8 copies), Department of Local Affairs and Development - they submit copies to:
 - 1). State Board of Health - not necessary if a sanitary district is to be created for Idlewild.

- 2). Division of Environmental Protection - in cases of shoreline subdivisions.
- 3). State Highway Commission - only if development borders a state highway which the Idlewild project area does not.
- 4). Public Service Commission - which regulates public utilities including public or private sanitary districts.

Approval or rejection is submitted by the State agencies to the Planning Committee, who then conditionally approve or reject any preliminary plat. "Approval of the preliminary plat shall not constitute automatic approval of the final plat, except that if the final plat is submitted within six (6) months of the preliminary plat approval and conforms substantially to the preliminary plat layout as indicated in Section 236.11(1)(b) of the Wisconsin Statutes, the final plat shall be entitled to approval with respect to such layout."

After a "Certificate of Tentative Approval" is issued by the County Planning Committee, the developer may submit the original of the final plat to the agencies outlined above for final approval. The final plat must be drawn as specified in Section VI of the Door County Subdivision Ordinance and Section 236 of the Wisconsin Statutes. Once the final plat has been inscribed by the proper authorities, the developer shall have it recorded in the office of the Register of Deeds of Door County, Wisconsin.

3. Sanitary District

The Wisconsin Statutes provide that sanitary districts may be established for the purchasing, and constructing of storm water sewers, sanitary sewers, water works systems and sewage systems, and that services may be sold to customers outside the districts' bounds. Via the town board, a sanitary district may be established by a petition addressed to the town board and signed by at least 51% of the people owning real estate within the proposed district or by the owner or owners of at least 51% of the land within the limits of the proposed sanitary district. At the time of this writing, the developer of Idlewild owns over 51% of the land. The petition sets forth the name of the proposed district, its necessity, its boundaries, an outline of the improvement and ways in which it may promote the general public welfare. Upon receipt of the petition, the public is made aware of a public hearing and the town board shall determine the necessity of such a district. If the town board acts favorably, it may order the establishment of such district and issue a corporate name. Informal response by members of town board to developer inquiry has been favorable due to general pressure for sewers in the district to relieve moratorium on septic tank for new residential construction.

The town board then appoints three commissioners who shall operate the district as a municipal corporation. The commission shall have the

power to issue tax levy, establish sewer charges and write the rules and regulations for the operation of the district.

4. Harbor Improvements

By Wisconsin Statute 30.37 every municipality having navigable waters may create a board of harbor commissioners which shall be comprised of 3, 5, 7 or 9 members for staggered terms. The chairman of the town board shall appoint the members subject to confirmation by the governing body of the municipality. The harbor commission may exercise its powers without consent of the governing body of the municipality but the commission is not empowered to financially obligate the state or the municipality within which it operates. The board of harbor commissioners has the following powers and duties:

- a. Make harbor improvements
- b. Make repairs and alterations
- c. Make contracts
- d. Dock walls and share protection walls
- e. Leasing harbor lands and facilities
- f. Maintenance of harbor facilities
- g. Exclusive control of harbor operations
- h. Fix and regulate all fees
- i. Maintain an adequate system of accounts
- j. May promote activities
- k. Funds shall be paid into the municipal treasury and credited to harbor fund
- l. Must file yearly a report of expenditures
- m. Must make an annual report
- n. May request any officer or agency of municipality for assistance

Once the town board approves a harbor commission, the plan is believed to be submitted to the Dept. of Natural Resources for approval. The Corps of Engineers will normally follow the approval or disapproval of the DNR and will follow suggestions of state as to whether or not to call a public hearing. The harbor commission approach to financing and directing improvements such as dredging, bulkheading, rapping of shorelines, and construction of boat ramps, etc. has not been used for recreational development in Wisconsin so that its advantages and disadvantages are still under study.

5. Intoxicating Liquors

The quota of licenses for each municipality (or township) shall be one for each 500 of population, or the number of licenses lawfully issued and in force on August 27, 1939, whichever is larger. Presently there are six licenses in effect in the Township of Nasewaupe which is the maximum number under the law. Licenses may be transferred by the proper issuing authority and the developer of Idlewild has obtained a license through transfer, so that it is available for Idlewild Inn and contiguous operations such as the golf course bar.

6. Preliminary Evaluation

The developer has taken several years to make the personal acquaintance of the citizens and government officials of the Township of Nasewaupe, the City of Sturgeon Bay and the Door County Planning Department. Developer's primary background as an effective minister of the United Church of Christ in Oshkosh, Wisconsin, gives him singular ability at striking a rapport with people. The developer has had extensive conversations with the administrators of the contiguous Potowatomi State Park relative to cooperation on harbor and beach improvements, interlocking trail systems and further operations of the ski slope.

The imponderable in Wisconsin recreation development is a conservation minded Department of Natural Resources. Preliminary discussions have been held with DNR and harbor reconstruction concepts have proceeded to the point of negotiating for preservation for small fish spawning beds and certain duck nesting grounds. While specific approval and detail must follow completion of final engineering plans, conditions appear favorable for approval in substance as suggested by the letters in Addenda B.

Presently there is no organized group to oppose development and there is strong favorable local anticipation of the Idlewild project among Nasewaupe and Sturgeon Bay residents. However, final approval of land uses and densities assumed in this analysis is always speculative until the last signature has been obtained.

7. Project Calendar and Value

Valuations are contingent upon political acceptance of the substantial portion of these proposals. It can also be concluded that the regulatory planning process will take a year to complete so that actual construction could begin in the Spring of 1973 at the earliest. It follows that 1975 is the earliest year for normalized operations for the Resort Inn or any significant level of residential sales.

F. Master Plan Components

A preliminary master plan for the 650 acres comprising the Idlewild project is provided in the packet of the rear cover of the report. The design concept as presented depends on the assumption that a significant portion of Sawyer Harbor (N) can be dredged, a portion of Rock Creek (E) bottom blasted and the rock removed to form a new sea wall and some filled land for the marina (H) and sea wall condominiums (C). Other general improvements include Lynx Lake (L) a small storm water holding basin at (M), and decorative ponds and holding areas (K) as a buffer between the retail center area at (G) and the single family lot area. The sewer treatment facilities and sanitary water system will all be located some distance off subject site and therefore do not appear on the drawings. Bridge structure sufficient to carry maintenance vehicles as well as major trail traffic. (J)

The marketable products of the development are identified and the estimated number of units indicated as follows:

- (A) Golf course condominiums (40 Acres) 160
- (B) High density condominium cluster (14 acres) 56
- (C) Sea wall condominiums (8 acres) 40
- (D) Green Bay bluff condominiums (70 acres) 140
- (E) Former site of Idlewild Inn - unassigned land use (14 acres)
- (F) Green Bay bluff residential sites (16 acres)
- (G) Future retail convenience center (35 acres)
- (H) Marina site with boat ramps (25 acres)
- (I) Resort Inn site (50 acres and 150 golf course acres)
- (O) Single family lots (228 acres) 350

Open space in the development not only includes the 150 acres in the golf course and Lynx Lake, but is also part of the allowances for each land use above.

Further physical details and features will be highlighted in sections of the report dealing with each of the above land uses.

SECTION II

IDLEWILD RESORT INN--APPROACH TO ANALYSIS, SCALE OF MARKET OPPORTUNITY AND MERCHANDISING STRATEGY

A. Definitions and Methodology1. Definition of Feasibility

A real estate project is found to be feasible where analysis reveals a reasonable likelihood of satisfying explicit objectives within a context of recognized constraints and limited resources.

2. Overall Objective of Equity and Mortgage Investors

From the standpoint of the investor his first priority objective is to create significant capital appreciation for his land holdings by rapid and intensive increase in the density of people desiring to be within the perimeters of his project area. Land value is directly correlated to the number of people who want to be at any one point over time. A second basic objective is to obtain some annuity benefits from expenditures of people visiting his project area over the years. A third objective might be to avoid operational management of enterprises to be located on the peripheral site and to dispose of all marginal lands simultaneously with the development process.

For the mortgage lender the objectives are to maintain positive and negative motivation to repay and to anticipate the adequacy of liquidation alternatives in the event that means and motivation are not adequate to meet repayment terms. The most positive motivation is continuing profitability for the borrower while the negative incentives include loss of property, loss of business reputation or personal accountability on the note. While these elements receive financial synthesis by cash flow analysis in Sections IV and VI, many of the financing components are forced by other limiting factors of context including:

- 1) Market demand and supply aggregates
- 2) Selected merchandising targets
- 3) Legal-political controls
- 4) Physical and technical constraints
- 5) Ethical-aesthetic factors

3. Definition of Demand Opportunity

Demand analysis concerns both aggregate data on market potential and more specific analysis of demands for rooms derivative of key generators such as summer vacations or business meetings or major

activities such as snowmobiling. Aggregate data is broad-gauge information which must be focused on the development by considering a variety of other variables. These relationships are often best represented as models for estimating demand. Demand data represents an opportunity but the critical question for the entrepreneur is his ability to capture some percentage of the opportunity by the appropriate combination of product, price and merchandising appeal.

4. Definition of Basic Merchandising Strategy

The essence of a resort inn is to provide gracious accommodations and support for people attracted to an area for recreation or group functions. The essential profit center is the sale of its rooms in space-time units called room-days. The generators of need are the recreational opportunities or meeting facilities but the primary business transaction is the merchandising of room-days--a derivative demand. It may be derived from the general recreational appeal of the area, such as Door County, or it may be a derivation of a unique attribute of a particular resort. The former type of demand is competitive on price and location in the midst of existing momentum of activity. The latter type of demand can be created so as to be in part insulated from price competition and less dependent on geographic position athwart established traffic patterns.

The Idlewild Resort Inn cannot compete on price during the off-season with Door County facilities built in other eras and its location is peripheral to the most intensive recreational areas presently operating in Door County. However, it can insulate itself from price competition by creating a gravity field of consumer attraction by means of "mass", the mass of shopping center theory which is a function both of diversity and size and of image. Image is the retailing concept of how the consumer perceives quality, prestige, and enjoyable participation. This element of mass for Idlewild is detailed as the set of recreational attributes which constitute sufficient competitive edge to provide a significant element of monopoly.

5. Definition of Existing Supply and Market Standard

Supply and demand analysis begins with an inventory of the lodging units in Door County by size, amenity package, and price. In addition, the supply has a seasonal dimension as many units are closed in the winter while Idlewild Resort facility must be a year-round operation to justify capital employed. Many of the existing operations in Door County have chosen to operate within a May through October season. Review of the market standard may identify shortages or inadequacies which can be the source of an additional competitive edge which complement site advantages.

Having estimated the number of room-days derivative of opportunities in various market sectors, it is then necessary to establish a more specific description of product mix, room rates, and derivative revenues for the proposed resort. These forecasts are provided in this section.

6. Measures of Financial Feasibility

Ultimately, likelihood of success for any given project depends on the relationship of revenues as determined in the previous section to a schedule of costs and anticipated profits. Capital outlays are generally assumed to accrue at the midpoint of the calendar year and all receipts are assumed to accrue at the end of the calendar year, budgeting conventions appropriate to preliminary pro forma analysis. The elements of financial feasibility will include:

- 1) Identification of profit center viewpoint
- 2) A time line of financial events
- 3) A capital budget
- 4) Operating budget for revenues and expenses
- 5) A proposed financing program
- 6) A preliminary income tax strategy
- 7) Selected measures of yield on investment
- 8) Selected indices of risk, i.e., tolerance for variations between expectations and realizations

7. Profit Center Viewpoint

The financial viewpoint will be that of a land developer preparing and merchandising blocks of land for the resort operator and the condominium developer. Single family lots will be merchandised by the land developer as will miscellaneous retail sites.

The recognized profit centers are therefore limited to the value created for the land. Nevertheless, there are substantial profit opportunities concealed in the 30 percent allowance for administration and sales cost, in construction contracts, in the inherent consumer finance and insurance requirement, and in the business opportunities which can be located on the service and retail sites of the master plan. In many developments these profit centers may be of greater value in the long run than the land increment for the developers who are fully integrated. The developer in this case primarily seeks to profit from the assemblage of land and the simplified operations of lot sales.

B. Supply and Market Standard of Lodging Units in Door County

At the end of 1970 there were 3132 total lodging units available in Door County offered by 350 establishments.⁴ Of the 350 establishments • 162 have between one and four units, 75 have between 5-30 units and only 13 have more than 31 units. Most are small facilities offering few if any amenities and less than one fourth are available for occupancy throughout the late fall, winter and early spring.

In evaluating comparable lodging facilities to the proposed Idlewild Inn it should be noted that the total room count includes an unknown number of cottage facilities. The most exclusive and prestigious facilities are Maxwelton Braes and Gordon Lodge, with the former exploring golf and the latter access to the water. Neither has an indoor pool or sauna and both are closed in the winter. Both of these plus the larger Alpine Resort in Egg Harbor offer night entertainment as does Florians in Bailey's Harbor. Florinas with 24 units has an indoor pool and is open all winter and is a new unit at the harbor edge. The only large facility, the Alpine Resort, is the old style family resort of turn of the century photos. In Sturgeon Bay itself Leathem Smith Lodge is the center of commercial motel facilities and banquet action. It is losing its 9-hole golf course to the new Highway 57 bridge and it has no recreational beach footage. Glidden Lodge offers attractive grounds and the best sand beach in Door County but lake water temperatures throughout most of the year discourage regular swimming. It is under third generation management. The Cliff Dwellers Resort in Sturgeon Bay is cramped in a residential area along the Bay and it is necessary to cross the public street to reach its only amenity, a lake shore pool and dock (See Exhibit 5 and 6).

In comparison to existing resorts the Idlewild Inn as proposed would offer the only resort with both golfing facilities and harbor access and would offer in addition a tennis court, and equipment rentals. An indoor swimming pool together with winter recreation access to snowmobiling, tobogganning and skiing would give Idlewild diversity to supply the winter recreation market.

⁴Wisconsin Department of Health, Hotel, Motel and Restaurant Data, 1971.

EXHIBIT 5

Location of Comparable Lodging Facilities in Door County

1. Glidden Lodge
2. Leathem Smith Lodge
3. Gordon Lodge
4. Maxwelton Braes
5. Alpine Resort
6. Ephraim Shores Motel
7. Mariner Motel & Cottages
8. The Edgewater Motel
9. Florian's Motel
10. Cliff Dwellers Resort

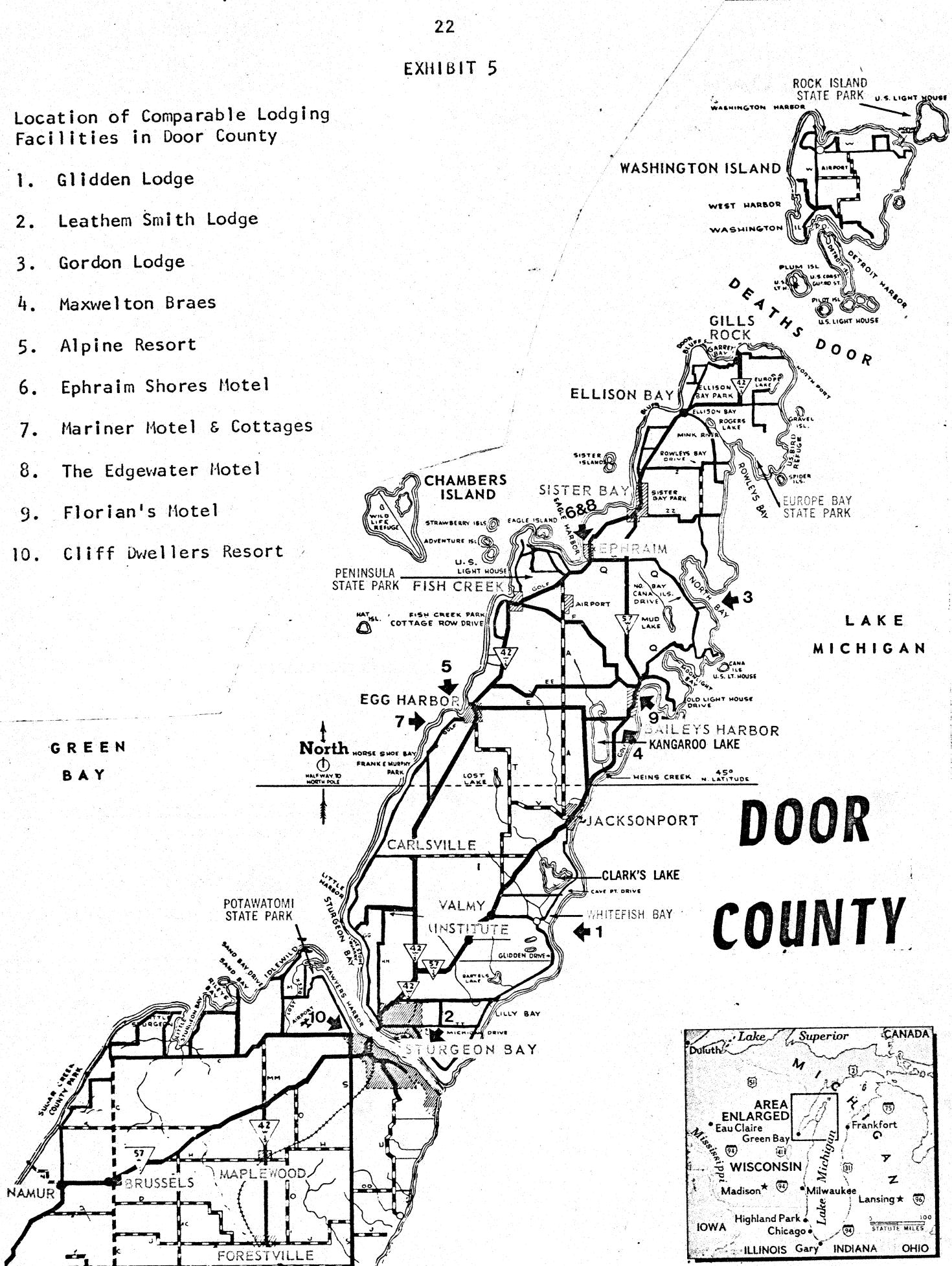


EXHIBIT 6

COMPARABLE LODGING FACILITIES IN DOOR COUNTY

Name and Location	Season	Total Rms Available	Published Room Rates			AAA Rating	Rest- aurant	Cocktail Lounge	Night Entertain.	Swimming In-Outdoor	Golf Riding	Tennis	Boat Dock	Sauna	Rentals Bikes, boats, etc.	
			2 Persons	3 Persons	4 Persons											
Glidden Lodge Sturgeon Bay	5/27-10/8	25	\$32 - \$36	\$48 - \$54	\$64 - \$72	V. G.	Yes	Yes	No	No - lake	No	No	No	Yes	No	Yes
Leathem Smith Lodge Sturgeon Bay	Apr-Nov.	44	\$48 - 58	\$63 - 78	\$84 - 104	V. G.	Yes	Yes	No	Planned pool	Nearby	Yes	No	Yes	No	Yes
Gordon Lodge Bailey's Harbor	May-Oct.	39	\$44 - 70	\$66 - 92	\$88 - 120	V. G.	Yes	Yes	Yes	No lake & pool	Nearby	No (Put. Green)	Yes	Yes	No	Yes
Maxwelton Braes Bailey' Harbor	May-Oct.	48	\$42 - 52	\$63 - 78	--	V. G.	Yes	Yes	Yes	No Pool	Nearby	Yes	Yes	No	No	No
Alpine Resort Egg Harbor	6/1-9/15	94	\$26 - 30	\$36 - 45	\$52 - 60	Good	Yes	Yes	Yes	No lake	Yes	Yes	Yes	Yes	No	Yes
Ephraim Shores Motel	Year round	20	\$18 - 22	\$24 - 30	\$30 - 36	V. G.	Yes	No	No	No lake	Nearby	Nearby	No	No	No	No
Mariner Motel & cott.	May-Oct.	26	\$16 - 27	\$20 - 31	\$20 - 31	V. G.	Yes	Yes	No	No lake & pool	Nearby	Nearby	No	Yes	No	No
The Edgewater Motel	5/1-11/15	20	\$22 -	\$24 - 26	\$28 - 32	V. G.	No	No	No	No lake	Nearby	Nearby	No	Yes	No	No
Florian's Motel Bailey's Harbor	Year round	24	\$22 -			---	Yes	Yes	Yes	Yes lake	Nearby	Nearby	No	Yes	Yes	No
Cliff Dwellers Resort	May-Nov.	30	\$25 - 30	\$28 - 35	\$31 - 40	---	No	No	No	No lake & pool	Nearby	No	No	Yes	No	Yes

C. Consumer Surveys to Identify the Competitive Differential

The ultimate strategic objective of the firm within a free enterprise system is to create a monopoly to some degree either in fact or in the mind of the consumer. A monopoly product differentiation is accomplished through selection of key competitive differentials. For example, an extensive study was made in 1971 as to what resort features are most desired in northern Wisconsin.⁵ Population samples in the study comprised resort users and non-users. Users were Oneida County resort customers while non-users were randomly selected from people visiting the State of Wisconsin booth at the 1970 Chicago Travel and Boat Show. Three amenities showing a marked increase in desirability as family income increased were 1) Fireplaces in the cottages or units of a resort, 90%; 2) Golfing at the resort or nearby, 77%; 3) Water skiing at the resort, 88%. (See Addenda C for a complete summary of amenity preferences).

To test the Idlewild concept two mail surveys were conducted (See Addenda D). The first survey went to the potential family resort user in Wisconsin and Illinois, families with a yearly income of \$20,000 or more in the Fox River Valley, metropolitan Milwaukee and gold coast suburbs of Chicago. The second survey was sent to 2300 individuals who had scheduled one or more group meetings during 1970-71 at two major comparable resort inns in Wisconsin (See Exhibit 7).

The survey of resort users indicated the following strong amenity preferences:

⁵John E. Powers, Social and Economic Variables Affecting the Resort Features Desired by Northern Wisconsin Resort Users and Non-Users, 1971, an unpublished Ph.D. dissertation.

EXHIBIT 7

Resort User Survey
Conducted by Mail to Upper Income Families
in Eastern Wisconsin and Northeastern Illinois - January, 1972

Percentage of People Desiring Various Amenities*

	<u>Percentage</u>	<u>Amenity</u>
1.	82%	Indoor swimming and whirlpool
2.	78%	Well maintained paths for walks by the lake shore, the bluffs and woodlands
3.	72%	Quiet suites with fireplaces and vistas
4.	61%	Small intimate gourmet restaurant
5.	44%	Indoor tennis court
6.	42%	Winter skiing on beginning and intermediate slopes
7.	38%	Fall and spring lake fishing for coho and lake trout
8.	38%	Sauna and exercise room
9.	36%	The warmth and comaraderie of a small lodge evening party
10.	32%	Fall and spring golfing
11.	32%	Classes related to environmental awareness
12.	32%	Pool tables
13.	31%	Ice skating on an indoor rink
14.	29%	Snowmobiling on an extensive trail system
15.	26%	Small boating in the inner harbor
16.	24%	Horseback riding
17.	22%	Boat handling and maintenance
18.	21%	Ice skating on an outdoor rink
19.	20%	Fall and spring stream fishing for rainbow trout
20.	18%	Handball and squash

* Based on 115 useable returns on a sample of 700

Group Meeting Survey

Percentage of People Desiring Various Amenities *

	<u>Percentage</u>	<u>Amenity</u>
1.	80%	Golfing
2.	60%	Indoor swimming
3.	37%	Lake fishing by charter for coho or lake trout
4.	17%	Indoor tennis
5.	10%	Snowmobiling
6.	8%	Skeet shooting
7.	5%	Indoor ice skating
8.	2%	Soft ball

* Based on 299 useable returns on a sample of 230

D. Specifications of Resort Inn Schematic Program

From the proceeding tables the amenities needed to achieve a competitive edge became evident. It is interesting to note the pattern among upper income vacationers in Oneida County, family resort users surveyed for Door County, and business group patterns. Following is a list of features including those mentioned before which should be offered by the proposed inn, thereby insuring a competitive edge and unequalled drawing power of diversity and image.

Residential Facilities

- R1 Rooms sized for sitting areas with fireplaces
- R2 Game rooms (pool tables, cards, etc.)
- R3 Playground and equipment
- R4 Restaurants - 2 - (casual family room and exclusive supperclub)
- R5 Cocktail lounge
- R6 Laundry facility

Indoor Recreation

- I1 Swimming pool (indoor) and sauna bath
- I2 Multipurpose room - indoor tennis court, banquet and summer theater
- I3 Small meeting rooms

Outdoor Activities

- 01 Golf course
- 02 Swimming pool (outdoor)
- 03 Tennis court
- 04 Boat dockage and boat ramp
- 05 Hiking and biking (Potawatomi State Park plus other common facilities with Idlewild Complex)
- 06 Snowmobiling (frozen harbor to Potawatomi Park)
- 07 Snow skiing (Potowatomi State Park)
- 08 Water skiing (Harbor and Bay)
- 09 Outdoor ice skating (golf course pond)
- 010 Sailing (Harbor and Bay)

Franchised Services

- F1 Bicycle rental (Inn)
- F2 Snowmobile rental (contiguous Marina)
- F3 Skate rental (Inn)
- F4 Boat rental - sail and power (contiguous Marina)
- F5 Charter lake fishing (at Inn dock)

SECTION III

FORECASTING ROOM-DAY DEMAND FOR PROPOSED IDLEWILD INN

A. Approach to Demand Analysis

Demand analysis attempts to reduce aggregate numbers of people and firms in a general trade area to focus on a specific site and project. It is necessary to greatly over-simplify all the relationships to make the problem manageable. The critical relationships can then be stated as a model with which to forecast room-day demand by season, and to some extent, by distinguishing between weekends and weekdays.

The demand model for motel rooms for this report assumes that room-days are correlated to tourist-vacationer demands plus group meetings held at the resort plus a random residual of demand derivative of a multiple number of unpredictable events which in total would not represent more than 5-10 percent of occupancy at best, thus this section of the report estimates the number of room-days which might be filled by a conservative forecast of recreational and group meeting users.

Recreational demand is assumed to be derivative of conservative capture rate of current room occupancy for the county during each month of the year. This capture rate was set at a conservative level and does not take into account the strong likelihood implicit in survey results that the right facility would create its own additional demand beyond that generated from less competitive existing resorts. Throughout this section the thrust is to determine minimum capture rate levels necessary for breakeven operations rather than to hypothesize potentials as realities. Nevertheless if the reader feels the report is too conservative, the full models for projection are provided and the reader can substitute his own capture rate assumptions and participate in the forecasting process.

Demand for room-day units generated by group meetings requires a more elaborate base model. Presently Door County has few, if any, facilities serving the conference requirements of business and others, with the possible exception of Maxwelton Braes in the spring and fall and Leathem Smith in the winter season. The assumptions of this model reflect the input of a well-focused survey and the inverse impact of distance, moving from Fox River Valley to Milwaukee-Madison to Chicago.

B. Present and Potential Tourist-Vacationer Demand Model

Of the 2112 lodging units in Door County, only 1511 units in the warm months and 411 units during the winter months (November 1-April 31) represent transient facilities comparable to motel operations as the balance are rooming houses and summer rentals. These totals were derived from Door County lodging facilities. These facilities realize virtually 100 percent occupancy during July and August and it can be presumed that the Idlewild Inn would similarly prosper. Nevertheless the Idlewild Inn depends for financial feasibility on its room utilization during the balance of the year, particularly during the fall and winter. Eleven of the most comparable resorts were interviewed to determine what months of the year each was open and the percent of occupancy which each claimed to enjoy for those months. These are graphed in Exhibit 8 as a coded bar chart and compared to the configuration of occupancy established for the Idlewild Inn on the basis of the analysis which follows.

To scale the approximate size of the market, a model of relationships was employed to define the number of room-days which could be captured from existing demand with competent merchandising effort.

The model divides the year in two parts and segregates each specific month by number of weekends and of weekdays. Average occupancy for the weekends and weekdays of each month is multiplied by the number of transient units on the market to estimate existing tourist demand for lodging units. (Coded A in Exhibit 9) A conservative capture rate is then assumed and then applied for each month to compute room-day capture for each weekday and weekend day (B). Multiplying this by the number of weekdays and weekend days yields the total Room-Day capture (C). In short, the demand model can be represented as follows:

$$TRDC = \sum_{P=1}^{12} (AO_1 + AO_2) \cdot (NU_1 + NU_2) \cdot PC$$

TRDC = Tourist room-days captured for weekends and weekdays for each month

AO_1 = Average occupancy for each weekend times 2

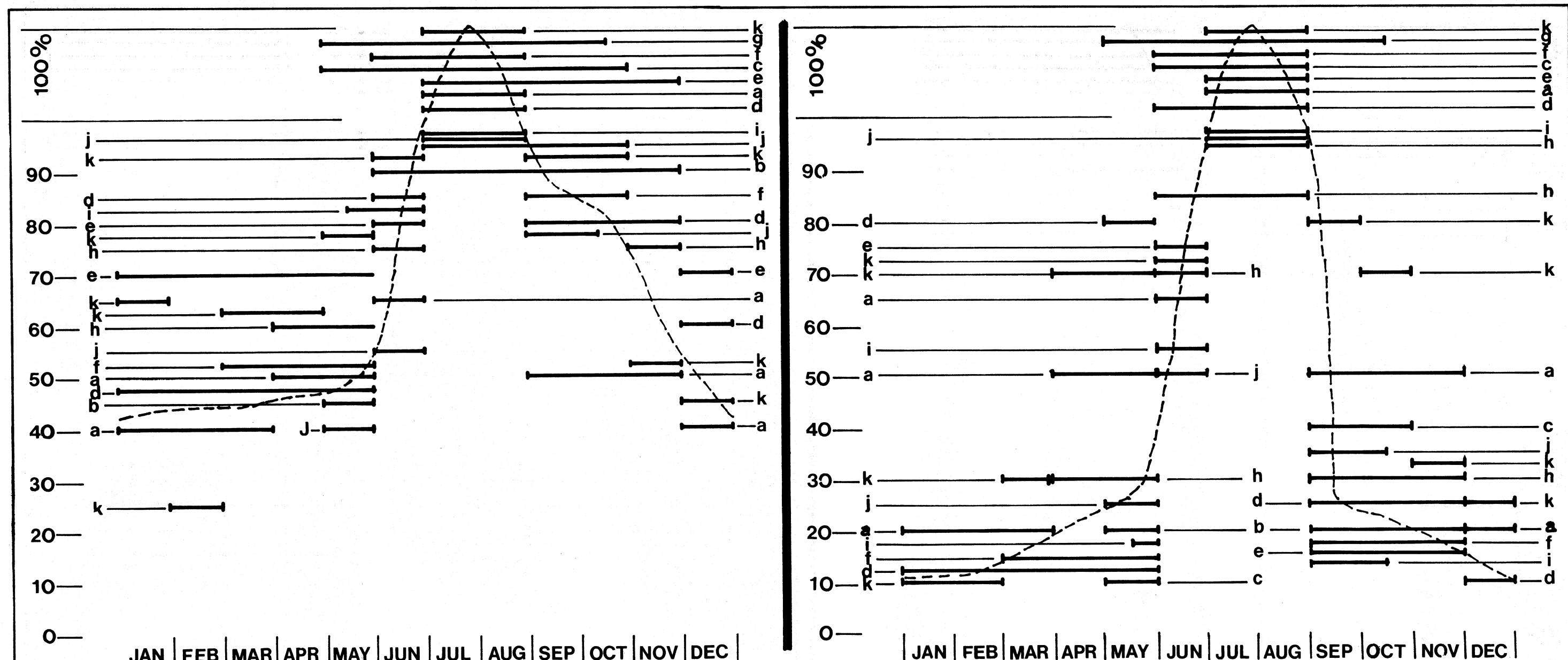
AO_2 = Average occupancy for weekdays times 5

NU_1 = Number of winter lodging units on the market

NU_2 = Number of summer lodging units on the market

PC = Percentage of occupied units captured

EXHIBIT 8 A Comparison of Estimated Idlewild Inn Occupancy Range To Occupancy Level Claimed By Eleven Comparable Door County Resorts
For Operating Season August 1970 through August 1971



Legend :

WEEKENDS

- a Holiday Motel — Sturgeon Bay
- b Cliff Dwellers Resort — Sturgeon Bay
- c Mariner Motel — Egg Harbor
- d Lull-Abi Motel — Egg Harbor
- e Ephriam Shores Motel — Ephriam
- f Florian's Club & Motel — Bailey's Harbor
- g Maxwelton Braes — Bailey's Harbor
- h Leathem Smith — Sturgeon Bay
- i Bay Shore Inn — Sturgeon Bay
- j Gliddenlodge — Sturgeon Bay
- k Four Seasons — Sister Bay

WEEKDAYS

EXHIBIT 9

TOURIST-VACATIONER ROOM-DAY DEMAND

	May		June		July	
	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend
NU - Units on the Market ¹	1511	1511	1511	1511	1511	1511
AO - Percent Average Occupancy ²	x .25	.48	.70	.78		
Total Tourist Demand for Lodging Units	378(A)	725	1058	1179	1435	1435
PC - Capture Rate ³	x .10	.10	.10	.10	.10	.10
Room-Days Capture by Weekday & Weekend ⁴	38(B)	73	106	118	144	144
Days in Month ⁵	x 20	8	20	8	25	10
Total Room-Day Capture ⁶	760(C)	584	2120	944	3600	1440
	August		September		October	
	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend
NU - Units on the Market ¹	1511	1511	1511	1511	1511	1511
AO - Percent Average Occupancy ²	x .95	.95	.27	.85	.23	.80
Total Tourist Demand for Lodging Units	1435(A)	1435	407	1284	347	1209
PC - Capture Rate ³	x .10	.10	.10	.10	.10	.10
Room-Days Capture by Weekday & Weekend ⁴	144(B)	144	41	128	35	121
Days in Month ⁵	x 20	8	20	8	25	10
Total Room-Day Capture ⁶	2880(C)	1152	820	1024	875	1210
	November		December		January	
	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend
NU - Units on the Market ¹	411	411	411	411	411	411
AO - Percent Average Occupancy ²	x .18	.63	.10	.44	.12	.44
Total Tourist Demand for Lodging Units	73(A)	259	41	181	49	181
PC - Capture Rate ³	x .30	.30	.30	.30	.30	.30
Room-Days Capture by Weekday & Weekend ⁴	22(B)	78	12	54	15	54
Days in Month ⁵	x 20	8	20	8	25	10
Total Room-Day Capture ⁶	440(C)	624	240	432	375	540
	February		March		April	
	Weekday	Weekend	Weekday	Weekend	Weekday	Weekend
NU - Units on the Market ¹	411	411	411	411	411	411
AO - Percent Average Occupancy ²	x .12	.45	.18	.45	.22	.47
Total Tourist Demand for Lodging Units	49(A)	185	74	185	90	193
PC - Capture Rate ³	x .30	.30	.30	.30	.30	.30
Room-Days Capture by Weekday & Weekend ⁴	15(B)	55	22	55	27	58
Days in Month ⁵	x 20	8	20	8	25	10
Total Room-Day Capture ⁶	300(C)	440	440	440	675	580

1. Beginning on the 1st of May and extending through October there are an average of 1511 competitive units on the market in Door County. From November through April there are 411 units on the market.
2. Occupancy rate used is the average found on the weekends and weekdays during each month. This average was based on the occupancy rates of eleven comparable facilities and should be considered conservative.
3. Percentage of rooms which the Idlewild Resort Inn can expect to capture from the total occupied room market. A factor of ten percent was used for May-October and thirty percent for November-April. A lower factor was used for May-October for it is during this period that the strongest resort inn competitions are open. Given a unique facility as discussed earlier total room capture should match if not exceed the capture rates used.
4. Total room day demand for each day of the week and weekend of the year.
5. Number of days comprising the week and weekends of each month of the year based on the number of weeks during a month. For consistency's sake five weeks were allocated to each middle month of a season.
6. Total room-days which can be captured during the weeks and weekends for each month of the year.

It was assumed that Idlewild Inn would be able to capture 10 percent of this potential market from May to October when the largest number of competitors are open and that the capture rate would increase to 30 percent of the winter market given the commanding competitive edge of its facilities such as the indoor swimming pool, indoor tennis court, snowmobile trails complex and the winter sport program at Potawatomi State Park. In addition, the 45 minute advantage of the Sturgeon Bay site driving time relative to its competitors at the tip of the peninsula has its maximum influence during the winter driving season. The total room-days captured from the general tourist demand which presently exists must be combined with room-day requirements from other sources before generating a revenue forecast.

It should be noted that these forecasts do not include the potential new appeal of Door County that can be anticipated from recent developments in the area as well as the merchandising gravity draw of a complex the size of the Idlewild project. In retailing there is a theory that competitive shopping units drawing from the same population base capture a percentage of the market in direct proportion to their size (size being an index for a variety of services offered) and inversely to the distance to the population. There is no statistical evidence as to gravity demand differentiation for resorts but experience creates a presumption as to their influence favoring Idlewild capture rates.

There is evidence that midwesterners are learning to make the best of their winter season, particularly since cold weather is more the norm than warm summers. Extremists among the snowmobiling set and cross country skiers have bumper stickers stating "stamp out summer." Both the surveys sent to a cross section of vacationers and the survey to business executives (See Addenda D) revealed a demand for recreational facilities does exist during the "off-season" of the fall, winter and spring months. The mini-vacation concept for the off-season was specifically queried and the results are in Exhibit 10. More than 75 percent valued a weekend retreat for the fall colors while 50 percent would consider the superb lake fishing in the fall when the coho and lake trout migrate to the shallow waters surrounding the peninsula. After all, sport fishing only began again in Lake Michigan during 1965 and both the existing fish are growing larger and state support for stocking is increasing. Nearly 50 percent would consider a holiday retreat during January, February and March and while 25 percent of these might consider snowmobiling and skiing, the majority are essentially seeking a restful and quiet retreat from activity. The Easter holiday is in sharp disfavor, reflecting a preference for the south or western ski resorts while children have a ten day holiday.

EXHIBIT 10

Potential Tourist-Vacationer Demand as Found by Surveys

Group Meeting Survey

<u>Question</u>	<u>Yes</u>	<u>No</u>	<u>Percent Yes</u>
Would you personally consider traveling with your family to Door County in April-May or September-October for -			
Coho-lake trout fishing?	116	145	44.4%
Fall colors?	210	56	78.9%
Would you personally consider traveling with your family to Door County in January-February for -			
Snowmobiling?	75	185	28.8%
Skiing?	68	161	29.6%
Weekend retreat?	158	96	62.2%

Resort User Survey

<u>Question</u>	<u>Yes</u>	<u>No</u>	<u>Percent Yes</u>
In which of the following periods would you consider a resort complex such as Idlewild in the off-season for a family holiday or retreat -			
September-October?	51	49	51.0%
Thanksgiving weekend?	14	86	14.0%
Week of New Years?	16	84	16.0%
January, February, March?	45	55	45.0%
Easter Holiday?	10	90	10.0%
April-May?	23	77	23.0%

C. Present and Potential Group Meeting Demand Model

The critical demand component of a twelve month resort inn is the room-day volume for group meetings. High construction costs and the cost of assembling staffs for only a summer season prohibits consideration of constructing a full scale resort for the summer season only. Moreover, the tourist room-day demand during the off season is screened to the weekends when two days produce as much or more room demand as the other five days of the week. The group meeting for business or educational functions has proven a mainstay for the recreational resort demand and falls primarily on the weekdays when the vacationers are of least significance. Astute operators often do not book group meetings for July and August but salary full time salesmen to sell and expedite meetings of all sizes for the balance of the year. While often referred to as "convention" business, the average such meeting involves 15 to 30 attendees for one or two days duration, certainly not the image of a convention or an American Legion Jamboree.

The Idlewild site violates a basic rule of more successful group meeting resorts as it is more than two hours from one or more major metropolitan business centers. Chicago and Milwaukee have spawned perhaps a dozen major complexes of this type such as "Pheasant Run", "Lake Lawn", "The Abbey" and "The Chateau". The critical question therefore is whether those who use these existing facilities would consider one of equal amenities at a more remote site, even a vacation area as well established in the public mind as Door County.

Through cooperation with the management of Distinguished Resorts of Wisconsin, Inc. who operate the premier resorts, "The Abbey" on Lake Geneva and "The Pioneer" in Oshkosh it was possible to survey 2300 individuals who had been responsible for scheduling one or more group meetings at one of these resorts during 1970-71. Specifically queried by mail, (See Addenda D) 253 persons responded with detailed information on when and where and what types of meetings their organization would schedule.

1. 172 or 69 percent of those responding stated they would make use of resort facilities in Door County.
2. In fact, 61 percent of those respondents indicated they preferred the relative isolation as offered by Idlewild to an urban location for greater control of meeting participants.
3. Moreover, 66 percent further preferred the relaxation of outdoor seasonal sports to the attractions of city night life.
4. As might be expected a positive response to Door County was directly related to proximity with 76 percent responding favorably from the Fox River Valley, 66 from Milwaukee-Madison and 47 percent from Chicago.

Results of this survey plus a basic measure of firms employing over 50 people in various trade areas was used to create the following model to scale room-day demand from group meetings.

$$\text{Potential Firm Capture} = \sum_{a=1}^3 F(a) \cdot PS \cdot PY(a)$$

where (a = Demand Area)

F = Number of firms employing over 50 people in each of three areas, Fox River Valley, Milwaukee-Madison, and Chicago metropolitan counties.

PS = Percent of firms returning survey

PY = Percent of firms from each area answering the survey in the affirmative

$$\text{Group Room-Day Capture} = \frac{PFC \cdot PT \cdot PQ(mt) \cdot m(mt) \cdot (mt) \cdot P(mt)}{R}$$

where (mt = meeting type)

PFC = Potential firm capture

PT = Percent of meetings held in a motel-resort type of facility

PQ = Percent of firms answering each of the specific meeting type questions

M = Mean number of meetings held each year by meeting type (adjusted for capture)

D = Mean number of days each meeting type lasts

P = Mean number of people attending each meeting type

R = Average number of people per room

$$\text{Group Room-Day Capture per Weekday by Season} = \frac{\left(\sum_{mt=1}^5 RDC(mt) \cdot PS(mt) \right) PD}{ND}$$

where (mt = meeting type)

GRDC = Room-day capture by meeting type

PS = Percent of meetings held each season by meeting type

PD = Percent of meetings held on weekdays during each season by meeting type

ND = Total number of weekdays during each season

$$\text{Group Room-Day Capture per weekend day by season} = \sum_{mt=1}^5 \text{RDC (mt)} \cdot \text{PS (mt)} \cdot \text{PE}$$

ND

where (mt = meeting type)

GRDC	=	Room-day capture by meeting type where (mt - meeting type)
PS	=	Percent of meetings held each season by meeting type
PE	=	Percent of meetings held on weekends during each season by meeting type
ND	=	Total number of weekend days during each season

The demand market was divided into three specific areas (Fox River Valley, Milwaukee-Madison and Chicago) and the number of firms employing over 50 people was found for each geographic area.⁶ Multiplying the number of firms times the percentage of people returning the survey yields the potential market. (See Line A, Exhibit 11)

The utilization of group meeting facilities is not limited to firms employing over 50 people. Indeed small investment corporations which may employ no one other than corporate directors may find the resort a convenient tax deduction for annual corporate directors meetings. Moreover legal and professional firms are another prime source to convene small meetings as are various hobby and educational societies. Thus, the number of firms employing over 50 is a relative index of potential customers for group meeting business in a given metropolitan area. Further, the response rate to the questionnaire which went to known users of meeting facilities is used only as a conservative proxy for the number of organizations having group meetings anywhere. Both these indexes represent only conservative means to scale the business potential from group meetings which might be generated from the three primary metropolitan markets. Recognizing the probable understatement implicit in these proxies, the potential market from each demand area time the percentage of people answering the survey in the affirmative from each metropolitan area was reduced by potential firm capture rates (B). For Line B complete computations, see Exhibit 11.

6

U.S. Department of Commerce, County Business Patterns, 1970.

Once the total number of firms utilizing group meetings is computed, this is further reduced by the percentage of firms using a motel-resort for their meeting facility. Question #1 of the survey listed the four facilities where a firm most conceivably would schedule a meeting (country club, restaurant, motel and resort) and asked the number of times a year meetings were scheduled at each type facility. Multiplying the mean number of meetings held at each facility by the number of people answering each specific category gives the total number of meetings held at each facility. Percentage number of meetings for each category was then found by dividing the number of meetings held at each type facility by the sum of the total number of meetings. The sum of meetings held at facilities offering overnight accommodations (motel and resort) yields percent of firms who might use the proposed Idlewild Resort Inn for a group meeting. This potential market times a capture rate gives the number of firms using the proposed Idlewild facilities for overnight meetings.

It is useful to review each of the five meeting types listed in the survey.

- A. Executive strategy sessions
- B. Annual sales or stockholders meetings
- C. Promotion or incentive awards for sales force
- D. Product promotion where customers are guests
- E. Educational or nonprofit organization conferences

Total number of firms which may use the Idlewild Inn for overnight meetings is presumed to distribute these among five meeting types. Multiplying the total firms who might use the Idlewild facility by the percentage of firms answering each meeting type question gives the number of firms having each type of meeting (D). The survey indicated the mean number of meeting for each type held by the typical firm each year so that this mean applied to the number of firms which might utilize the Idlewild site suggests the events which would require overnight accommodations (E). The number of meetings a firm would have of each meeting type is a function of the number of different meeting sites with overnight accommodations a firm uses each year in the midwest and expected capture.

Total number of meetings which can be expected for each meeting type is multiplied times the mean number of days for a particular meeting type, producing total number of days the Idlewild Resort Inn would be utilized by each type of meeting (F). Next the mean number of people attending each different meeting type is multiplied times the total number of days the facility would be utilized, yielding the total number of people which can be expected from each category (G). Total number of people which can be expected to use the facility is then divided by the average number of people per room, giving the total room occupancy for each meeting type (H). For complete computations see Exhibit 12.

Finally, the four seasons of the year are analyzed for each meeting type and the percent preference factor found for seasons revealed by the survey. The percentage for each season is multiplied times the total room occupancy giving the number of rooms which could be expected occupied by season for each meeting type (1). Total number of rooms which can be expected occupied for each season is found and multiplied times a percentage preference factor for the weekdays and the weekends. This gives the total number of rooms occupied on the weekends and during the weekdays of each season (d), and with two days per weekend and five days per week it is possible to distribute room days occupied by weekend and weekdays for each season (k). For complete computation see Exhibit 13.

EXHIBIT 11

POTENTIAL FIRM CAPTURE FROM THE THREE PRIMARY METROPOLITAN MARKETS GENERATING GROUP MEETING DEMAND FOR THE IDLEWILD INN

	<u>Fox River Valley</u>	<u>Milwaukee-Madison</u>	<u>Chicago</u>
F - Number of firms with over 50 employees ¹	565	1736	7325
PS - Percent returning survey ²	$\times .13$	$\times .13$.13
Potential Market	<u>73.5(A)</u>	<u>225</u>	<u>952.3</u>
PY - Percent of firms who would use Idlewild Resort Inn ³	$\times .76$	$\times .66$.47
Potential Firm Capture	<u>56(B)</u>	<u>149</u>	<u>448</u>
PFC - Total Potential Firm Capture	<u>653</u>		

EXHIBIT 12

GROUP MEETING ROOM-DAY DEMAND

	Exec. Sessions	Strat. Stockholders Meetings	Annual SIs or Promotion for Sales Force	Product Sales	Education Promotion Non-Profit Conferences
PFC - Potential Firm Capture	653	653	653	653	653
PT - Percentage of Meetings Held at Resort-Motel	x .54	.54	.54	.54	.54
Total Firms Using Idlewild Facility	353 (C)	353	353	353	353
PQ - Percent Answering Each Individual meeting Type Question	x .61	.45	.22	.15	.41
Total Firms Having Specific meeting Type	215 (D)	159	78	53	145
M - Number of Each Meeting Type Held (Adjusted)	x 1	.25	.25	.25	1
Total Meetings Held at Idlewild Facility	215 (E)	40	19	13	145
D - Mean Number of Days per Meeting Type	x 3.11	2.45	2.75	2.20	2.36
Total Number of Days Per Meeting Type	669 (F)	97	53	29	342
P - Mean Number of People Attending Meeting Type	x 13	31	36	30	38
Total Number of People Attending per Meeting Type	8696 (G)	3013	1919	873	12965
R - Average Number of People per Room	÷ 1.7	1.7	1.7	1.7	1.7
GRDC - Total Room-Days per Meeting Type	5116 (H)	1774	1130	514	7635

EXHIBIT 13

GROUP MEETING ROOM-DAY DEMAND

	<u>Winter</u>	<u>Spring</u>	<u>Summer</u>	<u>Fall</u>
<u>Executive Strategy Sessions</u>				
GRDC - Total Room-Days	5116	5116	5116	5116
PS - Percent by Season ¹⁰	x .24	.27	.21	.28
Room-Days by Season	1228 (1)	1381	1074	1432
<u>Annual Sales or Stockholders Meetings</u>				
GRDC - Total Room-Days	1774	1774	1774	1774
PS - Percent by Season ¹⁰	x .21	.26	.26	.27
Room-Days by Season	373 (1)	461	461	479
<u>Promotion for Sales Force</u>				
GRDC - Total Room-Days	1130	1130	1130	1130
PS - Percent by Season ¹⁰	x .22	.25	.22	.31
Room-Days by Season	249 (1)	283	249	350
<u>Product Promotion</u>				
GRDC - Total Room-Days	514	514	514	514
PS - Percent by Season ¹⁰	x .22	.33	.22	.22
Room-Days by Season	113 (1)	170	113	113
<u>Education or Non-Profit Conferences</u>				
GRDC - Total Room-Days	7635	7635	7635	7635
PS - Percent by Season ¹⁰	x .22	.27	.27	.24
Room-Days by Season	1680 (1)	2061	2061	1832
GRDCS - Total Room Days by Season	<u>3643</u>	<u>4356</u>	<u>3958</u>	<u>4206</u>
	<u>Winter</u>	<u>Spring</u>	<u>Summer</u>	<u>Fall</u>
	<u>Weekend</u>	<u>Weekday</u>	<u>Weekend</u>	<u>Weekday</u>
GRDCS - Total Room-Days/Season	3643	3643	4356	4356
PD-PE - Percent by weekend & Weekday ¹¹	x .25(J)	.75(J)	.25	.75
Room-days By Weekend & Weekday	911	2732	1089	3267
ND - Number of Weekend Days & Weekdays for each Season ¹²	÷ 26	65	26	65
Total Room-Day Demand for Weekend Days & Weekdays	35(K)	42(K)	42	50
	38	46	40	49

- 1 Total number of firms and organizations employing over 50 people from the three geographic areas. The number of firms making up the group meeting market employed in this demand model is considered conservative for not taken into account are the firms outside of these areas which would consider traveling to Idlewild and the firms with less than 50 employees who have group meetings. Additionally, absent from the total are government agencies which comprise a large portion of the employment base.
- 2 The percentage of firms answering the survey. Of 2300 firms surveyed 300 responded or 13 percent. Multiplying the percentage times the total number of firms from each area with over 50 employees gives the potential market.
- 3 Percentage of firms from each geographic area answering in the affirmative as to whether or not they would travel to Door County for a business conference. It was found that the percentage decreased in relation to the firm's proximity to Door County.
- 4 Percent of meetings held at a resort-motel type of facility. This was found by multiplying the mean number of meetings held at a country club, restaurant, resort, and motel respectively times the number of firms answering each category. The percentage of meetings held for each category was calculated and the percentage held at a resort-motel facility totaled.
- 5 Percentage of firms who would travel to Idlewild for a business meeting answering each meeting type question. Multiplying this factor times the total number of firms which would use the facility gives the number of firms who might hold each specific type of meeting.
- 6 The adjusted number of times a year firms might hold each type of meeting at the Idlewild Resort Inn. The mean number of times was calculated first and found to be 2.30, 1.00, 1.42, 1.66 and 2.00 respectively. These means were then adjusted to reflect the diversity of meeting sites. It was found by the survey that 2.18 different sites with overnight accommodations are used by firms each year for business meetings. Therefore, it can be assumed that at least one half of the mean number of meetings held each year would be held at sites other than Idlewild. Further, the mean number of times was adjusted to compensate for the waning appeal Idlewild would hold for each meeting type. It is felt that due to the attractiveness of Idlewild for small meetings little adjustment would be made for executive strategy sessions. This is also true for education or nonprofit organization conferences for inherent in this type of meeting is the greater demand for environment and recreational facilities--both to be found in abundance at the proposed resort inns. The other three type of meetings were adjusted down again by more than one half to reflect their large size and need

to be close to good commercial transportation. Annual sales as stock-holders meetings was adjusted down 50 percent, promotion for sales force type meetings was adjusted down 65 percent and product promotion meetings was adjusted down 70 percent.

- 7 Mean number of days each meeting type would last. In finding the mean of the distribution the one day users were eliminated for they would not require overnight accommodations and would favor a restaurant-country club type facility. The percentage of total meetings which are held at a motel-resort type facility has already been calculated.
- 8 Mean number of people attending each meeting type.
- 9 Average number of people per room. The Abbey on Lake Geneva and the Pioneer in Oshkosh have experienced an average conference room occupancy of 1.7 people. This factor was used in determining the total room occupancy for each meeting type.
- 10 Percent of secondary demand for each season by meeting type. In the survey seasonal preference was asked for each meeting type.
- 11 Percent of room-day demand for the total weekends and weekdays of each season.
- 12 The number of weekend days and weekdays in each season.

D. Initial Unit Size of Proposed Idlewild Inn

It is now possible to project a initial quantity of units to be built which will have a reasonable probability of 70 percent occupancy. As seen by Exhibit 14 summer room demand far outweighs demand for the other seasons. To be identified is a resort inn size where the fall, winter and spring seasons compliment the summer room demand sufficiently to realize a 70 percent average annual occupancy. Using the weekend and weekday room demand derived from tourist-vacationers and group meetings the total room-day demand is found at various resort inn sizes (See Exhibit 15). To be conservative a 95 percent occupancy rate is used for those summer months where room reservation demand will generally exceed room supply.

To identify the approximate number of units which will provide both sufficient scale of efficiency and minimum vacant units for the off-season a chart was constructed to compare total room-day demand with total room-day supply at 70 percent occupancy provided by different size resort units. This exhibit suggests that 130 units would best match the actual room-days forecasted in the previous section. Assuming the forecasted capture rate is conservative a 140-150 unit complex would not be an unreasonable anticipation of demand.

The present recommendation for an annual occupancy at 70 percent of room-day units is to construct approximately 130 units, the mix, style, and pricing schedule to follow (See Exhibit 16).

EXHIBIT 14

IDLEWILD RESORT INN

Total Room Day Demand By Month and Source
(Assuming no limit on number of units)

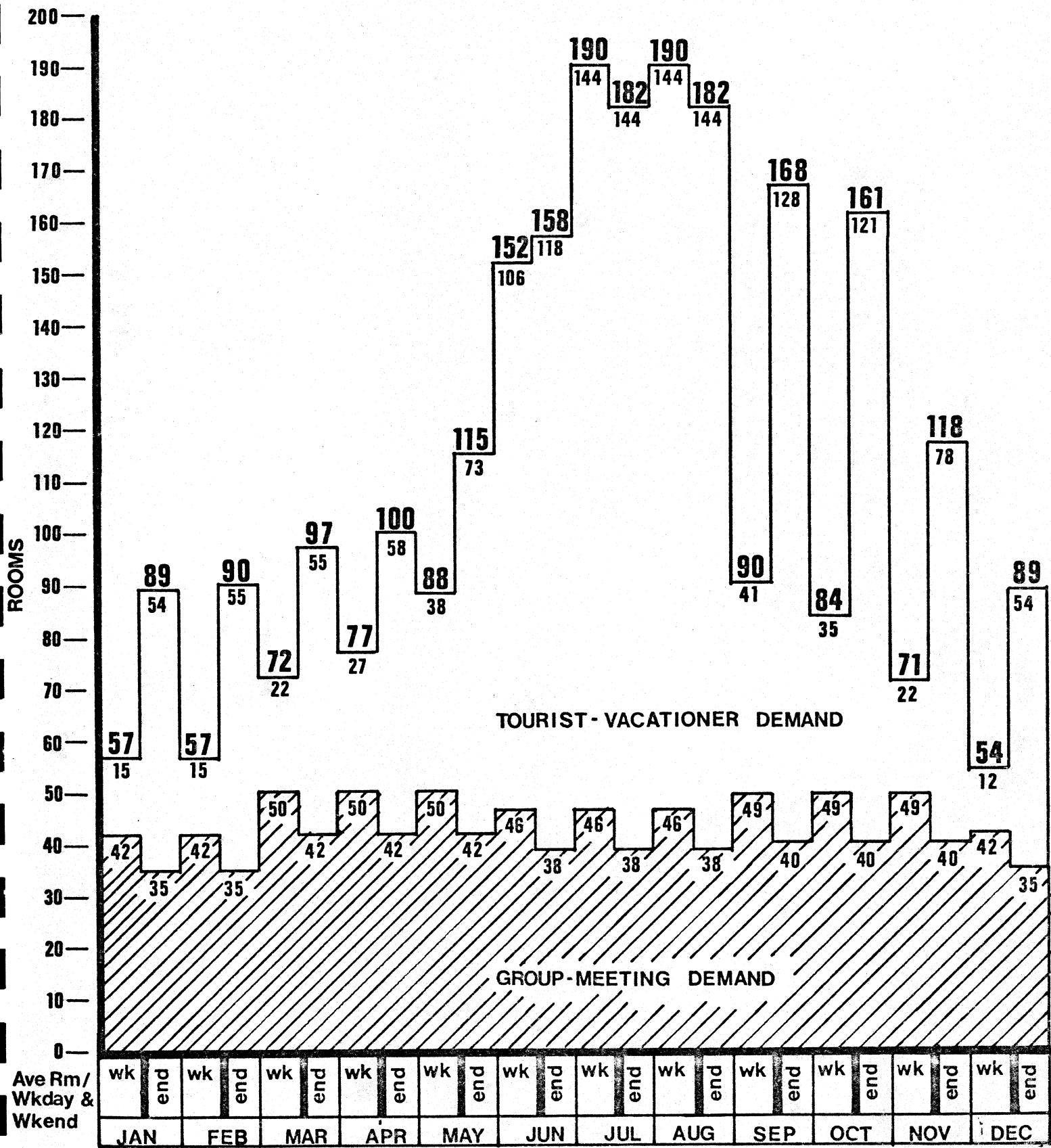


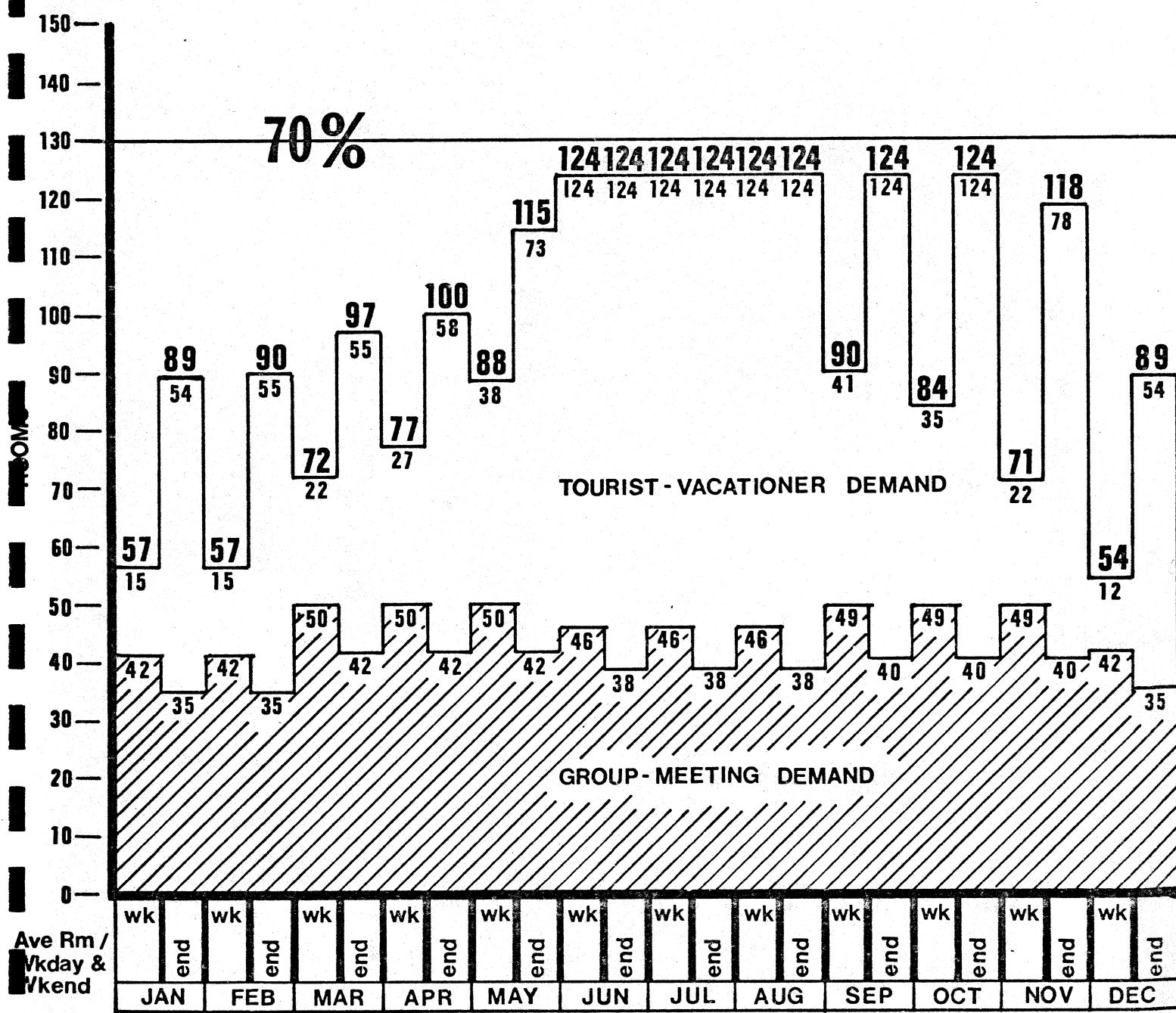
EXHIBIT 15

Total Room Day Demand

<u>Rooms</u>	<u>Room Day Demand at 70% Occupancy</u>	<u>Estimated Actual Room Days Demand</u>	<u>Occupancy Rate</u>
100	25,480	30,063	82.5%
110	28,028	31,301	78.1%
120	30,576	32,446	74.2%
<u>130</u>	<u>33,124</u>	<u>33,568</u>	<u>70.9%</u>
140	35,672	34,549	67.7%
150	38,220	35,639	65.2%
160	40,768	36,620	62.8%
170	43,316	37,144	60 %
180	45,864	37,741	57.6%

EXHIBIT 16**IDLEWILD RESORT INN****Room Day Demand By Month and Source**

(Reduced to provide an average annual occupancy of 70% and maximum peak occupancy of 95% for a 130 unit resort structure)



SECTION IV

FINANCIAL PARAMETERS FOR PROPOSED IDLEWILD INN

A. Approach to Financial Analysis

The purpose of this section is to establish the revenue and expense pattern and capital budget base for the resort inn. Section V will provide a similar forecast of revenue and expense patterns and capital budget allowances for the golf course. Since the resort inn and golf course will be operated and financed as a single operation, their combined financial patterns are put forward in Section VI and tested for feasibility in light of basic financing requirements and influences of income tax considerations.

B. Determination of Room Revenue

A competitive rate schedule must be established and multiplied times the number of room-days demand for each weekend and weekday of the year to determine room revenues. The room rate schedule is a function of amenities, season, room mix and guest mix between group functions and individual tourist-vacationers.

In determining competitive rates, analysis was made of the average rates for all resort-motels in Door County as well as the average rates offered by more comparable facilities. Average rate per room for group meetings was determined from the group meeting survey and practices of comparable operations in Wisconsin. Group meetings on the average were given a 13.30 per cent discount. (See Exhibit 17)

EXHIBIT 17

**AVERAGE SUMMER ROOM RATES (DOUBLE ROOM)
FOR LODGING IN DOOR COUNTY - 1971 ROOM RATES**

	<u>All Facilities</u>	<u>Door County Facilities Comparable to proposed Idlewild Inn</u>	<u>Average Group Meeting Room Rates</u>
19 Motels	\$16.06	(10) \$19.60	
17 Resorts	\$27.00	(4) \$42.00*	\$20.84**

* Gordon Lodge, Leathem Smith Lodge, Glidden Lodge, Maxwelton Braes

** Average rate groups are willing to pay as found by the group meeting survey

The potential competitive edge, as covered in an earlier section of this study, held by the proposed Idlewild Inn justifies rates at least equal to those of the nearest competition. It is not, however, realistic to assume one average rate. Adjustments must be made for the season of the year as well as the type of user. In addition, the variance between what can be charged on the weekend versus the weekday must be taken into consideration. During the weekdays of an off season, the Pioneer in Oshkosh, Wisconsin, sets rates for group meeting trade at as low as \$16.00 per room, while the weekends bring in a high of \$35.00. Using the following rates, an average room rate of \$27.00 is attained as compared to the average rate of \$26.00 for The Pioneer in Oshkosh, Wisconsin, which does not enjoy the extra summer room rate. The complete exhibit of room rates assumed for initial analysis is displayed in Exhibit 18.

EXHIBIT 18

ROOM RATES EMPLOYED

	<u>Group Meetings</u>	<u>Tourist - Vacationer</u>
June, July, August - weekdays	\$30.00	\$35.00
" " - weekends	35.00	35.00
May, Sept., Oct., Nov. - weekdays	16.00	26.00
" " - weekends	35.00	35.00
All other months - weekdays	16.00	22.00
All other months - weekends	28.00	28.00

It should be stressed that these rates are conservative. For most weekends and weekdays of the summer and certain weekends of the fall, a rate of \$35.00 for tourist-vacationers can be considered low. Leathem Smith Lodge in Sturgeon Bay and Maxwelton Braes near Bailey's Harbor have an average double room rate of over \$40.00 per day. Gordon Lodge near Bailey's Harbor averages over \$50.00 per room in the summer. These three facilities are the nearest competitors yet fail to offer all the potential amenities of the Idlewild Resort Inn. Employing the above rate schedule, the total room revenue can now be determined based on the previously projected room day demand. (See Exhibit 19). These calculations suggest a total revenue from rooms at 70 per cent occupancy of \$894,000 which will serve as a base for projection purposes.

EXHIBIT 19

Projected Total Room Revenue for Idlewild Inn

	Rooms	Days*	Room-Days	Average Room Rate	Total
<u>Summer</u>					
Convention					
Weekends	38	x	26	= 988	x \$35.00 = \$34,580
Weekdays	46	x	65	= 2990	x 30.00 = 89,700
<u>Tourist-Vacation</u>					
Weekends	86	x	26	= 2236	x 35.00 = 78,260
Weekdays	78	x	65	= 5070	x 35.00 = 177,450
<u>Fall</u>					
Convention					
Weekends	40	x	26	= 1040	x 35.00 = 36,400
Weekdays	49	x	65	= 3185	x 16.00 = 50,960
<u>Tourist-Vacation</u>					
Weekends	82	x	26	= 2132	x 35.00 = 74,620
Weekdays	24	x	65	= 1560	x 26.00 = 40,560
<u>Winter</u>					
Convention					
Weekends	35	x	26	= 910	x 28.00 = 25,480
Weekdays	42	x	65	= 2730	x 16.00 = 43,680
<u>Tourist-Vacation</u>					
Weekends	54	x	26	= 1404	x 28.00 = 39,312
Weekdays	14	x	65	= 910	x 22.00 = 20,020
<u>Spring</u>					
Convention					
Weekends	42	x	18	= 756	x 28.00 = 21,168
Weekdays	50	x	65	= 3250	x 16.00 = 52,000
<u>Tourist-Vacation</u>					
Weekends	57	x	18	= 1026	x 28.00 = 78,728
Weekdays	33	x	65	= 2145	x 22.00 = 47,190
<u>May</u>					
Weekends	122	x	8	= 976	x 35.00 = 34,160
<u>Total Room Day Demand</u>				<u>33,308</u>	
<u>TOTAL ROOM REVENUE</u>					<u>\$894,268</u>

* 364 day season

C. Projected Restaurant, Beverage, Telephone and Other Revenues

Revenues from restaurants, beverage and bar, concessions and telephone can be reliably estimated from the room revenue base. The combined gross revenue is conservatively assumed to be distributed between 49 percent from the rooms, 33 percent from food, 15% from beverage, 1 percent from telephone and 2 percent from various concessions such as banquet room rentals, rental sports equipment and vending. These reflect the actual experience of two excellent Wisconsin comparables with food and beverage allowances adjusted downward to reflect the lack of walk-in demand from a metropolitan area. These standards are in Exhibit 20.

At 70 percent occupancy, the proposed Idlewild Inn should realize gross revenues of \$1,824,000 annually (See Exhibit 21).

D. Projected Operating Costs and General Expenses

Again using the highly comparable operations of two Wisconsin resorts, it is possible to generate expense allowances for operations and for general expenses in order to compute house profit.

Expense ratios for each operating division as well as general expenses have been allocated by reference to the two comparables and adjusted for the impact of size and significance of fixed costs relative to room count. For example, telephone costs and other expenses are higher relatively due to fewer rooms and advertising is somewhat higher due to a smaller gross and the need to establish a new identity. Some of these items could provide potential savings for a chain that would not need to duplicate certain staff functions or advertising.

Expressed in dollar terms assuming 70 per cent occupancy as in Exhibit 21, operating costs are \$943,000 and general expenses \$437,000 providing a house profit of \$344,000. Allowing for store rentals of \$15,000 for sports, boutiques and crafts, 8/10 of 1 per cent of gross suggests a gross operating profit of \$459,000 or 25 per cent of gross sales. While these exceed regional averages published by Harris, Kerr, Forster & Co., Trends in the Hotel-Motel Business - 1971 and Laventhal, Krekstein, Horwath & Horwath, Lodging Industry - 1971, it is consistent on the low side with the operating experience of this type of resort inn in the southern Wisconsin and northern Illinois markets.

E. Capital Expenses

A hotel-resort industry practice is to call certain items capital expenses, specifically property taxes, fire insurance and miscellaneous professional services such as legal fees and audits. Reference to Exhibit 21 indicates these adjustments. Insurance fees are estimated to be relatively high as the subject site is beyond the present city fire services of Sturgeon Bay and underwriters will probably disregard voluntary fire fighting services available. Real estate taxes, on the other hand, have been estimated somewhat lower than the comparables which are in urban areas with heavy school taxes. It is likely that the tax will be significantly lower than that budgeted but for purposes of projection the Lake Geneva comparable was determinant. No additional real estate taxes were provided for when combining resort inn revenues with proposed golf course in following sections. The miscellaneous expenses were set at the high range to reflect fixed nature of cost relative to the smaller unit size of the resort. Finally a special capital expense representing start up costs in 1975 of \$100,000 is included in projections in Section VI.

EXHIBIT 20

Source of Comparable Operating Ratios for Revenue
and Expense Projections of a Deluxe Resort Inn at Idlewild

	Resort Inn - 193 Rms Lake Winnebago Area 66% Occupancy	Resort Inn 246 Rms Lake Geneva Area 63% Occupancy
<u>Total Sales and Income</u>		
Rooms Revenue	46.0%	45.0%
Food Sales	34.0%	36.0%
Beverage Sales	18.0%	15.0%
Telephone Revenue	0.9%	1.0%
Other Income	1.3%	2.6%
<u>Total Sales and Income</u>	<u>100 %</u>	<u>100 %</u>
<u>Operating Costs and Expenses</u>		
Rooms Department	10.3%	7.3%
Food Department	27.2%	28.4%
Beverage Department	10.8%	7.7%
Telephone Department	2.0%	2.3%
Other Department	1.2%	2.1%
<u>Total Operating Costs & Exp.</u>	<u>51.5%</u>	<u>47.8%</u>
<u>General and Unapportioned Expenses</u>		
Administrative and General	8.0%	8.2%
Advertising & Promotion	5.1%	5.2%
Heat, light, & Power	3.8%	3.7%
Maintenance and Repair	5.4%	7.3%
<u>Total General & Unappr. Exp.</u>	<u>22.3%</u>	<u>24.4%</u>
<u>Capital Expenses</u>		
Fire Insurance	1.0%	1.9%
Property Taxes	5.9%	4.1%
Other	0.8%	0.5%
<u>Total Capital Expenses</u>	<u>7.7%</u>	<u>6.5%</u>
<u>Profit Before Interest, Depreciation & Income Taxes</u>	<u>17.9%</u>	<u>20.7%</u>

EXHIBIT 21

PROJECTED INCOME AND EXPENSES FOR PROPOSED IDLEWILD RESORT INN
First Year of Normal Operation at Alternative Occupancy Rates

	65% Occupancy 30,785 Room-Days Occupied		70% Occupancy 33,124 Room-Days Occupied		75% Occupancy 35,490 Room-Days Occupied	
	Dollar Amount	Ratio	Dollar Amount	Ratio	Dollar Amount	Ratio
Total Sales and Income						
Room Revenue	\$830,000	49.0%	\$984,000	49.0%	\$958,000	49.0%
Food Sales	559,000	33.0	602,000	33.0	645,000	33.0
Beverage Sales	254,000	15.0	274,000	15.0	293,000	15.0
Telephone Revenue	17,000	1.0	18,000	1.0	20,000	1.0
Other Income ¹	34,000	2.0	36,000	2.0	39,000	2.0
Total Sales and Income	\$1,694,000	100.0%	\$1,824,000	100.0%	1,955,000	100.0%
Operating Cost and Expense						
Rooms Department	\$186,000	11.0%	\$201,000	11.0%	\$215,000	11.0%
Food Department	457,000	27.0	492,000	27.0	528,000	27.0
Beverage Department	152,000	9.0	164,000	9.0	176,000	9.0
Other Department	41,000	2.4	44,000	2.4	47,000	2.4
	39,000	2.3	42,000	2.3	45,000	2.3
Total Operating Cost and Expense²	\$876,000	51.7%	\$943,000	51.7%	\$1,011,000	51.7%
Gross Operating Income³	\$818,000	48.3%	\$881,000	48.3%	\$944,000	48.3%
General & Unapportioned Expenses						
Administration and General	\$142,000	8.4%	\$146,000	8.0%	\$149,000	7.6%
Advertising and Promotion	95,000	5.6	98,000	5.4	104,000	5.3
Heat, light and Power	61,000	3.6	62,000	3.4	65,000	3.3
Maintenance and Repair	125,000	7.4	131,000	7.2	137,000	7.0
Total General & Unapportioned Expense⁴	\$432,000	25.0%	\$437,000	24.0%	\$454,000	23.2%
House Profit⁵	\$395,000	23.3%	\$344,000	24.3%	\$490,000	25.1%
Store Rentals⁶	\$13,000	0.8%	\$15,000	0.8%	\$16,000	0.8%
Gross Operating Profit⁷	\$408,000	24.1%	\$459,000	25.1%	\$506,000	25.9%
Capital Expenses						
Fire Insurance	\$34,000	2.0%	\$36,000	2.0%	\$39,000	2.0%
Property Taxes	69,000	4.1	73,000	4.0	74,000	3.8
Other	14,000	0.8	15,000	0.8	14,000	0.7
Total Capital Expenses⁸	\$117,000	6.9%	\$124,000	6.8%	\$127,000	6.5%
Profit Before Interest, Depreciation and Income Taxes⁹	\$291,000	17.2%	\$334,000	18.3%	\$379,000	19.4%

F. Construction Capital Budget

Capital budget expenditures will consist of construction cost of the facility, site improvements, working capital for operations and funds to meet negative cash flows of early years of operation. In the absence of specific plans, resort inn construction cost budgets were made on the basis of 1971 resort construction projects to expand meeting area and room counts as two major Wisconsin resort inns.

The following assumptions have been made:

1) Construction of room units, supporting public areas, meeting rooms and kitchen space (18,000 per unit) -	\$2,340,000
2) Indirect cost of resort inn construction phase (2,000 per unit) -	260,000
3) Site improvement costs and contingencies (2,500 per unit) - (Not including sea wall and utilities to edge of site to be provided by land developer)	325,000
4) Working capital equivalent to three months operating expenses -	<u>375,000</u>
TOTAL CAPITAL BUDGET	<u>\$3,300,000</u>

In the absence of any specific resort plans, therefore the capital budgets allow a total of \$2,925,000 for construction of the resort inn. In addition cash will be required to finance \$690,000 of working capital requirements.

SECTION V

FINANCIAL PARAMETERS OF GOLF COURSE CONSTRUCTION AND OPERATION

A. Considerations of Golf Course Feasibility

The master plan calls for construction and operation of an 18 hole executive-professional golf course. The course will be operated by the resort developer as part of the Idlewild Inn Complex and the 9th and 18th holes end at the south end of the resort structure. While the operating revenues and expenses will become a departmental element of the Idlewild Inn, the layout of the course is intended to enhance the marketability of the single family and condominium sections of the total development, thereby suggesting some proration of the capital costs to these other components of the total project. The fairways serve as open space buffers between land use changes in addition to creating focus for lot clusters inland from the water orientation. The course layout on the master plan and generous construction cost estimates have been provided by Fieldhouse and Associates who have designed a number of courses in the state including very similar operations at High Cliff Park on the northeast corner of Lake Winnebago, 85 miles from the subject site and completed in 1969. Some cost data reflects 1972 date for an 18 hole course under construction in Fond du Lac., Wisconsin.

The demand for golfing facilities will be generated from residents in the general Sturgeon Bay area, from the present and future second home owners in the Idlewild area, and from guests of Idlewild Inn. Effective demand in dollars reflects green fees, seasonal membership fees, golf cart rental, and derivative bar, snack and pro shop retail sales. Expense ratios can be applied to gross sales with some reliability; however, it should be noted that with the relatively short Wisconsin golf season, a golf course is seldom profitable in the business sense sufficient to justify capital employed in a professional quality course. Typically capital budgets are subsidized by municipal ownership, by heavy membership dues and assessments for private clubs, or by a cash accounting system which does not reflect the true cost to replace courses built several decades ago. For this reason the standard measures of economic feasibility do not apply without arbitrary assignment of some capital cost to contiguous development areas and some implicit recognition of revenues attributable to the golf course but concealed in room rate and occupancy assumptions.

To recognize these considerations on feasibility the following assumptions have been made:

- 1) Raw land has been contributed by developer and is included in the basis of his residential unit development;
- 2) The derivative impact on room rate and occupancy levels is implicit in the parameters of Sections IV and V for the Idlewild Inn;
- 3) Revenues, expenses and financial cost of 100 percent financing of course construction will be included in cash flow projections for Idlewild Inn. The golf course elements of cash flow will be specifically identified so that its explicit revenues and burdens can be observed;
- 4) For evaluating golf course feasibility, the course is feasible if direct cash revenues offset direct cash costs including interest on construction money.

B. Estimated Demand in Golf Rounds

The National Golf Foundation has estimated in 1970 that the daily course capacity of a private 18 hole course is 350 rounds. However, Mr. Gordon Watson of the Wisconsin State Golf Association suggests that a course can handle 32 per hour or 320 players of 18 hole rounds per day. The golf season will extend from May 1 to September 30 for residents suggesting annual season capacity of 48,000, much of which will be lost due to weather and light off-season use. This capacity is the "inventory" to be marketed.

The demand for this capacity will be generated from permanent residents of the Sturgeon Bay area, present and future residents of the Idlewild area and the guests of the Idlewild Inn. While vacationers at the resort will undoubtedly play golf, the core of demand will come from permanent and seasonal residents. The only present golf course facility in Sturgeon Bay is tentatively programmed for public taking as the approach zone to the new Highway 57 bridge. The Department of Natural Resources has calculated participation rates for golfing for residents at about 42 persons per thousand but only 22 persons per thousand for non-resident vacationers.⁷ The Department of Natural Resources further estimates that Door County has a demand for 701-1175 rounds on an average Sunday in June, July and August, requiring at least four 18 hole courses under maximum demand pressure. In metropolitan areas golfing demand is related to population within 20 miles from the course and adjusted for existing golf course capacity. By this standard of demand:

⁷ Department of Resource Development, Outdoor Recreation Plan, 1966--Future Demand by Counties.

EXHIBIT 22

Full Season Estimation of Golfer Participants

.50 (probability of attracting a golfer) x 19341 (Door County x .042* = 406 population)

.50 (probability of attracting a golfer) x 9,000 (seasonal x .042* = 189 residents)

.50 (probability of attracting a golfer) x 1,000,000 (summer res.) x .22* = 550 20 (playing wks in season)

Number of golfers in Door County within 25 miles of subject site during 20 week playing season 1145

National average rounds per golfer x 17
19465

* Department of Resource Development, participation factor for Wisconsin residents and vacationers, Outdoor Recreation Plan, 1966--Future Demand

The average number of golf rounds played on comparable Door County golf courses in 1971 is as follows:

EXHIBIT 23

Rounds Estimated by Course Operation When Interviewed in March, 1972

Alpine Lodge	17,500
Leathem Smith Lodge	13,000
Maxwelton Braes	12,750
Peninsula State Park	<u>16,000</u>

$$59,250 \div 4 = 14,812 \text{ or } 15,000$$

Not included:

Bay Ridge - (40 miles north of subject property)
Maple Grove - Washington Island

Thus 15,000 rounds for an 18 hole golf course is the standard for average performance. However, it is also useful to note that each course services a cluster of high quality resorts. Guests of the Mariner Motel (26 rooms), plus Alpine (94 rooms) suggest 120 units generate 17,500 rounds or 145 rounds per room. Maxwelton Braes (48 rooms), Gordon Lodge (39 rooms) and Florian's Motel (24 rooms) or a total cluster of 111 quality units generate 12,750 annual rounds or 115 rounds per room. Thus a 130 unit Idlewild Inn could presumably attract 13,000 rounds using the more conservative figure of 100 rounds per room.

With these various yardsticks in mind a conservative forecast of rounds played at the Idlewild Inn might be as follows:

EXHIBIT 24

Forecasted Rounds for Idlewild Golf Course

Sturgeon Bay Permanent Resident Demand

$$6581 \text{ (Sturgeon Bay residents)} \times .042 \times 18 \text{ (rounds)} \times .50 \text{ (participation rate)} = 2488$$

Idlewild Area Seasonal Resident Demand

$$500 \text{ (homes)} \times 3 \text{ (Ave. family size)} \times 15 \text{ (rounds)} \times .10 \text{ (participation rate)} = 2250$$

Resort Inn Demand

$$1.7 \text{ (people per room)} \times 17394 \text{ (room days occupied)} \times .25 \text{ (participation rate)} = 7392$$

Potential Idlewild Residents

$$100 \text{ (new residents)} \times 15 \text{ (rounds)} \times .10 \text{ (participation rate)} = 150$$

Existing Demand

$$59,250 \text{ (seasonal rounds)} \times .05 \text{ (capture rate)} \times 1 \text{ (rounds)} = 2962$$

15,242

*No explicit recognition is made of the possible closing of the Leathem Smith golf course representing a demand in excess of 12000 rounds, but the capture rate among Sturgeon Bay residents, existing seasonal residents and general demand of Door County courses may represent as many as 6000 rounds taken from the Leathem Smith course.

Assuming construction of the golf course begins sufficiently in advance of the Idlewild Inn building program so that both are operational by 1975, the minimum first year rounds should approach 15,000, a target already supported by the average number of rounds played on the four trade area golf courses for 1971.

C. Revenue Forecast for Golf Related Operations

Revenue directly generated by the golf course operation includes green fees, cart rentals, summer memberships, pro shop supplies and food and beverages.

Two classes of fees are proposed, a green fee per round for the occasional golfer and a summer membership fee for the local residents or seasonal home owners. Exhibit 25 indicates the green fee per round.

EXHIBIT 25

Green Fees at Four Comparable Door County Golf Courses

Peninsula State Park	\$3.36
Alpine Lodge	4.00 per round/individual
Leathem Smith Lodge	5.25 per round/individual
Maxwelton Braes	4.50 per round/individual

or an average green fee in 1971 of \$4.27. Both Alpine Lodge and Maxwelton Braes have indicated an increase is contemplated for 1972 and as the Idlewild course will be superior as to playing features to the above alternatives, it is reasonable to anticipate that a \$5.00 green fee is a marketable price. This price is the low range of semi-private courses in southern Wisconsin and Illinois presently.

Cart rental fees are a major profit center for the semi-private course. Carts would be required for the Idlewild course for each two players or rounds, suggesting initially 7,500 cart rentals in the first year. Cart rental fees in the market area in 1971 were:

EXHIBIT 26

Cart Rental Fees at Four Comparable Door County Golf Courses

Peninsula State Park	\$4.00
Leathem Smith Lodge	7.50
Alpine Lodge	8.00
Maxwelton Braes	<u>10.00</u>
	$\$29.50 \div 4 = \7.38

The above chart suggests a cart rental of approximately \$8.00 at 1971 price levels and initially would be wise to require carts at an established local price level to secure full acceptance among resident and seasonal resident golfers. Therefore, the lower range rental fee of \$8.00 per round is used in Exhibit 27.

A summer membership green fee and pool ticket for \$150.00 per annum. This would apply to the following households:

1. Permanent Sturgeon Bay residents--50 households
2. Seasonal residents--50 households
3. Potential residents--25 households

These 125 households will still be expected to pay for carts and generate demand for pro shop supplies and beverage and food sales in the same proportion as they contribute to rounds of golf played. These memberships are expected to contribute 5000 rounds of golf or approximately \$25,000 in greens fees. On the membership plan they contribute \$18,750, so on the final total of revenue this group represents a negative adjustment of \$6,250, a 25 percent discount for paying cash at the beginning of the season (See Exhibit 27)..

Food and beverage sales service from golfing rounds played can be conservatively estimated by reference to studies by Harris, Kerr, Forster and Co. on the 15 year trend of country club income and expense published by the National Golf Foundation. An average of results for 1968 and 1969 for country clubs indicates dues and fees represent 41 percent of income, food and beverage sales 43 percent, and all other pro shop sales 16 percent. In the case of the Idlewild Inn, short vacation trips may reduce purchases of equipment at the pro shop and there will be considerable leakage of food and beverage potential to other facilities at the Inn to the detriment of the bar and grill serving golfers. Therefore, it has been assumed that these divisions would do only half as well as those at a country club. Food and beverage sales will therefore be 50 percent of greens fees and pro shop supplies will be 20 percent of green fees. These derivative revenues are projected in Exhibit 27.

To avoid the necessity of complicating preliminary pro formas with special allowances for cost of goods sold and payroll at the golf course bar and grill, sales will be reduced by 80 percent for these items and considered to contribute 20 percent toward revenues available for capital cost and debt service. Exhibit 27 therefore indicates only the net contribution to income from these sources.

EXHIBIT 27

PROJECTED INCOME AND EXPENSES FOR PROPOSED IDLEWILD GOLF COURSE

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
Revenues										
Green Fees ¹ - 66% of rounds played (Projection: 5% yearly increase in rounds & 6% increase in price)	\$25,000	\$50,000	\$56,000	\$62,000	\$68,000	\$74,000	\$81,000	\$88,000	\$96,000	\$104,000
Membership Fees ² - 33% of rounds played (Projection: 5% yearly increase in memberships & 6% increase in price)	10,000	19,000	21,000	23,000	25,000	28,000	30,000	33,000	36,000	38,000
Total Revenues from Golf Course³	\$35,000	\$69,000	\$77,000	\$85,000	\$93,000	\$102,000	\$111,000	\$121,000	\$132,000	\$142,000
Food and Beverage Sales ⁴ (50% of golf revenues)	18,000	34,000	39,000	43,000	46,000	51,000	56,000	61,000	66,000	71,000
Retail Sales ⁵ (20% of golf revenues)	7,000	13,000	15,000	17,000	19,000	20,000	22,000	24,000	26,000	28,000
Golf Carts ⁶ (2 rounds per cart)	30,000	60,000	67,000	74,000	82,000	90,000	98,000	107,000	116,000	126,000
Total Derivative Revenues⁷	\$55,000	\$107,000	\$121,000	\$134,000	\$147,000	\$161,000	\$176,000	\$192,000	\$208,000	\$225,000
Total Revenues directly attributable to golf course, retail sales bar, grill and golf carts⁸	\$90,000	\$176,000	\$198,000	\$219,000	\$240,000	\$263,000	\$287,000	\$313,000	\$340,000	\$367,000
Expenses										
Operating Expenses for golf course ⁹ and costs (Projected: \$4,700 per hole plus 3% yearly increase)	85,000	85,000	88,000	91,000	94,000	97,000	100,000	103,000	106,000	109,000
Operating Expenses for Retail Sales ¹⁰ bar & grill (80% of retail, bar and grill revenues)	20,000	38,000	43,000	48,000	52,000	57,000	62,000	68,000	74,000	79,000
Total Operating Expenses¹¹	\$105,000	\$123,000	\$131,000	\$139,000	\$146,000	\$154,000	\$162,000	\$171,000	\$180,000	\$188,000
Net Revenue Available for Debt Service¹²	(\$15,000)	\$53,000	\$67,000	\$80,000	\$94,000	\$109,000	\$125,000	\$142,000	\$160,000	\$179,000

D. Golf Course Operating Expenses

In the absence of specific golf course plans and staffing programs it will be appropriate to estimate operating costs of the golf course operation from a statistical review published in 1970 by Harris, Kerr Forester and Co. through the assistance of the National Golf Foundation. The review is based on 75 country clubs and maintenance cost stated per hole by four regions in the country. For the midwest region total golf course maintenance including payroll was given as \$4,229 with an additional \$485 per hole for the pro shop and golf cart expenses for a total of \$4,714 per hole. Thus, the 18 hole golf course contributes \$84,852 to administrative and operating costs of the Inn. Real estate taxes are included in the general real estate tax burden of the resort.

E. Capital Cost Budget for Golf Course

In the absence of detail plans and specifications for the golf course, it is necessary to rely on estimates of the proposed golf course architect, Homer Fieldhouse, and test their reasonableness by comparison to standards in the literature. The following exhibit itemizes the estimates of capital cost components for an 18 hole golf course of near professional standards.

EXHIBIT 28

1. Land--leased by developer as part of 200 acre resort site	\$000,000
2. Automatic irrigation system with 2-50 hp. centrifugal pumps in one pumphouse, underground-3-phase to pumphouse foot bridges, 60,000 sq. ft. of greens, 6,000 sq. ft. gross tees, 12" greens mix, 6500 yd. to 6,900 length blue-grass fairways (\$20,000 per hole)	360,000
3. Maintenance during first year following seeding prior to course becoming playable (\$5,000 per hole)	90,000
4. Maintenance equipment required to sustain and operate golf course grounds	80,500*
5. Traps finishing second year	5,000*
6. Entry and parking lot	15,000*
7. Pro shop, bar and grill (2,500 sq. ft. at \$20 a sq. ft finishing within lower level of resort main building)	50,000
8. Electrical	6,000*
9. Signs, flags, etc.	3,500*
10. Maintenance building and toilets	20,000*
11. Golf carts (30 carts at \$1,000)	30,000
12. Lynx Lake - evacuation creates dam retaining water level in Lynx Lake 6' average above Lake Michigan excavation and placement of 116.44 cu. yd. at \$.50 per cu. yd. - \$58,000 Hardware for dam, seeding sod spillway - \$7,000	<u>65,000</u> \$725,000

* 1971 estimate for Fond du Lac municipal golf course as quoted in
A Sheboygan County Municipal Golf Course?

Two standards on the literature for golf courses within a land development complex are provided by Richard M. Spray⁸, an associate in Robert Trent Jones, Inc. and a report based on comments by golf course planner Desmond Muirhead.⁹ Richard Spray estimates the cost to construct an 18 hole golf course at \$500,000 while Muirhead suggests \$450,000-\$500,000. However, cost to construct generally does not include the supporting maintenance equipment which is amortized as an operating expense or club houses which can vary drastically between country clubs and public courses. It should be noted that the capital budget of \$725,000 includes finishing of pro shop space, equipment and a major water impoundment but no additional land cost.

⁸ Industrial Development, "Golf Courses: A Profitable Component of the Resort Complex," pp. 18-20, March/April 1970.

⁹ House and Home, "Building a Golf Course? What Should it Really Cost You?" November, 1970.

F. Financial Feasibility of Golf Course

Investment in golf course operations in a northern climate have seldom been financially viable due to the short playing season. Country clubs depend on the non-interest capital of membership dues and assessments and only the most elementary private courses-for-profit produced positive cash flows.

The Idlewild golf course shows net cash losses of \$98,000 before cash throw-off after interest and principal payments turn positive, as indicated on the computer output sheet in Exhibit 29 processed by the Thomas A. Prince model available on GE Mark II Timesharing. Capitalizing returns before taxes at 12 percent course has an investment value of little more than \$250,000. However, the tax writeoff available due to the negative taxable income have considerable investment value so that after tax investment value discounted at 10 percent is \$796,000 and at 12 percent is slightly better than the \$725,000 capital investment required, assuming therefore that the investor has other taxable income which could be covered with these available tax losses the golf course should justify its construction cost. However, it has a powerful impact on room-day occupancy of the Idlewild Inn and on sale price of the nearby residential sites which is not considered by cash flows generated internally by the golf course. Thus it meets the objectives of the developer and the resort operator while meeting the limitations of repaying its cost to construct over 26 years and 9 percent interest and staying within the lower elevation, less marketable bottom lands of the subject tract. As a preliminary conclusion the golf course appears feasible and justified at an investment of \$725,000.

EXHIBIT 29

INVESTMENT MARKET VALUE ANALYSIS
IDLEWILD GOLF COURSE - PROJECTION I

20:17EST 04/04/72

Prepared by James Graaskamp
University of Wisconsin, Madison, Wisconsin

Before Tax IMV(12.00%) \$ 253762
 After Tax IMV (10.00%) \$ 796958

Investment Market Value:

After Tax Yield of 10.00% \$ 796958

Detail for After Tax IMV

Financing:

Mortgages:

1. 9.00% 25 yrs 8 mons \$ 725000

Equity Cash: 71958

Resale of Investment in 10 Years:

Estimated Resale Price 812897

Less: Mortgage Bal. 608086

Sales Commission 0

Cash Reversion Before Taxes 204811

Less: Capital Gains Tax (ALT.) 166985

Tax on Recaptured Depr. 11281

Tax Preference Tax 0

Cash Reversion After Taxes \$ 26545

Yr	Net Income	Mortgage Interest	Book Depr.	Taxable Income	Income Tax	Cash Flow Before Tax	Cash Flow After Tax
1	-1500	64943	134427	-200870	0	-74000	-74000
2	54000	64235	109750	-119985	0	-18500	-18500
3	67000	63450	85093	-81552	0	- 5500	- 5500
4	80000	62611	60454	-43065	0	7500	7500
5	94000	61683	35833	-3516	0	21500	21500
6	109000	60669	11229	37102	0	36500	36500
7	125000	59559	10807	54634	0	52500	52500
8	142000	58345	10402	73253	0	69500	69500
9	160000	57017	10012	92971	16843	87500	70657
10	179000	55565	9637	113798	50763	106500	55737

SECTION VI

FEASIBILITY AND VALUE CONCLUSIONS FOR COMBINED IDLEWILD INN - GOLF COURSE

A. Assumptions for Financial Analysis

Financial feasibility for a resort inn of 130 rooms combined with construction and operation of a golf course can be suggested by relating potential combined revenue and expense patterns to the estimated capital cost over time. Such a pro forma forecast in the absence of detailed drawings and construction bids will serve to confirm the reasonableness of site valuations and identify the strength of investor motivation. Business risk, of course, can be defined as "potential variance between realizations and expectations" and both factors to determine variance must be considered tentative but realistic in light of comparable operations.

The basic assumptions of the financial models which follows are:

1. Time line of financial events--golf course and harbor construction would begin in the spring of 1973, resort construction would begin in 1974 with the grand opening of the resort, golf, and basic marina complex for the fiscal year of 1975.
2. Capital budget assumes the resort site and golf course land would be leased net on a ground lease to the resort operator. Costs are based on a generous allowance per hole and per room as no construction plans have yet been drafted. Dollar values are in 1972 terms as are revenue and expense estimates despite 1975 operating target.
3. Total operating budgets for revenues and expenses are derivative as ratios of total revenue detailed from room-day estimate and average room rate. Additional revenues are a function of room revenues and expenses reflect actual experience of comparable Wisconsin resorts as a percent of sales with adjustment where appropriate to reflect the less efficient size of the Idlewild Inn (Section V). Similarly for the golf course revenues and expenses are keyed to forecast number of 18 hole rounds.
4. The financing plan assumes 100 percent financing of improvement costs on a land leasehold. The interest rate of 1 percent at a constant of .0975 to amortize at 29 years is currently available in 1972 but, of course, might change by 1975. Operators equity (\$690,000) would be the working capital (\$375,000) requirement plus the first four years pre-tax deficits of (\$315,000). Start up costs (\$100,000) in 1975 is included in operating outlays.

5. The preliminary income tax strategy simply assumes a federal income tax rate of 50 percent for the operator of the inn - plus 8 percent state income tax. Sales taxes and motel taxes have been ignored as an add-on to room billings. Building improvements have been allocated to three classes by useful life of 40, 10, and 5 years and depreciated at 150 percent declining balance. No attempt has been made at additional tax precision or to recognize the recently reenacted investment tax credit.
6. Preliminary measure of investment yield to indicate feasibility is that the net present value of the project defined as returns to equity discounted at 18 percent before tax or 12 percent after tax plus the face amount of the debt exceed the total capital budget. After tax returns to equity including tax savings to other income should measure at least 12 percent.
7. In light of possible income tax burdens on the land developer it is valuable to consider a long term lease of the site to the hotel developer. For purposes of cash flow from the land developers viewpoint the 200 acres has been treated as a \$1,000,000 sale as of December 21, 1974. However, in evaluating the resort inn-golf course project from the viewpoint of the resort operator, this has been treated as a land lease at 10 percent per annum.
8. The selected indices of risk for the lender on the leasehold improvements will be a default ratio of 80 percent by the fourth year of the project, before payment of site rent. For the resort operator a feasible project should realize equity payback within ten years with credit for tax savings to other income.

B. Discounted Cash Flows of Combined Idlewild Inn and Golf Course

A summary of revenues and expenses at 70 percent occupancy for the inn as projected in Section V and golf course revenues and expenses in Section VI is presented in Exhibit 31 to determine net income available for debt service and equity dividends for ten years beginning in 1975. The time line assumes completion of master planning in 1972 and construction completed to permit opening of the inn to have twelve full months of operation in 1975. Partial operations possible in 1974 were ignored.

In addition to the capital budget of \$725,000 for the golf course (See Exhibit 28, Section VI) the construction costs of the Idlewild Inn developer were estimated as 10 percent above the range of current hotel-motel construction experience in Wisconsin which suggests total cost of \$20,000 per unit for projects exceeding 100 units. The assumptions made for these feasibility tests were \$20,000 per unit including public and servicing areas plus \$2,500 per unit for site improvements and contingencies. At \$22,500 for 130 units capital budget for the Idlewild Inn and its facilities would be \$2,925,000. For computer analysis of cash flow implications these unit costs were allocated to depreciation categories as follows:

EXHIBIT 30

	<u>Inn</u>	<u>Golf Course</u>	<u>Total</u>
Structure (40 yrs., 150%, 0 salvage)	\$1,625,000	\$362,500	\$1,987,500
Long Term Equipment (10 yrs., 150%, 0 salvage)	650,000	181,250	831,250
Furnishings (5 yrs., Sum of Year Digits, 0 salvage)	650,000	181,250	831,250
Total	2,925,000	725,000	3,650,000

EXHIBIT 31

SUMMARY OF IDLEWILD INN AND GOLF COURSE REVENUE AND EXPENSE PROJECTIONS TO DETERMINE NET INCOME AVAILABLE FOR FINANCING

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Gross Revenues										
Gross Revenues from Inn (Exhibit 21, line 1)	\$1,694,000	\$1,834,000	\$1,879,000	\$1,934,000	\$1,989,000	\$2,044,000	\$2,099,000	\$2,154,000	\$2,209,000	\$2,264,000
Gross Revenues from Golf Course (Exhibit 27, line 3)	90,000	177,000	198,000	219,000	240,000	263,000	287,000	313,000	340,000	367,000
Total Gross Revenues	\$1,784,000	\$2,000,000	\$2,077,000	\$2,153,000	\$2,229,000	\$2,307,000	\$2,386,000	\$2,467,000	\$2,549,000	\$2,631,000
Operating Cost and Expenses										
Operating Cost & Expenses - Inn (Exhibit 21, line 2)	876,000	943,000	971,000	1,000,000	1,038,000	1,057,000	1,085,000	1,114,000	1,142,000	1,170,000
Operating Cost & Exp.-Golf Course (Exhibit 27, line 11)	105,000	123,000	131,000	139,000	146,000	154,000	162,000	171,000	180,000	188,000
Total Operating Cost and Expense	\$981,000	\$1,066,000	\$1,102,000	\$1,139,000	\$1,174,000	\$1,211,000	\$1,247,000	\$1,285,000	\$1,322,000	\$1,358,000
Gross Operating Income	\$803,000	\$934,000	\$975,000	\$1,014,000	\$1,055,000	\$1,096,000	\$1,139,000	\$1,182,000	\$1,227,000	\$1,273,000
General and Unapportioned Expenses										
General & Unapportioned Exp.-Inn, House Profit (Ex. 21, line 4)	\$423,000	\$437,000	\$451,000	\$464,000	\$477,000	\$491,000	\$504,000	\$517,000	\$530,000	\$543,000
	\$380,000	\$497,000	\$524,000	\$550,000	\$578,000	\$605,000	\$635,000	\$665,000	\$697,000	\$730,000
Store Rentals (Exhibit 22, line 6)	\$13,000	\$15,000								
Gross Operating Profit	\$393,000	\$512,000	\$539,000	\$565,000	\$593,000	\$620,000	\$650,000	\$680,000	\$712,000	\$745,000
Capital Expenses										
Total Capital Expenses (Exhibit 21, line 8)	\$117,000	\$124,000	\$128,000	\$132,000	\$135,000	\$139,000	\$143,000	\$146,000	\$150,000	\$154,000
Start-up Adjustment	100,000									
Profit before Interest, Depreciation and Income Taxes	\$176,000	\$383,000	\$411,000	\$433,000	\$458,000	\$481,000	\$507,000	\$534,000	\$562,000	\$591,000
Debt Service and Land Lease	356,000	456,000								
Cash Throw-off before Taxes	(\$180,000)	(\$68,000)	(\$45,000)	(\$23,000)	\$2,000	\$25,000	\$51,000	\$78,000	\$106,000	\$135,000

Working Capital Plus Accumulated Deficit - (\$689,000)
End of Year Four

Cumulative Cash Returns - \$397,000
To Achieve Equity Payback in 10th Year

Improvements were assumed to be 100 percent financed at 9 percent interest and a 9.75 percent annual constant which is a 28 year, eight month loan on a monthly payment basis. Resale value at the end of ten years was assumed equal to investment value and proved to represent a conservative nine times net income forecast for the tenth year. These assumptions were then processed to provide a preliminary investment market valuation on a computer terminal service provided by Thomas A. Prince via GE Mark II Time Sharing and a replica of the printout is provided in Exhibit 32.

These cash flow studies suggest that the before tax value of the inn-golf complex, discounting investment returns to the operator-developer of the inn at 18 percent is \$4,857,800, a net present value in excess of the \$4.65 million construction budget. Moreover, testing with an after tax yield of 12 percent, which is considered representative for resort investments, the present value of \$5.3 million exceeds total capital required including working capital and deficit. Assuming the investor can make use of the taxable income losses available in the early years, the project provides an additional investment value in excess of \$690,000. Of the total pre-tax value of \$4.7 million, \$1,000,000 has been assigned to the 200 acre site with utilities and sea wall completed.

EXHIBIT 32

INVESTMENT MARKET VALUE ANALYSIS
IDLEWILD RESORT COMPLEX - PROJECTION 4-LAND RESIDUALPrepared by James Graaskamp
University of Wisconsin, Madison, Wisconsin

16:36EST 04/14/72

Before Tax IMV(18.00%) \$ 4857822
After Tax IMV (12.00%) \$ 5340725

Investment Market Value:

After Tax Yield of 12.00%: \$ 5340725

Detail for After Tax IMV

Financing:

Mortgages:

1. 9.000% 28 yrs 7 mons \$ 3650000
2. 10.000% 18 yrs 0 mons \$ 1000000

Equity Cash: \$ 690725

Resale of Investment in 10 Years:

Estimated Resale Price	\$ 5340725
Less: Mortgage Bal	3867139
Sales Commission	0
Cash Reversion Before Taxes	\$ 1473586
Less: Capital Gains Tax (STD.)	583029
Tax on Recaptured Depr.	67227
Tax Preference Tax	43739
Cash Reversion After Taxes	\$ 779591

Yr	Net Income	Mortgage Interest	Book Depr.	Taxable Income	Income Tax	Cash Flow Before Tax	Cash Flow After Tax
1	176000	426399	476302	-724701	-376614	-297875	78739
2	388000	421530	399387	-431917	-226202	-86875	139327
3	411000	416180	325382	-330562	-178503	-64875	113628
4	433000	410302	253864	-231166	-124829	-42875	81954
5	458000	402842	191701	-137543	-74273	-17875	56398
6	481000	396745	133885	-49630	-26800	5125	31925
7	507000	388946	131577	-13523	-7302	31125	38427
8	534000	380376	129354	24270	13105	58125	45020
9	562000	370959	127216	63825	34465	86125	51660
10	591000	360610	125157	105233	56825	115125	58300

C. Measures of Yield and Risk

Based on cash flow projections in Exhibit 32 and subsection B above, there is reasonable evidence of the likelihood that the Idlewild Inn would offer the operator-developer an 18 percent pre-tax yield on his capital of \$690,000 and an after tax yield of 12 percent, two criteria of feasibility specified in subsection A. Certainly in the early years of the development financial yield depends heavily on the continued availability of income tax depreciation strategies presently permitted by the internal revenue service..

As an indices of risk for the mortgage position the default ratio in the fourth year disregarding site rents as an equity return to a joint venture or limited partner is 96.4 percent which is not acceptable ($\$1,720,000 + \$356,000 \div \$2,153,000$). From the equity standpoint an outlay of \$688,000 by the end of year 4 enjoys returns of only \$397,000 accumulative cash throw-off before taxes or a payback of only 57 percent at the end of the tenth year. On the other hand when considering cash flow after tax, the accumulative after tax cash flow including tax savings on other income, \$695,000, which does meet the risk constraint of a ten year payback of subsection A.

D. Conclusions Relative to Idlewild Inn Feasibility

On the basis of preliminary and pessimistic forecast for a 130 unit facility with supporting public areas and restaurants plus an 18 hole golf course, we must conclude that such project is reasonable and likely to succeed given competent management and recreational demand and supply patterns as they appear in 1972. These forecasts do not truly recognize the ability of such a complex to create its own demand, that is the probability of a significant upward shift in the demand curve for Door County because the project exists. The history of both "The Abbey" on Lake Geneva and "The Pioneer" in Oshkosh show the necessity of adding to the number of room units within five years of their inauguration.

The language of the appraiser the "highest and best use" of the site of 200 acres appears to be the resort-golf complex programmed in this report. A lease of this site at 10 percent rent on a \$1,000,000 value is within the financial power of the project. The tremendous tax cover offered the operator of the resort in early years suggests a joint venture on limited partnership interest in the resort-inn would be advantageous to the land developer. Sale of the site for \$1,000,000 suggests an acreage value of \$225,000 for 150 acres of golf course and \$875,000 for 50 acre Inn site or water front commercial property at \$17,500 per acre. Assuming eventual expansion of the project to 200 units total land cost including the golf course would be \$5,000 per room with ample space for shops, public parking, golf course and related recreational facilities.

SECTION VII

FEASIBILITY AND FINANCIAL PARAMETERS OF RESIDENTIAL SUBDIVISION

A. Single Family Lot Component

The master plan as described in Section I-F contains 350 single family lots along the edges of the golf course and the southern and eastern perimeters of the 650 acre tract. All lots, averaging 6/10 of an acre each, have water, sewer and private road frontage together with access to a major and minor trail system connecting these areas to the retail and resort components. Summer memberships in the golf course, swimming and other facilities adjacent to the resort complex are available as described in Section III. In short, these lots could be either seasonal or year-round home sites.

For purposes of feasibility analysis it was concluded that these lots would be divided into three classes and priced and sold as follows:

50 Class A. Superior views or water orientation with woods - \$15,000

50 Class B. Average location but wooded - \$12,500

250 Class C. Typical lot with some view but relatively open - \$10,000

It was further assumed that lot sales would begin in 1974 and that sales among each class would be evenly distributed over four years and total sales would be 50 lots in 1974 and 100 lots for each of the following three years.

B. An Approach to Feasibility Analysis

To test the feasibility of these initial price and quantity conclusions is first a matter of putting unit sales in perspective to home site activity in Door County and with secondary reference to vacation home site unit sales at aggressively merchandised projects of comparable size in Wisconsin. The decision as to price must remain somewhat more arbitrary as there are few if any comparables in Door County which would offer sewer-water and the amenities of planned unit development either in town or at preferred vacation retreats. Moreover prices can be adjusted in response to the rate of sale should the monopoly advantage presumed for the site and short term public attitudes permit. Finally there is a bias by this analyst in terms of slightly lower prices to favor rapid absorption for recovery of capital outlays and the creation of captive consumers for retail opportunities retained by the developer. Given the quantity and price sales of comparable projects in Door County it is then possible to compare the absorption rate presumed for the Idlewild project to the total units purchased on the market to see whether the percent of capture rate is realistic under given competitive circumstances.

C. The Door County Vacation Lot Situation

There are two sources of vacation home sites in Door County, parcelling of rural tracts and formal plats or subdivisions. The tax lister for Door County, Duffy Schinkten, has kept detailed records of the number of tax parcels by township for selected years, and with the exception of Sturgeon Bay City more than 90 percent of the increase in parcels is attributable to seasonal home sites. This data is presented in Exhibit 33. Using 1958 as a base the average increase in parcels in Door County per year has been increasing and it appears that virtually all of the large shoreline sections have now been subdivided in one manner or another.

From 1967 to 1971 the average annual increase in parcels was 519 and assuming that 90 percent were for seasonal home sites outside the City of Sturgeon Bay, then there has been a steady demand for 465 lots per year in Door County. In that light the expectation of selling 100 lots at Idlewild per year starting in 1974 requires capturing 21 percent or approximately one out of five lot purchases in the market in an earlier era of 1967 to 1971. Considering that many of the sites which have been purchased but not yet improved are now unbuildable under present Door County septic tank regulations a 20 percent capture rate seems conservative for lots with sewer and water already to the lot line. However, significant transactions do not involve parcels of comparable quality or price so that many of these buyers would have lacked the means to buy an Idlewild site in any event. Better focus on comparable demand units may be had from platted lots only.

A summary of Door County subdivisions representing a total of 859 lots is presented in Exhibit 34. Each was a local effort by realtors and did not have any concerted merchandising push in Milwaukee or Chicago markets. All represented essentially raw land without any integrated facilities and relied on the draw of a nearby resort community such as Bailey's Harbor or Egg Harbor. In 1971 these developments accounted for sales of 116 units as compared to 121 unit sales in 1970. One would have expected lot sales to have fallen further with the publicity attending septic tank and water quality problems, primarily on the west side of the Peninsula. In this light the absorption rate of 100 lots per year presumes a capture rate at 90 percent, an unreasonable expectation if reliance is placed simply on momentum of existing transaction levels.

Of all the developments plotted only a few have some comparability to the Idlewild proposal. These would be:

1. High Cliff Park-(average \$50.00 a front foot) Features 90 foot channel, Fort Lauderdale style; to permit anchorage of yachts at foot of each lot. (See Photographs-Section I) Sewage and water constraint curtailed construction on lots. Close out of seven lots to Idlewild developer. Borders perimeter of subject site on Green Bay. Residents wish to participate in Idlewild sewer and water utility.

2. Glidden Drive Estates-(Choice inland \$40.00 a front foot, water front lots \$120.00 a front foot) is five miles north of Sturgeon Bay on five miles of Lake Michigan shoreline. Estate sites enjoy association access to lake at various points and many sites are beach frontage. There is a trail system and nearby lodge for food and drinks. Soils generally permit septic tank. Lot owners association and deed restrictions are weak.
3. Moonlight Bay Estates-(Average \$21.00 a front foot) offer 1 1/2 acre wooded lots sharing common ownership of the 1500' private beach, dock and club house. Construction and sales curtailed by septic tank restrictions but well located relative to popular communities of Fish Creek, Ephraim and Bailey's Harbor.
4. Deer Trail Woods-(Choice \$35.00 a front foot) features high wooded sites near Death Door at northern tip of Peninsula. Simple platting and no special amenities. Lots are approximately 1 1/2 acre in size, 3/4 of a mile from water.
5. Campbell Estate-(Choice shore lots \$115.00 front foot). Exclusive estate on Lake Michigan 15 miles north of Sturgeon Bay with outstanding sand beaches.

The above subdivisions accounted for approximately 49 sales in 1971 based on incomplete sales data for the total year. Sales records are estimated with the aid of the Door County tax lister but a maximum of 50 units is very representative for sale for the full 1971. Obviously lot sales proposed represent 100 percent of comparable unit sales for the county and have been assumed to be 200 percent of average annual sales of platted, prestige market lots by 1975. Residential lot sales therefore can not depend upon the momentum of random and disorganized lot activity to date. Forecasted sales represent double the volume at more than double the price per unit for a unique package of utilities, master planning, and integrated recreational amenities. Marketing must assume high volume sales operations which characterize recreational development elsewhere in Wisconsin.

EXHIBIT 33

NET CHANGES IN TOTAL TAX PARCELS BY TOWNSHIP IN DOOR COUNTY
OVER SELECTED YEARS (1958-1971) AS FURNISHED BY TAX LISTER

<u>Township</u>	<u>1958</u>	<u>1961</u>	<u>1963</u>	<u>1965</u>	<u>1967</u>	<u>1971</u>
Bailey's Harbor	1137	1170	1194	1241	1316	1561
Brussels	760	761	770	775	787	882
Clay Banks	371	386	390	394	403	469
Egg Harbor	1167	1274	1335	1095	1107	1228
Forestville	1002	798	800	791	804	909
Gardner	1009	1058	1089	1100	1136	1287
Gibraltar	998	1059	1079	1094	1124	1345
Jacksonport	942	974	988	1005	1034	1155
Liberty Grove	1939	2003	2060	2150	2224	2598
Nasewaupee	1624	1721	1744	1840	1874	2011
Sebastopol	1727	1808	1846	1929	2010	2316
Union	675	699	709	715	726	801
Washington	898	968	990	1020	1065	1307
Egg Harbor Village				315	346	423
Ephraim Village	451	468	490	528	566	630
Sister Bay Village	396	413	430	452	479	535
Forestville Village			213	214	216	234
Sturgeon Bay	798	799	817	878	885	972
Total	15,894	16,359	16,944	17,536	18,102	20,663
Sturgeon Bay City (Remapped-1967)	2900	2942	2980	3012	2939	2971
TOTAL PARCELS	18,794	19,301	19,924	20,548	21,041	23,634

EXHIBIT 34

DOOR COUNTY SUBDIVISION MARKET DATA

D. Recreation Lot Development in Wisconsin

Therefore, it would be useful to look beyond Door County for comparable leisure home projects and their unit sales when merchandised by the most sophisticated and aggressive midwestern developers. (See Exhibit 35) Of the lake lot developers who offer planned unit developments stressing inland lots and recreational projects the best known in Wisconsin is N. E. Isaacson and Associates of Reedsburg. His project in Menominee County - Legend Lake has sold 2250 units of single family lots at an average price of \$5,500 per site with water but without sewer on sandy wooded land. His Waldon project - Lake Camelot has sold 1940 lots in three years at an average price of \$5,500 per site, featuring common ownership of shorelands, trails, recreation building and boat ramps. His project in Burnett County - Voyager Village in western Wisconsin for the Minneapolis market features a golf course, bunny ski slope and five control use lakes with no shore frontage lots and has sold 1000 units of the total 3300 units platted, subject to an elaborate homeowners association to own and operate recreational facilities. He has successfully composed tight architecture controls on exterior building materials, styles and setting. The current merchandising program includes well executed sales display office routines, rifled advertising in selected communities and extensive merchandising dinners in urban markets in the off-season. Lot sales at each of Isaacson's projects greatly exceeds lots sales in the area before and some as they created a recreational lake where none existed before and necessitated creating consumer recondition of the area as well as of the site. Reference to Exhibit 36 indicates that each of these projects are within 2-4 hours driving time of major urban areas on interstate systems. The Idlewild site falls within these standards once I-57 is completed to Green Bay or with further improvements to Highway 41.

A second developer operating within the Wisconsin, Illinois leisure home site market is the Branigar organization operating out of Chicago. Best known for aggressive sales rather than innovative design it has been highly effective in merchandising second home sites to the Chicago market within 3-4 hours driving time of Chicago. Details on two of these developments are also provided on Exhibit 35. Apple Canyon in northern Illinois has averaged almost 600 lots sales a year for 1969-71 at an average sales proce of \$7500 primarily to a blue collar market. It does offer boating, nine hole golf course and central water system and gravel roads. Dutch Hollow in central Wisconsin, near other successful lake projects such as Lake Camelot, Lake Sherwood and Lake Redstone had a slow start in 1971 with 184 unit sales of 1/2 acre lots at an average of \$5500. It features a small boat marina, club house building and a 30 x 60 outdoor pool, a pool size which does not require a life guard in Wisconsin.

These developers are merchandising 200-800 lots per project per year with some emphasis on the Chicago market. Since Door County subdivider find the majority of their lot sales to Chicago residents too, there is some reason to believe that 100 lots a year with all amenities installed could be merchandised at Idlewild. While the big developers are selling at least 2000 lots a year in total, they probably account for less than 1/4 of yearly vacation home site transactions in the state. Thus, 100 lots a year represents only 1 or 2 percent of market activity, albeit the Cadillac level of activity in Door County which already served the Cadillac trade and which faces an acute shortage of buildable recreation oriented home sites.

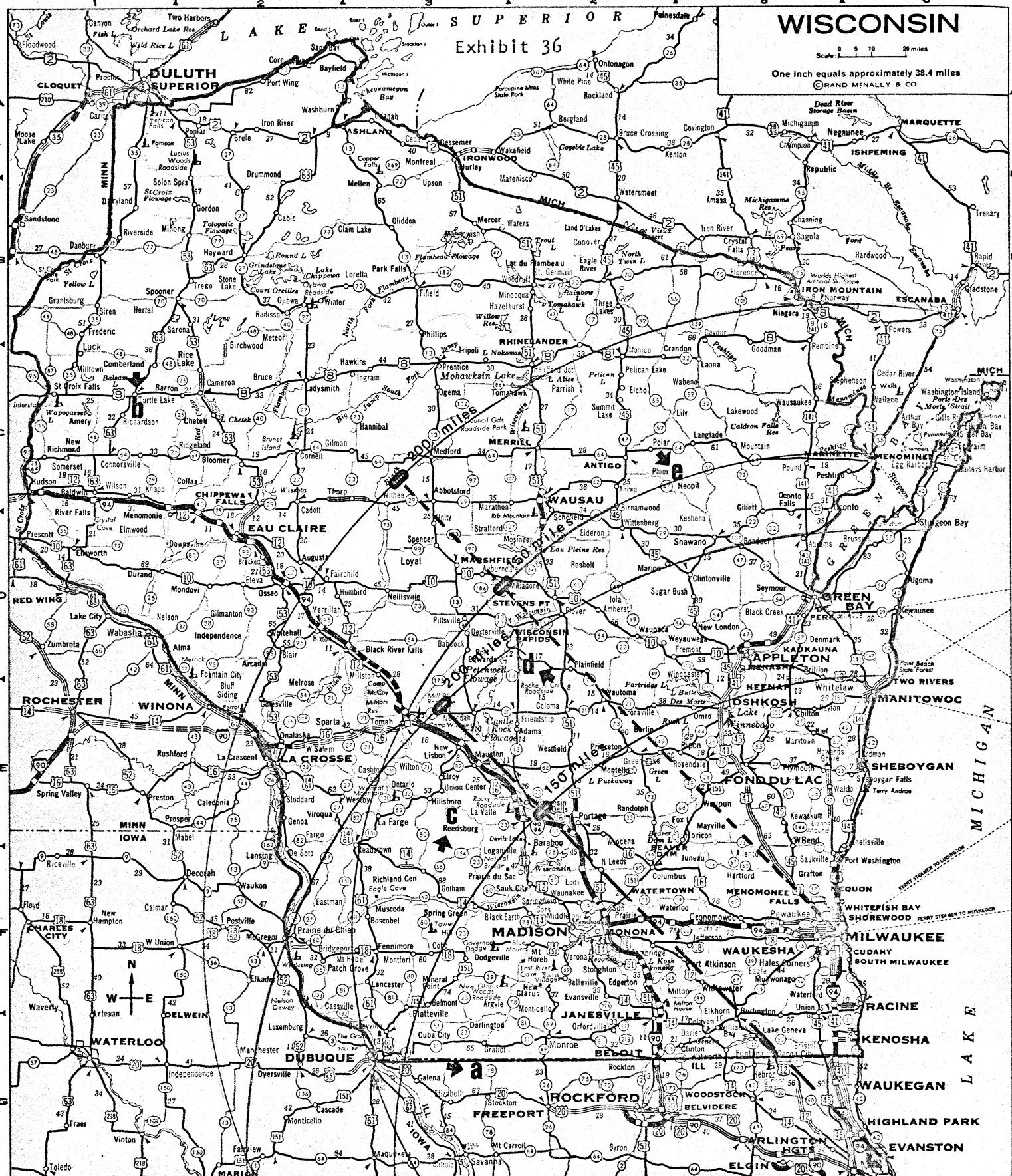
EXHIBIT 35

SINGLE FAMILY LOT COMPARABLES

	Apple Canyon, Ill.	Dutch Hollow, Wis.	Camelot, Wis.	Voyager Village, Wis.	Legend Lake
Began	5/69	8/70	1968	1970	1968
Developer	Branigar	Branigar	Isaacson	Isaacson	Isaacson
Total Acreage	3500	2350	2200	5500	5170
Lake Average	440	212	451	1600	1340
Open Space(not lake)	1760 58%	1350 63%	647 37%	2145 55%	2029 53%
# of Lots	2600	1250	2150	3300	3000
Price Range	\$5,000 \$25,000	\$ 4,000 \$15,000	-- --	-- --	--
Average Price	\$ 7,500	\$ 5,500	\$5,500	\$4,700	\$5,500
# Sold to Date	2300	210	1940	1000	2250
Total Absorption	88%	17%	90%	30%	75%
Lot Size	1/2 acre	1/2 acre	1/2 acre	1/3 acre	1/2 acre
1968					
1969	500 22%				
1970	700 30%	25 2%			
1971	800 35%	184 15%			
To date (3/1/72)	30 1%	1			

Amentities

Golf	9 holes	no	no	yes	no
Marina	yes	yes	no	yes	no
Hiking trails	no	no	no	yes	no
Tennis	yes (2)	no	no	yes (2)	no
Stable	no	no	no	yes	no
Ski hill	no(nearby)	no	no	yes	no
Food	no	no	no	yes	no
Bar	no	no	no	yes	no
Party room	yes	yes	yes	yes	yes
Sauna	no	no	no	no	no
Indoor pool	no	no	no	yes	no
Outdoor pool	yes (30'x60')	yes (30'x60')	no	no	no
Central water	yes	no	yes	no	no
Central sewage	no	no	no	no	no
Lockers	yes	yes	no	yes	yes



a. Apple Canyon

b. Voyager Village

c. Dutch Hollow

d. Camelot

e. Legend Lake

E. The Best Comparable Project in Wisconsin

The most comparable single project in Wisconsin to the proposed project at Idlewild is the Abbey Springs project on the southwest shore of Lake Geneva, 2 1/2 hours driving time from Chicago. Abbey Springs is a planned unit development featuring both multi-family and single lots within a condominium framework which includes ownership of golf course. All units share a marina access and a full range of amenities discussed in more detail under condominium merchandising data. Started in May, 1971, 110 lots of 1/3 acre are available at an average price of \$12,000 with sewer and water systems and 65 have been sold in less than a year with no model homes available. Monthly maintenance charge is anticipated to be approximately \$27.00, not including the real estate tax but including maintenance of private roads. The free standing single family parcels have outsold multi-family condominiums 65 to 18 to date. These sales were accomplished during the initial construction phase and continued through the winter. The first full sales season for the project will be the summer of 1972. This project would have some locational advantages in terms of commuting time to Chicago and Milwaukee but it lacks the more spacious site and water features of the Idlewild Complex.

F. Absorption Rate for Single Family Lot Sales

Review of comparable Door County and Wisconsin recreational lot developments makes the absorption assumption tenable but still speculative. The cash flow pro formas for land sales allow 30 percent for sales administration and sales promotion including commissions to support a sales effort similar to that of Wisconsin's best project developers. The sales quota of 100 lots by the second year represents a capture rate of 20 percent of recreational parcel sales in Door County, more than 100 percent of recent platted lot sales but only 1 or 2 percent of total recreational lot volume in Wisconsin, despite the fact that Door County is one of the leading recreation counties in the state. Therefore, it is concluded that the absorption rates arbitrarily defined in Section A for Idlewild are obtainable, assuming prompt and parallel execution of golf course and harbor improvements.

SECTION VIII

PERMANENT AND FINANCIAL PARAMETERS OF CONDOMINIUM PORTIONS OF IDLEWILD COMPLEX

A. Condominium Component

The master plan as described in Section 1-F allocates four different site environments for development in some form of condominium ownership. The marketing plan would be to sell a particular condominium tract to a developer who would be responsible for construction and merchandising. The land developer will have provided the sewer and water to the edge of the tract and, where appropriate, sea wall and trail construction interconnecting the Idlewild Complex would be the responsibility of the land developer.

For purposes of preliminary analysis, four distinct condominium tracts were provided in the master plan:

Area A - Contiguous to Golf Course and Resort Inn site - 40 acres, capacity 160 units.

Area B - High density cluster at the foot of the harbor quay at the mouth of the creek - 14 acres, capacity 56 units.

Area C - Overhanging sea wall west edge of quay assuming variance from state shoreline setback is available - 8 acres, capacity 40 units.

Area D - Bluff area overlooking Green Bay on shoreline trail with heavily wooded site permitting low density development such as detached condominium units - 70 acres, capacity 140 units.

Assuming serviced land can represent 15 percent of the average sale price of a condominium unit, then the following unit prices suggest the wholesale pad price for each condominium parcel:

	<u>Average Finished Unit Price</u>	<u>Retail Pad Price</u>	<u>25 percent Discount for Bulk Sale*</u>	<u>Raw Cost per Pad to Condominium Developer with Utility Access</u>
Area A - Golf Course	$\$45,000 \times .15$	\$6,000	\$1,500	\$4,500
Area B - High Density	$53,000 \times .15 =$	8,000	2,000	6,000
Area C - Sea Wall	$67,000 \times .15 =$	10,000	2,500	7,500
Area D - Bluff	$33,000 \times .15 =$	5,000	1,250	3,750

* Included in 30 percent administrative and sales charge for condominium tracts

The time line for sale of the four condominium parcels in bulk assumed sale of area D on the Green Bay bluffs in 1973, on terms of 20 per cent down and four equal annual installments plus 8 per cent on the outstanding balance. Not only do the bluff condominiums represent a price range appropriate to the majority of those presently considering condominiums but in addition the low density detached unit scheme fits the common image of what such a unit should be. The second group to be sold is the sea wall cluster as offering the most unique design opportunity for contemporary treatment of a New England sea coast village. The high density unit at the foot of the quay has a direct comparable with the Bay Colony project in Lake Geneva, Wisconsin. The golf course condominiums in area A are held off the market until the end of 1975 at which time the golf course is an operational and visible asset. Only the 1973 sale was provided financing by the land developer as consideration for early commitment by a builder.

B. An Approach to Feasibility Analysis

To test the reasonableness of these initial price and quantity conclusions for recreational condominium sites is a more complex issue than that of testing single family lot sale quotas and absorption rates. The recreational condominium is a rare situation in Wisconsin so far as successful execution is concerned.

There is growing publicity of this concept but it was shown by survey that of those who favor the idea of a recreational condominium only 25 per cent had ever visited one and 3 of 29 had seen one of the "critters" in Wisconsin.

Therefore it was necessary to do an extensive survey of upper income families in the Fox River Valley, Milwaukee and Chicago Gold Coast suburbs in order to identify the potential size of the market opportunity, the profile of the potential condominium buyer and the product attributes which might contribute the consumer appeal or resistance.

To accomplish bulk sales of the strategy above, there has to be a market segment of sufficient numbers that might take advantage of one of the four unit types above. Execution of any one of the parcels would depend on the design and merchandising management of the bulk purchaser. However, to control the quality of the final Idlewild development, it would be imperative to retain strict architectural controls with the original land developer and perhaps, a form of first right of refusal for repurchase to prevent dumping of surplus parcels by a condominium project builder to marginal contractors. Without these two controls the visual value of architecture theme would be lost and the consumer perception of integrity and quality of the developer would be seriously undermined.

C. A Survey of High Income Wisconsin and Illinois Households

A total of 5500 questionnaires (See Addenda D) were mailed to Wisconsin and Illinois residents to produce 310 usable replies. A response rate of 5.6 per cent is low, in part because of the length of the questionnaire, but more probably reflecting the weak interest in summer home ownership among a broad cross section mailing list. The more rifled the mailing list to those having an interest in the subject matter of the questionnaire, the higher the response. In Wisconsin, the questionnaire was sent to a cross section of homes receiving the magazine, Exclusively Yours, a high style social advertising vehicle for which there is no subscription charge and which claims a circulation among families with a mean income of \$19,000 and a mean home value of \$45,000. For the northern Illinois and Chicago metropolitan market it was necessary to construct a mailing list of 2400 families at random from those communities having a mean income in excess of \$20,000.

To scale the potential market opportunity for condominiums initially in a demand specialty for which there is little data, it is useful to assume that only 5.5 percent of families with net taxable income of \$16,000 or more might be in the second home market. Of this group, only 56 percent claimed to take a family vacation in Wisconsin at all, and the great majority of these preferred the summer in northern Wisconsin which would not include Door County. Indicating the relationship between subject matter and response rate, 27 per cent already owned a summer home or cabin site and 2/3 of these would not trade "for a recreation condominium to avoid maintenance work or the bother of building" a vacation home.

Of all of those queried, 112 or 38 per cent would consider purchase of a "carefree condominium in the heart of a recreational complex". The remaining 62 per cent said they were not interested and furthermore indicated they preferred seclusion to activity or the option to travel to diffent recreation areas. Only 9 per cent said a recreational condominium was too expensive and only 4 per cent just didn't like condominiums. To further scale down the market potential, those who would consider purchase of a recreational home were asked to identify their most preferred location and 29 (22 per cent of 131 indicating their most preferred location) chose Door County, a preference second only to Lake Geneva overall but understandably first among Wisconsin residents. Of the 29 preferring Door County, 25 indicated they were interested in condominiums which is encouraging.

The survey suggests that there is a select segment of the market which would be interested in a recreational condominium in the Sturgeon Bay-Door County area, but that the size of this market is far less than commonly supposed. For the southeastern Wisconsin counties a tally of 1970 taxable incomes is available by county and this indicates 38,357 households reporting taxable incomes in excess of \$16,000

in nine eastern counties. When this household total is modified by the questionnaire response rate as an index of vacation home appeal and then by a factor indicating the percentage of Wisconsin respondents who would consider a condominium in Door County, it is possible to suggest the central tendency of total households in the market in the foreseeable future. Comparable household taxable income data is not available for Illinois by county for 1970 but a 1969 study done by the federal government lists taxable incomes for metropolitan Chicago. Multiplying the number of individuals in the Chicago area having taxable incomes in excess of \$20,000 by the percent of respondents to the questionnaire, gives the percent of people in the Chicago area who would consider a condominium. This potential market is reduced by the percent of respondents preferring Door County to the other recreational areas and finally by a capture rate to yield the potential Door County condominium market (See Exhibit 37).

EXHIBIT 37

	<u>Wisconsin*</u>	<u>Chicago Metropolitan Market**</u>
Household Total	\$38,537	\$174,002
Percent answering Survey	x .056	x .056
Recreation Market	2,158	9,744
Percent of Respondents Who Who Would Consider a Condominium	x .509	x .441
Potential Condominium Market	1,098	4,297
Percent Considering a Condominium Who Prefer Door County	x .231	x .147
Potential Door County Condominium Market	254	632
Capture Rate	x .50	.50
Potential Door County Capture	127	316
TOTAL POTENTIAL CAPTURE		<u>443</u>

* State of Wisconsin Internal Revenue Service - 1970

**Dept. of the Treasury, Internal Revenue Service, Statistics of Income,
Individual Income Tax Returns - 1969, p. 284.

It is not suggested that a 50 percent capture rate is obtainable but rather would be necessary to merchandise the approximate 400 units of the master plan. More comment will be made on this following the discussion of the product feature preferences of buyer attitudes. It should also be noted that there is a five-fold increase in the number of households with taxable income in the next income range below \$16,000 - \$20,000 for Wisconsin and Illinois respectively and it is these lower segments which have been the mainstay of lake lot development sales to date. It would seem that the improved condominium pad would appeal to a far narrower, more sophisticated buyer market than the lake lot buyers. No statistical standard error can be provided for the estimate of 443 but given the majority of demand from Wisconsin and the rather narrow band of households with sufficient income in Wisconsin relative to more distant Chicago markets (which have options to Michigan, Indiana, western Illinois as well as Wisconsin resort areas), potential capture of market opportunity must be closer to 400 units than 1000 units.

EXHIBIT 38

PROFESSIONAL CHARACTERISTICS OF POTENTIAL CONDOMINIUM BUYERS

<u>Question</u>	<u>Number of Respondents and Percentage</u>					
Please indicate the number of adults and children who presently live in your household?						
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Adults (number)	1 1%	99 85%	10 9%	3 3%	2 2%	1 1%
Children	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>		
Under 6	13	11	4	0	16%	
6-12	27	14	12	2	32%	
13-17	35	18	2	0	32%	
18 & older	20	11	1	2	20%	
Age of Head of Household	<u>26-30</u>	<u>31-35</u>	<u>36-40</u>	<u>41-45</u>		
	7 6%	12 10%	15 13%	20 17%		
	<u>46-50</u>	<u>51-55</u>	<u>56-60</u>	<u>61-65</u>		
	30 25%	13 11%	12 10%	7 6%		
	<u>66-70</u>	<u>71-75</u>	<u>76 and older</u>			
	1 1%	1 1%	0			
Occupation						
Professional or Technical	34	28%				
Managerial	36	30%				
Salesman	27	23%				
Craftsman or Foreman	3	3%				
Laborer	2	2%				
Service Worker	0	0				
Other	17	14%				
Number of Dogs and Cats	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
	52 80%	11 17%	0	1 1%	0	0
					<u>7</u>	<u>8</u>
					0	0
					1	1 1%

D. A Profile of Potential Condominium Buyers

Family and professional characteristics of buyers is suggested by Exhibit 38. It is interesting to note that 64 percent still have children at home and that 65 percent are between the ages of 30 and 50, suggesting a family conscious motivation toward an escape from urban idleness. 81 percent are professional or white collar, further strengthening the view that condominiums do not compete directly with the lake lot buyer. On the other hand, the mailing list did not generally reach blue collar neighborhoods.

Of those responding, 75 percent have never visited a recreational condominium and 92 percent have never owned one of any form. Nevertheless, 85 respondents would be willing to consider a condominium as a family seasonal residence, and 26 respondents would consider such a property as their legal residence and eventually retirement home.

Exhibit 39 indicates price range which these people would consider. While 1 out of 5 would consider prices in excess of \$35,000, 3 out of 5 or 61 percent preferred a price range between \$20,000 and \$29,000.

EXHIBIT 39

PRICE RANGE PREFERRED BY POTENTIAL CONDOMINIUM BUYERS

<u>Price Range</u>	<u>Number of Respondents</u>	<u>Percentage</u>	<u>Accumulative Percentage</u>
\$20,000 - 24,999	36	30%	
25,000 - 29,000	37	31%	61%
30,000 - 34,000	21	18%	79%
35,000 - 39,000	13	11%	90%
40,000 - 44,000	7	6%	96%
45,000 - 49,000	0	0%	
Would pay more for right house	5	4%	100%

E. Product Profile

The questionnaire approached elements of the finished condominium product from the viewpoint of unit type, site features, building features and recreational facilities.

The type of unit preferred was predominantly single family detached unit or small cluster which is consistent with a strong preference for some degree of seclusion. Question 11 is summarized in Exhibit 40.

EXHIBIT 40

TYPE OF CONDOMINIUM UNIT PREFERRED

<u>Question</u>		<u>Number of Respondents</u>	<u>Percentage</u>
If you were to consider purchase of a condominium within a recreational complex, what type of unit would you prefer? (Check one)			
1. Single family detached unit	61	50%	
2. Small clustered groups of two - four units (the Quadraminium)	39	32%	
3. Larger clusters of low rise townhouses in 8-20 units	11	9%	
4. High rise apartment style unit (8 stories) with all-weather connection to Resort-Inn	8	7%	
5. High rise apartment style unit secluded from Resort-Inn	1	1%	
6. Have another idea? Please describe.	1	1%	

The infinitely complex issue of consumer preference for site features was narrowed to the items listed in Exhibit 41 which summarizes results of question #12. There was virtual unanimity as to the need for seclusion from traffic noise and a common antipathy for extensive lawns which hints of maintenance. Similarly, private gardens were not very popular. View of water was of universal appeal but few required that they be able to tie up the boat at the back door. Most people valued isolation from lots of people but felt less strongly about seclusion from strollers. Indeed, question 6 indicated that walking and biking were the predominant preference for outdoor recreation with the exception of golf. Strolling should be favored by layout and

suggests a prime method of social interaction among the residents. A general view of the countryside was felt desirable, as was walking distance to shops and social centers, together with lighted and paved walking trails. Thus the detached or small clusters with distant views of the water, contiguous trail systems within greenways, and freedom from maintenance as part of a condominium program would be compatible with strong consumer preferences.

EXHIBIT 41

CONSUMER PREFERENCE OF SITE FEATURES

<u>Question</u>	<u>Very Important</u>		<u>Desirable</u>		<u>Not Necessary</u>	
	#	%	#	%	#	%
What features of a site do you think are most important for a condominium? (Check one for each of the features below)						
1. Seclusion from traffic noise	98	82%	17	15%	4	3%
2. View of the lake	50	43%	57	49%	10	8%
3. Isolation from lots of people	50	44%	50	44%	14	12%
4. Walking distance to social centers at Resort-Inn	32	28%	59	52%	23	20%
5. Seclusion from strollers	27	24%	49	44%	36	32%
6. Lighted & paved walking trails	21	16%	56	49%	38	33%
7. View of the countryside	19	17%	79	69%	17	14%
8. Heavy woods	18	16%	61	54%	34	30%
9. Boat tie-up at back door	17	15%	44	38%	55	47%
10. Walking distance to shops	15	13%	56	49%	43	38%
11. No steps or stairways between car and home entrance	14	13%	48	42%	51	45%
12. Private garden area	12	11%	57	50%	44	39%
13. View of boat channel or lagoon	6	5%	43	38%	64	57%
14. Extensive lawns	5	5%	36	32%	71	63%

As it is not feasible to test by mail survey the infinite number of building features possible, the consumer was surveyed on questions of layout, but allowing him to choose "either/or" trade-offs in question 14. Full response to this question is provided in Exhibit 42.

EXHIBIT 42

PREFERRED BUILDING FEATURES

<u>Question</u>	<u>Percentage</u>
What type of building features would you prefer in the layout of the condominium unit? (Choose only one of the following set of alternatives.)	
Two bedrooms with larger living area or/ Three bedrooms	66% 34
Three bedrooms, or/ Four bedrooms, or/ Large master bedroom and two 4-bed bunk rooms	44 8 48
Two-story living room with inside balcony, or/ Living room with beamed cathedral ceiling	45 55
Full dining room, or/ Dining "L" plus family-sized kitchen	12 18
Sundeck balcony for living room or/ Outdoor patio at ground level	25 75
Walk-in closets in each room or/ Large workroom + laundry room in each unit & standard closets	34 66
One car garage attached to unit or/ Two car garage in group parking complex, or/ Carport and lower price	30 24 46
Central air conditioning or/ Woodburning masonry fireplace or/ Gas-log fireplace and window air conditioning unit	30 42 28
Contemporary natural decor with wood & rock materials, or/ Maintenance-free modern masonry & aluminum exteriors, or/ Well styled colonial detailing	57 27 16
Extensive outside landscaping, or/ More floor space in each room	10 90

Of particular significance are a few of the following highlights:

- Two-thirds of condominium customers preferred two bedrooms with larger living areas.
- Eighty-eight per cent preferred the dining L and a family sized kitchen.
- Seventy-five per cent preferred an outdoor patio at ground level.
- Sixty-six per cent preferred a large workroom plus laundry instead of walk-in closets.
- Almost half preferred a carport and lower price to a garage.
- Woodburning fireplaces were preferred to air conditioning although a fireplace and small air conditioning unit would satisfy the majority.
- A strong majority preferred contemporary decor with wood or rock material.
- An overwhelming 90 per cent preferred more floor space in each room to extensive outside landscaping.

The general recreation facilities preferred for the complex were divided between outdoor activities and indoor facilities. The outdoor facilities of question 6 in the survey are indicated in Exhibit 43. It is interesting to note that trail systems for walking and biking are virtually on a par with fall and spring golfing. Tennis and lake fishing and sailboating also indicate the consumers are active sport participants. Winter sports showed well, particularly iceskating, skiing and snowmobiling. The strong showing of winter sports suggests a correlation between those that are acclimated to Wisconsin weather. The overall preference for fall and spring golfing is particularly favored by the Door County extended season of frostless days.

Indoor recreation facilities overwhelmingly favor indoor swimming, sauna and whirlpool bath so that it may be desirable for each condominium developer to provide his own indoor pool facility rather than relying on access to the indoor pool at the Inn. An indoor tennis court at the resort would prove popular as would an indoor ice rink which had surprisingly strong appeal (See Exhibit 43).

EXHIBIT 43

OUTDOOR RECREATIONAL FACILITIES PREFERRED

<u>Question</u>	<u>Percentage</u>
1. Fall and spring golfing	70%
2. Trail system for hiking	64
3. Trail system for walking	62
4. Tennis	57
5. Winter skiing on beginner or intermediate slopes	57
6. Fall and spring lake fishing	53
7. Sail boating	49
8. Ice skating on an outdoor rink	42
9. Snowmobiling on an extensive trail system	41
10. Power boating	37
11. Fall and spring fishing in stocked ponds	18
12. Skeet shooting	15
13. Ice boating	13

INDOOR RECREATIONAL FACILITIES PREFERRED

<u>Question</u>	<u>Percentage</u>
1. Indoor swimming	85%
2. Sauna and whirlpool bath	63
3. Indoor tennis	54
4. Ice skating on an indoor rink	49
5. Pool tables	44
6. Handball and paddleball courts	38
7. Card rooms with bar service	30
8. Indoor golf driving range	29

F. Comparable Recreation Condominiums in Wisconsin

Recreational condominiums is a newly introduced idea to Wisconsin development. As late as 1966 there were no recreational condominium developments in Wisconsin.

Excluding several private clubs which provide home sites to their members, there are two major development areas comparable to that contemplated by the Idlewild Complex, on the west end of Geneva Lake in southern Wisconsin, and a second at the base of Mt. Telemark ski center in the far northwest corner of Wisconsin. In Door County, a small condominium development of 56 units was opened in Ephraim in July of 1971 with six sales to date, and trade talk suggests one more under consideration, the Mero property on the Lake Michigan side on North Bay. The Mero property has received land financing from the First Wisconsin Real Estate Investment Trust for \$1.2 million on a 900 acre tract. The development presently faces some problems relative to title clearance vis-a-vis the State of Wisconsin, county zoning approval and preliminary state clearances. The exact mix of proposed condominium sites and single family lots is not known.

Recreational condominiums in Wisconsin which are on the ground and thus provide some illustration of amenity package, price and absorption rate are briefly described below and summarized in Exhibit 44 -

1. Notable Geneva Lake Condominiums

- a. **Abbey Hills, Fontana** - 107 units built on 17 acres, one mile from Geneva Lake. Prices range from \$41,000 to \$57,000 and 32 high style wood contemporary units have been sold since conception in 1970. Units are located in heavily wooded areas with view of Big Foot golf course and amenity package includes outdoor swimming pool, sauna-whirlpool bath, party rooms and fireplaces in all units. This was the first high style project to use small clusters from four to six units in a hexagonal building carefully sited to leave terrain and woods undisturbed. Sales slowed when the same developer offered improved models and more comprehensive amenity package of **Abbey Springs**.
- b. **Abbey Springs, Fontana** - Comprised of 475 condominium units and 110 single family lots on 320 acres with approximately 300 feet of shore frontage on Geneva Lake. Condominium prices range from \$28,000 to \$44,000 and 18 have been sold since its start in 1971. Amenities offered include 18 hole golf course, marina, ski hill, tennis, indoor-outdoor pools, stables, club house, sauna-whirlpool bath and fireplaces in all units. Feedback from Abbey Hills led to detached condominium lots and lower price range.

Condominium subdivision permits roads to remain private and avoids a few requirements of Wisconsin platting statutes. Project starting date was accelerated to avoid possible conflicts with environmentalists relative to density and shoreline development proposals but it still appears that marina and lagoon plans will be modified to protect water quality standards for Geneva Lake. Dock space is on a first-come, first-served basis and is an extra purchase and maintenance charge.

- c. Bay Colony, Williams Bay - The First of two 6-story masonry bearing wall towers. 25 deluxe units face Geneva Lake and all were sold between August of 1969 and 1971. Prices ranged from \$53,500 to \$78,000 and amenity package included private pier and boat slips, sauna-whirlpool bath, indoor swimming pool, party room and carports. Dock space is an extra purchase and maintenance charge. It provides a good comparable for the high density cluster suggested for the Idlewild quay.
- d. Vista Del Lago - Begun in the summer of 1971, Vista Del Lago has sold nine of its 60 units. The site is 14 acres on Geneva Lake and units range in price from \$55,000 to \$85,000. Amenities offered are 3-hole golf course, boat slips and pier, tennis, indoor pool, sauna-whirlpool bath, party room and fireplaces in all units.

2. Telemark Condominiums

Telemark Lodge - Located outside of Hayward, Wisconsin. Telemark Lodge sits at the base of Mt. Telemark - a quality ski facility on Highway 53, 50 miles south of Duluth. This First Phase is a cluster of family townhouse type structures of contemporary design set on the natural terrace, some with carports and some at a distance from parking areas. These units were merchandised by the long-term dynamic developer of Telemark - Tony Wise, and built by Inland Steel Development Corporation. All 28 were sold with a basic package of built-in contemporary furniture, as virtually a turnkey recreation home to longtime enthusiasts of Telemark skiing. The Second Phase of condominium development is a "condotel", a pool plan by which the purchaser buys a 1-3 room suite within a resort building of approximately 200 units. These units are of motel room dimensions, 12 x 28 with or without kitchen, and furnished with the intent of renting them for the owner as motel rooms when the owner is not using them. Meeting and convention facilities are also provided together with an existing golf course and the complex will be managed by Distinguished Resorts of Wisconsin, Inc. who also developed and managed "The Abbey" on Lake Geneva and "The Pioneer" at Oshkosh. Again the unique merchandising ability of Tony Wise has succeeded in commitments for 100 of the 200 units and the project is now under construction. It was designed by Herb Fritz, a Madison architect who also designed the townhouses.

Telemark is a good comparable to the Idlewild Complex in terms of site linkages and recreational drawing power. Mt. Telemark had considerable momentum as a prime ski area but is at an inconvenient distance from all significant metropolitan areas, with the last 100 miles from the Interstate by the narrow 2-lane Highway 53. The resort emphasizes its airport facilities and there is a taxi ramp only a few hundred yards from the resort condominium. It has no water frontage of any size and so it merchandises the proximity of the national forest and certain famous old lakes in Wisconsin. Well established as a winter resort it relies on the golf course, fishing, and wooded seclusion to draw in the summer.

The Idlewild Complex has somewhat more convenient access, the county airport and momentum as a summer resort. It will need to merchandise its winter attributes to establish its image as a year-round resort area. It, too, has a contiguous state park but in addition has a variety of water resources from small lake to great lake so that it in total has more favorable attributes than Telemark. Idlewild could use a Tony Wise.

EXHIBIT 44

WISCONSIN CONDOMINIUM COMPARABLES

	Geneva Towers	Bay Colony	Geneva Lake Fontana Shores	Abbey Hills	Abbey Springs	Vista del Lago	Country Fairway Estates	Door County		
								Telemark		
								1st Phase	2nd Phase	Ephraim
Began	9/71	7/69	1967	5/70	5/71	8/71	1969	7/70	11/71	7/71
Total Units	30	25	26	107	475	60	36	28	200	56
Total Acreage	1.9	1.7	1.2	17	320	14	9			4
Units per Acre	31	15 (14.7)	22 (21.7)	6	2	4	4			14
# of Buildings	1	1	1	23		14	1	2	1	7
Price Range	\$39,500 78,500	\$53,500 78,000	\$25,000 35,000	\$41,000 57,000 \$46,000	\$28,000 44,000 \$37,000	\$55,000 85,000 \$65,000	\$25,500	\$28,000 36,000 \$32,000	\$27,000 80,000 \$27,000	\$35,000
Average Price		\$80		\$32	\$30	\$45				
Maintenance Fee										
Sold to Date (3/1/72)	4	25	26	32	18	9	11	28	104	6
Total Absorption	13%	100%	100%	30%	4%	15%	31%	100%	52%	11%
Absorption 1st Year	13%	40%	100%	7%	3%	15%	0	100%	52%	7%
1967			26 100%							
1968										
1969		10 40%								
1970		10 40%		8 7%						
1971		5 20%		14 13%	12 3%	9 15%	9 36%			
To Date	4 13%			10 9%	6 1%	--	2 5%			
28 100%										
4 7%										
2 4%										
<u>Amenities</u>				adjac.						
Golf	no	no-(put.green)	no	put. green	yes	no (3 holes)	no	yes	yes	no
Marina	yes	yes	no		yes	yes	no	no	no	no
Ski Hill	no	no	no		yes	no	no	yes	yes	no
Tennis	no	no	no		yes	yes	no	yes	yes	no
Outdoor Pool	no	no	no		yes	yes	no	no	yes	no
Indoor Pool	yes	yes	no		yes	yes	no	yes	yes	no
Stable	no	no	no		yes	yes	no	no	no	no
Sauna	yes	yes	no		yes	yes	no	yes	yes	no
Whirlpool	yes	yes	no		yes	yes	no	no	no	no
Food	no	no	no		yes	yes	no	no	yes	no
Bar	no	no	no		yes	yes	no	no	yes	no
Lockers	yes	yes	no		yes	yes	no	yes	yes	no
-Table Pool	no	yes	no		yes	yes	no	no	yes	no
Party Room	yes	yes	yes		yes	yes	yes	yes	yes	no
Fireplace	Some	Some	no		yes	yes	yes	yes	yes	no
Kitchen Appliances	yes	yes	yes		yes	yes	yes	yes	yes	yes
Washer-Dryer	yes	no	no		yes	yes	no	yes	no	no
<u>Lots</u>										
Number					110					
Size					1/3 acre					
Price Range					\$7,000-18,000					
Average Price					\$12,000					
Number Sold					65					
Absorption					59%					

G. Condominium Unit Demand Conclusions

To merchandise 400 condominium units as distributed by type and price in Section VIII-A may require a capture rate of 50 percent of households who could be in the market for a completed package. Many single family lot owners buy on dreams of what they can build later or of investment appreciation. Condominiums must typically be merchandised as packaged fully improved units because of interconnecting structure or the need to complete a cluster for visual success. Indeed, homogeneity of design will not permit deferral of construction on a piecemeal basis or much buyer discretion as to structural location and extensive detailing. Therefore, the condominium market does not significantly compete with the single family lot market because it requires high initial commitment. The only possible exception is the single family detached condominium such as that enjoying success at Abbey Springs on Geneva Lake. Significantly 50 percent of the survey respondents also preferred that type of unit suggesting that the concept for the bluffs parcel, Area D, is currently in step with market thinking. It is also compatible in terms of price preference of respondents. Results of the questionnaire and projects such as Inglewood in Tampa, Florida, and Abbey Springs on Geneva Lake suggest a need to examine sale of single family lots as maintenance free condominiums contributing to assessments for golf course maintenance and an indoor sports center.

On the other hand the luxury prices of the high density parcel, Area B, or the sea wall parcel, Area C, find little support in the survey although there is favorable support in the marketplace such as Telemark Mountain and Lake Geneva.

The capture rate of 50 percent required to quickly absorb the 400 units created by builder-merchandisers on tracts A-D must be termed speculative rather than a reasonable likelihood at this time. Over the next three years several factors might strengthen the reasonability of this requirement:

1. Firm dates for construction of Interstate 57 to Green Bay.
2. More familiarity with successful condominiums in Wisconsin among Wisconsin buyers.
3. Expansion of the sports-minded, outdoors-minded, middle income family use of the mini-vacation or weekend retreat during all seasons of the year in Wisconsin resort areas. This factor will also reflect possibility of shorter work weeks, more frequent 3-day holidays, and upper income family efforts to avoid some aspects of urban high school social life.

These favorable factors may be offset by presently germinating trends among income groups who can afford real estate as a device to consume and contribute to leisure time:

1. Retaining all options to air travel to more exotic distant alternative recreational spots rather than committing resources to a single site.

- 2). More spartan values relative to simplicity of life style, of surroundings and of environmental development.
- 3). More liquidity of family investment resources and a stronger savings preference for economic security or early retirement.
- 4). A reduction in discretionary income due to rising cost of living and progressive tax rates together with wage and salary controls.

On balance there appears to be some immediate demand for a modest trial of condominiums as contemplated on the bluff tract. The success of the Idlewild Resort Complex and golf course in creating identity for the Idlewild tract must first be established before the balance of condominium sites could be successfully merchandised during the second half of this decade. The survey and the probability of falling discretionary income suggests an average condominium price generally below successful Lake Geneva projects and perhaps in the majority of cases, below Telemark prices in terms of 1975 construction prices. Lower average prices mean utilitarian structure, some reduction in square footage, and natural, maintenance free landscape.

However, the developers strategy for analysis in this report requires selling four uniquely located tracts to contractors - merchandisers who believe they can merchandise condominiums. Experience has shown there are far more developers who believe they can do it than there are who have successfully achieved a sell-out of a condominium project. Therefore, there is a reasonable likelihood of selling four tracts to builders although there is only a speculative possibility that all four builders will succeed. The customer unit in this case is not households but rather builders who wish to exploit the recreational condominium bandwagon.

Seen from this perspective it is reasonable to sell the bluff site on an installment contract in 1974, followed by the sea wall tract in 1975 and the golf site and high density site in 1976 following the strong promotion phase of the resort opening. Exhibit 45 displays cost allocations and gross profit as a percent of total sales for each land use type. While single family lots provide the highest margin, bulk sale of the condominium tracts according to the schedule above could still provide a gross profit of 30 percent on sales. Margins would be higher if sewer costs are reduced by government subsidy and in any event this margin is adequate for an excellent rate of return on a properly leveraged project. These revenue and cost allocations are detailed further in Section IX.

EXHIBIT 45

PRELIMINARY ALLOCATION OF REVENUE AND DEVELOPMENT COST TO IDENTIFY PROFITABLE AND UNPROFITABLE LAND USES

	Single Condominium	Inn - Family Lots	Marina Golf Site	Residual Site	Residual Lands	Comb.Sls. Corporation	Total Cost Alloca- tions as a % of Total Sls. Value
Total Sales Value	\$2,666,000	\$3,875,000	\$1,000,000	\$188,000	\$325,000	\$1,050,000	\$9,104,000
Operating Expenses, Sales Commissions & Discounts	\$800,000	\$1,162,000	\$50,000	\$56,000	\$98,000	\$2,167,000	24%
Capital Cost Allocation							
Sewage	\$350,000	\$400,000	\$150,000	\$50,000	\$50,000	\$1,000,000	11
Roads	104,000	208,000				312,000	3
Harbor	137,000	137,000	165,000	83,000	28,000	550,000	6
Lakes		25,000			20,000	45,000	.5
Water	126,000	126,000	54,000	18,000	36,000	360,000	4
Major & Minor Trails	20,000	20,000	20,000			60,000	.6
Trees		40,000				40,000	.4
Signs & Graphics	15,000	15,000	15,000			45,000	.5
Miscellaneous Engineering and Removals	20,000	20,000	20,000			60,000	.6
						\$2,472,000	26.6%
Land Cost Allocation	\$298,000	\$277,000	\$243,000	\$61,000	\$121,000	\$1,000,000	11
Total Cost Allocated for Each Class	\$1,870,000	\$2,430,000	\$717,000	\$268,000	\$353,000	\$5,638,000	62
Gross Profit For Each Class	\$ 796,000	\$1,445,000	\$283,000	(80,000)	(28,000)	\$1,050,000*	3,466,000
Gross Profit as a Percent of Total Sales	30%	37%	22%	--	--	100%	38%

* Not related to income tax allocations or allocations for public service commission rate base.

SECTION IX

FINANCIAL PARAMETERS OF TOTAL LAND DEVELOPMENT OF THE 650 ACRE IDLEWILD TRACT

A. Method of Approval

As discussed in earlier sections a preliminary analysis of financial feasibility requires assumptions on the following components of rate of return analysis.

1. Identification of profit centers
2. Definition of the time line of events
3. Definition of capital budget
4. Definition of revenue and expense pattern
5. Definition of preliminary finance package
6. Definition of tax strategy
7. Selected measures of return
8. Selected measures of risk

These various components have been developed and defined in the previous sections and must now be synthesized into a cash flow projection. With increasing detail in planning these projections will continually shift but at this stage two alternatives are appropriate for analysis. The first assumes financing of the total sewer installation required for the 650 acres by the developer while the alternative would be federal assistance with the initial cost of treatment facilities (See Addenda B).

1. Profit centers have been limited to land development only with sale of land to other entities for construction, sales and management. Thus many of the capital cost allocations concealed profit opportunities for an integrated developer.
2. The time line of development has been outlined for the resort inn, golf course, single family lots and condominium components. Certain residual values have been assigned to the last day of 1978. These residual lands include unassigned residential lands and retail center as outlined in Section I-F. These areas were assigned an arbitrary value in 1977 of \$5,000 an acre. In addition, there are two residual corporate spinoffs should the developer use a fully private sewer system and water utility. These have been given arbitrary values of \$300,000 for water utility and \$750,000 for the sewer system in 1977. Capital costs are assumed to represent outlays at the mid-year for which the monies are required and

all receipts are put on the calendar on the last day of the year in which they are anticipated. A test of an extended time line is provided in Subsection C as delays in the schedule are a prime risk of development.

3. Capital costs are allocated and sources provided in Exhibit 46 for raw land and Exhibit 47 for improvements. Land purchases and land contract balances together with carrying charges to June 30, 1972 were entered as a capital outlay of \$1,000,000.
4. Revenue patterns are provided in Exhibit 48. Administrative expenses, sales commissions and bulk discounts were treated as a flat 30 percent charge against sales except for the corporate spinoffs.
5. For preliminary budgeting purposes and a test of feasibility, financing costs were simply recognized as a cost of capital at 10 percent when adjusting the internal rate of return for the developer. Then a simple leveraging was added as a credit line in Subsection B.
6. No tax strategy has been explicitly computed for cash flow purposes as detailed tax analysis would be wildly inaccurate for a preliminary budget. However, tax strategy is inherent in the recommendation of a land lease for the resort inn - golf course site, or trading of the resort site for a partnership position in the tax cover offered by construction of the resort.

Measures of yield are defined to Subsection B and measures of risk are discussed in Subsection C.

EXHIBIT 46

PRELIMINARY ALLOCATION OF \$1,000,000 RAW LAND ACQUISITION COST

(For Economic Analysis and Not For Income Tax Purposes)

<u>Area</u>	<u>Acreage</u>	<u>Price Allocation</u>
Condominiums	132	\$298,000
Single Family Lots	228	277,000
Resort Inn	50	243,000
Golf Course	150	000
Marina	25	61,000
Retail Center	35	85,000
Residual Land	30	36,000
TOTAL ALLOCATIONS	<u>650</u>	<u>\$1,000,000</u>

EXHIBIT 47

DERIVATION OF CAPITAL COST ALLOCATIONS AND BUDGETS

SEWAGE¹ - \$1,000,000

<u>Components</u>	<u>(no government financing)</u>	<u>% of Total</u>	
Condominiums		35%	\$350,000
Single Family Lots		40	400,000
Resort Inn - Golf		15	150,000
Marina		5	50,000
Residual Land		5	50,000
Total Sewer Cost		100%	\$1,000,000

Components (\$600,000 government financial aid & government owned utility)

Condominiums	35%	140,000
Single Family Lots	40	160,000
Resort Inn - Golf	15	60,000
Marina	5	20,000
Residual Land	5	20,000
Total Sewer Cost	100%	<u>\$400,000</u>

WATER² - \$360,000

<u>Components</u>		<u>% of Total</u>	
Condominiums		35%	\$126,000
Single Family Lots		35	126,000
Resort Inn - Golf		15	54,000
Marina		5	18,000
Residual Land		10	36,000
Total Water Cost		100%	\$360,000

HARBOR WORK³ - \$550,000

<u>Components</u>		<u>% of Total</u>	
Condominiums		25%	\$137,000
Single Family Lots		25	137,000
Resort Inn - Golf		30	165,000
Marina		15	83,000
Residual Land		5	28,000
Total Harbor Work Cost		100%	\$550,000

ROAD⁴ - \$312,000

<u>Components</u>		<u>% of Total</u>	
Condominiums		33.3%	\$104,000
Single Family Lots		66.6	208,000
Total Road Cost		100%	\$312,000

LAKES⁵ - \$45,000

<u>Components</u>		
Residual Land		\$20,000
Single Family Lots		<u>25,000</u>
Total Lake Cost		\$45,000

MAJOR AND MINOR TRAILS - \$60,000

<u>Components</u>	<u>% of Total</u>	
Condominiums	33%	\$20,000
Single Family Lots	33.3	20,000
Resort Inn - Golf	33.3	20,000
Total Trail Cost	100%	\$60,000

TREES - \$40,000

<u>Components</u>		
Single Family Lots		\$40,000

SIGNING AND GRAPHICS - \$45,000

<u>Components</u>	<u>% of Total</u>	
Condominiums	33.3%	\$15,000
Single Family Lots	33.3	15,000
Resort Inn - Golf	33.3	15,000
Total Signing & Graphics Cost	100%	\$45,000

MISCELLANEOUS ENGINEERING AND REMOVALS - \$60,000

<u>Components</u>	<u>% of Total</u>	
Condominiums	33.3%	\$20,000
Single Family Lots	33.3	20,000
Resort Inn - Golf	33.3	20,000
Total Bridges, Structures & Removals	100%	\$60,000

TOTAL CAPITAL COSTS

\$2,472,000

¹ The cost of a municipal sewage system as estimated by Becker-Hoppe Engineers, Inc. Schofield, Wisconsin is \$1,784,000. Of the total cost, 56 percent would be carried by the Idlewild development with the remaining 44 percent shared by neighboring areas. Component breakdown is as follows:

Treatment Cost	\$790,000
Collection System	722,000
Fees	<u>272,000</u>
Total	\$1,784,000

² \$750.00 per unit and projected 1,000 units by 1976 - well & pumps = \$75,000

15,000 feet at \$5.00	=	75,000
10,000 feet at \$10.00 (Rock installation)	=	100,000

Valves & Tees, fire hydrants & 4-inch cast iron mains	=	<u>110,000</u>
---	---	----------------

Total		\$360,000
-------	--	-----------

³ Harbor work as estimated by Homer Fieldhouse and Associates:

Sawyer Harbor Channel - Hydraulic Dredging

4800 lineal feet x 198' wide x 6'	
average depth = 211,200 cu:ysds	
@ \$0.30	\$63,000

Extra Stone and Rock Removal for Channel	32,000
--	--------

Resort Inn Area Excavation

Hydraulic Dredging and rock removal	300,000
Extra sea wall construction & stone or cement walkway	75,000

Limestone Sea Wall

2,000 lineal foot retaining wall - average 10 feet high, 20,000 square face feet, material supplied from harbor rock removal @ \$4.00 per sq. foot of face	<u>80,000</u>
--	---------------

Total	\$ 550,000
-------	------------

4 Road construction as estimated by Homer Fieldhouse and Associates =
26,000 lineal feet of private road at \$12.00 a foot = \$312,000

5 Lake construction as estimated by Homer Fieldhouse and Associates

Lake east of cemetery - Dam and grading, Seeding and dam hardware	25,000
Shopping center pond - island, foot bridges, stream bed and adjacent slopes, waterfall, 2 culverts and landscaping	<u>20,000</u>
Total	\$45,000

EXHIBIT 48

DERIVATION OF GROSS SALES REVENUE BASED ON MASTER PLAN
Land Use ScheduleComponent

Condominiums

A. Golf and Inn Cluster (160 units, 40 acres, \$6,000 per pad)	\$960,000
B. High Density Cluster (58 units, 14 acres, \$8,000 per pad)	448,000
C. Sea Wall Cluster (40 units, 8 acres, \$10,000 per pad)	400,000
D. Bluff Cluster - 8% compounded (140 units, 70 acres, \$5,000 per pad)	858,000

Single Family Lots

A. 250 lots-\$10,000 per lot	2,500,000
B. 50 lots - \$12,500 per lot	625,000
C. 50 lots - \$15,000 per lot	750,000

Resort Inn - Golf

200 potential lodging units - \$5,000 per unit	1,000,000
--	-----------

Marina

125 boat slips - \$1,500 per slip potential	188,000
---	---------

Residual Land

A. Retail Center (35 acres, \$5,000 per acre)	175,000
B. Unassigned Land (30 acres, \$5,000 per acre)	150,000

Water Utility - Corporate Spinoff	300,000
-----------------------------------	---------

Sewage Utility - Corporate Spinoff	750,000
------------------------------------	---------

TOTAL GROSS SALES REVENUES	<u>\$9,104,000</u>
-----------------------------------	---------------------------

B. Selected Measures of Return

Of the many standards of profit found in real estate three have been selected for initial feasibility analysis of Idlewild. They are gross margin, the straight internal rate of return, and finally a modified internal rate.

1. Reference to Exhibit 45 indicates that gross profit as a percent of total sales of land of \$9,100,000 would approximate 38 percent. It's important to remember that this profit margin does not include any profits available in professional fees, contractors margins, sales commissions or business management. For single family detached units profit margin is highest and it is also the largest segment of sales. The condominium tracts may be expected to do less well. The marina site is a necessary amenity which will not return its fair share of harbor or sewage costs.

The residual corporations represent 1/3 of the profit margins and with the substantial investment required for sewer and water would support a sizeable rate base. Operated as Subchapter S corporations they could provide useful tax shelter to the land developer. However, retention of the water and utilities systems would significantly reduce tax deductible bases for land sales. Substantial government subsidies for construction of a public sanitary district would reduce water and sewer expenses in amounts equal to the optimistic value of the residual corporation and thus would have little impact on gross margins but significantly increase return on investment.

Raw land cost represents only 11 percent of estimated sales and only 30 percent of land development costs while operating expenses and sales represent 24 percent of total revenues. Gross profit represents 350 percent return on raw land cost.

These margins and relationships of gross profit to cost fall within the pattern of successful recreational development.

2. Reference to Exhibit 49 will provide two alternative patterns of cash revenues and cash outlays for Idlewild Complex before debt service and income tax. The internal rate of return on cash budget #1 with higher front-end cost to developer for sewer are provided in Exhibit 50. The internal rate is 26.6 percent assuming a heavier sewer cost which exceeds a 25 percent return to equity ala Inwood and conventional appraisal methods. Assuming a cost of capital of 10 percent the present value of future receipts exceeds the present value of all outlays including land by 1.66 million dollars and provides an adjusted rate of return on all capital in the development process of 18.5 percent before taxes. The adjusted rate is preferable to Inwood as the traditional method assumes reinvestment of proceeds at the rate at which one is discounting. Thus, it overstates the amount of proceeds which is profit at the expense of the recapture of investment component.

a reduction in front-end cost for cash budget #2 improves the internal rate to 31 percent, again comparable to 31 percent ala Inwood. After adjustment for cost of capital at 10 percent the true adjusted rate is 202 percent and the net present value differential is 1.73 million dollars (See Exhibit 51).

However, the yields above assume no financial leverage. Reference to Exhibit 52 for cash budget #1 and Exhibit 53 for cash budget #2 reveals the impact of financing on equity yields. Cash budget #1 is assumed to have a credit line of 3 million dollars with 8 percent add-on interest which is applied as in column 2. The reduction on loan (column 5) includes interest and principal at a high effective cost to the developer in excess of 16 percent. Despite the heavy debt service total equity outlays of \$472,000 return \$2,738,000 for an internal rate of 71.6 percent or an adjusted rate of 43 percent. However, cash budget #2 with a smaller credit line of 2.5 million on the same terms as above provides an internal rate of 146 percent and an adjusted rate of 54 percent. These rates of return are very much in line with those experienced by major land developers.

Thus, one must conclude that both measures of yield on total capital employed and on properly leveraged equity provides strong indications of feasibility. These yields must be placed in perspective to the indices of risk defined further in Subsection C.

EXHIBIT 49

**TWO ALTERNATIVE PATTERNS OF CASH REVENUES AND OUTLAYS FOR
IDLEWILD COMPLEX BEFORE DEBT SERVICE AND INCOME TAX**

Cash Budget #1 - \$1,000,000 Sewer Cost to Developer						Cash Budget #2 - Government Subsidized Sewer - \$400,000 To Developer							
	1973	1974	1975	1976	1977	1978		1973	1974	1975	1976	1977	1978
Gross Sales Value (See Exhibit 48)													
Condominiums	\$150,000*	\$598,000	\$1,594,000	\$174,000	\$1,500,000			\$150,000	\$598,000	\$1,594,000	\$174,000	\$150,000	
Single Family Lots		554,000	1,107,000	1,107,000	1,107,000								
Resort Inn - Golf	1,000,000**		181,000										
Marina				325,000									
Residual Land					1,050,000								
Residual Corporations													
Total Gross Sales Value	\$1,150,000	\$1,340,000	\$2,701,000					\$1,150,000	\$1,340,000	\$2,701,000	\$1,906,000	\$1,257,000	
30% Administrative Cost, Sales Cost, and Build Discount	\$ 95,000	\$402,000	\$810,000					\$95,000	\$402,000	\$810,000	\$482,000	\$377,000	
Net Operating Revenues	\$1,055,000	938,000	\$1,891,000	\$2,174,000	880,000			\$1,055,000	\$938,000	\$1,891,000	\$1,424,000	\$880,000	
Capital Cost Allocations (See Ex. 47)													
Condominiums	\$395,000	\$188,000	\$95,000	\$94,000				\$264,000	\$162,000	\$68,000	\$68,000		
Single Family Lots	492,000	220,000	152,000	127,000				342,000	190,000	122,000	97,000		
Resort Inn - Golf	234,000	132,000	30,000	29,000				178,000	121,000	18,000	18,000		
Marina	93,000	39,000	10,000	9,000				75,000	35,000	6,000	5,000		
Residual Land	63,000	23,000	14,000	33,000				45,000	19,000	10,000	29,000		
Land Cost Allocation (See Exhibit 46)													
Condominiums	\$298,000							\$298,000					
Single Family Lots	277,000							277,000					
Resort Inn - Golf	243,000							243,000					
Marina	61,000							61,000					
Residual Land	121,000							121,000					
Total Costs Allocated for Each Year of Projection Period	\$2,277,000	\$602,000	\$301,000	\$292,000				\$1,904,000	\$527,000	\$224,000	\$217,000		
Cash Available for Debt Service Before Income Tax	(\$2,277,000)	\$453,000	\$637,000	\$1,599,000				(\$1,904,000)	\$528,000	\$714,000	\$1,674,000	\$1,424,000	\$880,000

* Represents the start of a \$150,000 revenue spread over a 5-year period at 8 percent interest.

** Represents the sale equivalent of a grand lease to the Inn developer.

EXHIBIT 50

INTERNAL RATE OF RETURN FOR CASH BUDGET #1 AT ALTERNATIVE COST OF CAPITAL RATES OF 26 & 10 PERCENT WITH \$1,000,000 SEWER COST

ENTER OUTLAYS

? 6,31,73,2277000
 ? 6,31,74,602000
 ? 6,31,75,301000
 ? 6,31,76,292000

ENTER RECEIPTS

? 12,31,74,1055000
 ? 12,31,75,938000
 ? 12,31,76,189000
 ? 12,31,77,2174000
 ? 12,31,78,880000

PERIOD OF 5 YEARS, 6 MONTHS, 1 DAYS
 FROM 6 30 73 TO 12 30 78

TOTAL OUTLAYS 3472000

TOTAL RECEIPTS 6946000

INTERNAL RATE IS 26.614

ENTER COST OF CAP RATE? .10

NET PRESENT VALUE AT 10.00% IS *1658272.000

ADJUSTED RATE IS 18.47%

EXHIBIT 51

INTERNAL RATE OF RETURN FOR CASH BUDGET #2 AT ALTERNATIVE COST OF CAPITAL RATES OF 31 & 10 PERCENT WITH \$400,000 SEWER COSTS

ENTER OUTLAYS

? 6,31,73,1904000
 ? 6,31,74,527000
 ? 6,31,75,224000
 ? 6,31,76,217000

ENTER RECEIPTS

? 12,31,74,1055000
 ? 12,31,75,938000
 ? 12,31,76,189000
 ? 12,31,77,1424000
 ? 12,31,78,880000

PERIOD OF 5 YEARS, 6 MONTHS, 1 DAYS
 FROM 6 30 73 TO 12 30 78

TOTAL OUTLAYS 2872000

TOTAL RECEIPTS 6188000

INTERNAL RATE IS 31.0864

ENTER COST OF CAP RATE? .10

NET PRESENT VALUE AT 10.00% IS *1725287.156

ADJUSTED RATE IS 20.24%

EXHIBIT 52

CASH BUDGET #1 ADJUSTED FOR LEVERAGE OF \$3,000,000 CREDIT LINE AT ADD-ON RATE OF 8 PERCENT

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<u>Gross Outlay</u>	<u>Credit Line Applied</u>	<u>Net Equity Cash Outlay</u>	<u>Gross Receipts</u>	<u>Reduction on Loan</u>	<u>Default Ratio</u>	<u>Net Cash Receipt to Equity Before Tax</u>	<u>Net Equity Cash</u>
6/31/73	\$2,277,000	\$2,000,000	\$277,000	12/31/74	\$1,055,000	\$900,000	85%
6/31/74	602,000	500,000	102,000	12/31/75	938,000	900,000	96
6/31/75	301,000	300,000	1,000	12/31/76	1,891,000	900,000	48
6/31/76	292,000	200,000	92,000	12/31/78	880,000	600,000	68
	\$3,472,000	\$3,000,000	\$472,000		\$6,938,000	\$4,200,000	61% \$2,738,000

ENTER OUTLAYS

? 6,31,73,277000
 ? 6,31,74,102000
 ? 6,31,75,1000
 ? 6,31,76,92000

ENTER RECEIPTS

? 12,31,74,155000
 ? 12,31,75,38000
 ? 12,31,76,991000
 ? 12,31,77,1274000
 ? 12,31,78,280000

PERIOD OF 5 YEARS, 6 MONTHS, 1 DAYS
FROM 6 30 73 TO 12 30 78

TOTAL OUTLAYS 472000

TOTAL RECEIPTS 2738000

INTERNAL RATE IS 71.6089

ENTER COST OF CAP RATE? .10

NET PRESENT VALUE AT 10.00% IS *1429955.016
ADJUSTED RATE IS 43.12%

Diagram B

EXHIBIT 53

CASH BUDGET #2 ADJUSTED FOR LEVERAGE OF \$2,500,000 CREDIT LINE AT ADD-ON RATE OF 8 PERCENT

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<u>Gross Outlay</u>	<u>Credit Line Applied</u>	<u>Net Equity Cash Outlay</u>	<u>Gross Receipts</u>	<u>Reduction on Loan</u>	<u>Default Ratio</u>	<u>Net Cash Receipt to Equity Before Tax</u>	<u>Net Equity Cash</u>
6/31/73	\$1,904,000	\$1,800,000	\$104,000				
6/31/74	527,000	500,000	27,000	12/31/74	\$1,055,000	\$825,000	78% \$230,000 \$ 99,000
6/31/75	224,000	200,000	24,000	12/31/75	938,000	825,000	88 113,000 188,000
6/31/76	217,000		217,000	12/31/76	1,891,000	825,000	44 1,066,000 924,000
	2,872,000	2,500,000	372,000	12/31/77	1,424,000	825,000	58 599,000 1,895,000
				12/31/78	880,000		880,000 2,775,000
			\$1,188,000	3,300,000		53%	\$2,888,000

ENTER OUTLAYS

? 6,31,73,104000
 ? 6,31,74,27000
 ? 6,31,75,24000
 ? 6,31,76,217000

ENTER RECEIPTS

? 12,31,75,230000
 ? 12,31,75,113000
 ? 12,31,76,1066000
 ? 12,31,77,599000
 ? 12,31,78,880000

PERIOD OF 5 YEARS, 6 MONTHS, 1 DAYS
 FROM 6 30 73 TO 12 30 78

TOTAL OUTLAYS 372000

TOTAL RECEIPTS 2888000

INTERNAL RATE IS 146.246

ENTER COST OF CAP RATE? .10

NET PRESENT VALUE AT 10.00% IS *1651684.641

ADJUSTED RATE IS 53.74%

C. Measures of Risk

The risk for the equity investment is indexed by the number of years necessary to recapture equity outlays. The risk for the lender is indexed by the default ratio. For example, cash budget #1 without leverage indicates a payback period of approximately two years three months if all outlays are equity dollars. In cash budget #2 the payback is accomplished within two years six months of the negative cash flows in 1973. Obviously it is desirable from the equity viewpoint to find governmental subsidy of sewer cost.

If financing and debt service is introduced, then Exhibits 52 and 53 reflect the default and payback characteristics of cash budget #1 and #2. The default ratio is 61 percent of revenue estimates for a 3 million dollar loan with five year add-on at 8 percent and only 53 percent for cash budget #2 with a 2.5 million dollar credit line. Default point is high in 1974 and 1975 as might be expected but the equity requirements are low enough that additional equity would be supplied to meet debt service. The payback on the equity position is such that for cash budget #1 all monies are retrieved early in 1976, while in cash budget #2 full payback is achieved before the end of 1974.

In a land development project there are three major areas of variance in basic assumptions which can lead to financial upset. These are delays in securing planning approval, unexpected over-runs in costs and unexpected stretch-out of sales. While the default point suggests the capacity of revenues to absorb an over-run of costs or a drop in expected revenues, rate of return and therefore motivation of the developer is directly related to time. In Exhibit 54 it has been assumed that the land would be paid for in 1973 but planning delays would defer construction into 1975 and sales would not begin until 1975. Sales would further be stretched out into 1980.

Inputting these delays into a rate of return model in Exhibit 55 for the conservative capital budget #1 indicates the internal rate of return to equity is still 50 percent and the adjusted rate is 31 percent. When these delays are compounded by a 10 percent increase in gross cost outlays without a corresponding increase in price, the internal rate of return in Exhibit 56 to equity is 32 percent and the adjusted rate is 22 percent. Thus there is some profit before taxes despite a 40 percent increase in time required to execute the project and a 10 percent cost over-run. These simple illustrations of the risk tolerance of profitability make no allowances for management response by altering plans for construction or merchandising as events emerge.

Thus in this preliminary stage of feasibility analysis minimum acceptable rates of return and solvency seem to hold up despite delays both in construction and sales. One must therefore conclude that considerable variance between expectations and valuations could occur before default ratios would be unacceptable.

EXHIBIT 54

CASH BUDGET #1 WITH A \$3,000,000 CREDIT LINE TESTED
BY A DELAY OF 1 YEAR FOR INITIAL CONSTRUCTION AND A 2 YEAR STRETCH-OUT OF SALES

	<u>Gross Outlay</u>	<u>Credit Line Applied</u>	<u>Net Equity Cash Outlay</u>	<u>Gross Receipts</u>	<u>Reduction on Loan</u>	<u>Default Ratio</u>	<u>Net Cash Receipt to Equity Before Tax</u>	<u>Net Equity Cash</u>
6/31/73	\$1,200,000	\$1,000,000	\$200,000 (320,000)*					
6/31/74	1,077,000	1,000,000	77,000 (185,000)*					
6/31/75	602,000	500,000	102,000 (162,000)*	12/31/75 \$1,055,000	\$900,000	85%	\$155,000	(\$224,000)
6/31/76	301,000	250,000	51,000 (81,000)*	12/31/76 938,000	900,000	96%	38,000	(\$237,000)
6/31/77	292,000	250,000	42,000 (71,000)*	12/31/77 1,891,000	900,000	48%	991,000	712,000
	<hr/>	<hr/>	<hr/>	12/31/78 1,100,000	900,000	82%	200,000	912,000
				12/31/79 1,074,000	600,000	56%	474,000	1,386,000
				12/31/80 880,000	-----	--	880,000	2,266,000
				<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
				\$6,938,000	4,200,000	61%	\$2,738,000	

* With 10 percent over-run in cost

EXHIBIT 55

CASH BUDGET #1 WITH A FULL YEAR DELAY IN CONSTRUCTION
AND AN ADDITIONAL ONE YEAR DELAY TO COMPLETE SALES

ENTER OUTLAYS

? 6,31,73,300000
? 6,31,74,77000
? 6,31,75,102000
? 6,31,76,51000
? 6,31,77,42000

ENTER RECEIPTS

? 12,31,75,155000
? 12,31,76,38000
? 12,31,77,991000
? 12,31,78,200000
? 12,31,79,474000
? 12,31,80,880000

PERIOD OF 7 YEARS, 6 MONTHS, 1 DAYS
FROM 6 30 73 TO 12 30 80

TOTAL OUTLAYS 472000

TOTAL RECEIPTS 2738000

INTERNAL RATE IS 50.3113

ENTER COST OF CAP RATE? .10

NET PRESENT VALUE AT 10.00% IS *1177502.641

ADJUSTED RATE IS 31.41%

EXHIBIT 56

CASH BUDGET #1 WITH A 10 PERCENT OVER-RUN FOR GROSS OUTLAYS
COVERED BY EQUITY FUNDS PLUS DELAYS IDENTIFIED IN EXHIBIT 54

ENTER OUTLAYS

? 6,2-31,73,320000
? 6,31,74,185000
? 6,31,75,162000
? 6,31,76,81000
? 6,31,77,71000

ENTER RECEIPTS

? 12,31,75,155000
? 12,31,76,38000
? 12,31,77,991000
? 12,31,78,200000
? 12,31,79,474000
? 12,31,80,880000

PERIOD OF 7 YEARS, 6 MONTHS, 1 DAYS
FROM 6 30 73 TO 12 30 80

TOTAL OUTLAYS 819000

TOTAL RECEIPTS 2738000

INTERNAL RATE IS 31.7604

ENTER COST OF CAP RATE? .10

NET PRESENT VALUE AT 10.00% IS *867387.219

ADJUSTED RATE IS 22.09%

ADDENDA

- A. National Geographic Magazine reprint, March 1969
- B. Regulatory Authority Correspondence on Idlewild Proposals (Furnished by owner)
- C. Northern Wisconsin Resort User Survey Results, by Professor John E. Powers, U.W.-Green Bay
 - 1. Survey Questionnaire of High Income Families in Eastern Wisconsin and Northeastern Illinois to Measure Potential Demand for Northern Wisconsin Resort
 - 2. Survey Questionnaire of 2200 Organizations Using Group Meeting Facilities in Wisconsin during 1970-71
 - 3. Survey Questionnaire of High Income Families in Eastern Wisconsin and Northeastern Illinois to Measure Potential Demand for Second Home Condominiums
 - 4. Survey Questionnaire of Boat Owners Cruising in Door County Waters to Measure Potential Demand for Sawyer Harbor Marina

November 10, 1971

Thomas L. Turk

James A. Graaskamp

Dear Resident:

One of our clients is considering the development of several recreational "second home" projects in the form of condominium units set among recreational complexes which include golfing, marina, and winter sport facilities. A key element of each plan is a resort-inn with complete facilities, which would make available grounds maintenance, maid service, catering, and year round indoor sports facilities to condominium owners.

These resort-inns are already established summer resorts and popular off-season centers for business meetings and seminars. The key question is whether families are thinking about the four-season recreational pattern that is developing in Wisconsin and whether sophisticated family planners are thinking in terms of purchase of a recreational home in their favorite summer vacation area.

Wisconsin may be thought of as the place for inexpensive summer vacations while winter outings are in the South. However, investment in a second home would suggest year round use and enjoyment and a mix of seasonal activities. To survey attitudes about vacations, Wisconsin recreation centers and condominiums we have constructed a mailing list of selected people of means, who have demonstrated sophisticated tastes in recreation. Would you please answer the following brief questions? There is no way to identify a response and this letter is not a sales promotion.

Professor James A. Graaskamp

1. Does your family generally vacation each year in Wisconsin?

No

Yes

For each season circle the number of weeks during which you vacation and indicate the most preferred location.

	Winter	Circle						Most Preferred Location
		1	2	3	4	5	6+	
	Spring	1	2	3	4	5	6+	
	Summer	1	2	3	4	5	6+	
	Fall	1	2	3	4	5	6+	

2. Do you presently own a summer home or cabin site?

No

Yes

County _____

State _____

Would you trade your present summer home or cabin site for a recreation condominium to avoid maintenance work or the bother of building your own vacation home? Yes No Maybe

3. Would you prefer a secluded informal "get away from it all" weekend retreat to a better equipped more active social center? Yes No

4. Would you ever consider purchase of a carefree condominium in the heart of a recreational complex?

Yes

No

What is your main reason? _____

↓

If No, stop here and return the questionnaire. Thank you.

5. If you would consider purchase of a carefree recreational home or weekend retreat, which of the following locations would you most prefer and least prefer? Check only one in each column:

	Most Preferred Location	Most Disliked Location
1. Lake Geneva	()	()
2. Green Lake	()	()
3. Lake Winnebago	()	()
4. Lake Minocqua-Tomahawk	()	()
5. Sturgeon Bay-Door County	()	()
6. Telemark-Hayward County	()	()
7. Spring Green-Iowa County	()	()
8. Other (please specify)		

The best use of a recreational home is possible if the family enjoys a variety of activities during the off seasons, that is, during parts of the year other than the summer months of June, July, and August.

6. One type of relaxation at the recreation home might be outdoor activities such as: (check preferences)

- () Tennis
- () Sail boating
- () Power boating
- () Fall and spring golfing
- () Fall and spring lake fishing
- () Fall and spring fishing in stocked ponds
- () Winter skiing on beginner and intermediate slopes
- () Snowmobiling on an extensive trail system
- () Ice boating
- () Ice skating on an outdoor rink
- () Skeet shooting
- () Trail system for walking
- () Trail system for biking

7. Indoor recreation facilities for the seasonal homeowner might include: (check preferences)

- () Ice skating on an indoor rink
- () Indoor tennis court
- () Indoor swimming
- () Sauna and whirlpool bath
- () Handball and paddle ball courts
- () Pool tables
- () Card rooms with bar service
- () Indoor golf driving range

8. Have you ever visited a recreational condominium in the United States?

<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes → Which one? _____
	↓ What impressed you most? _____

9. Do you now own or were you a former owner of a condominium?

<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes → Would you buy one again: <input type="checkbox"/> Yes <input type="checkbox"/> No
	↓ <input type="checkbox"/> No → Why not? _____

10. Since not everyone wants to use or to pay maintenance for all facilities, would you prefer: (check one preference)

() To reduce costs of maintaining facilities to a minimum by sharing major facilities such as a golf course or indoor tennis court with guests of the nearby exclusive resort inn, each user paying a low green fee or similar user charge only if, and when he uses it.

() To maximize convenience of user by reserving major facilities exclusively for condominium owners only but only the user would be assessed for maintenance cost by means of annual subscriptions or memberships.

() To compromise between low cost of first plan or high cost of exclusive facilities, maintenance charges could be shared with resort inn and all members of the condominium group, with condominium owners given preference for prime time in the evening and weekend afternoons with a reservation system.

() Your ideas _____

11. If you were to consider purchase of a condominium, within a recreational complex, what type of unit would you prefer? (check one)

() Single family detached unit

() Small clustered groups of two-four units (the Quadraminium)

() Larger clusters of low rise townhouses in 8-20 units

() High rise apartment style unit secluded from resort inn

() High rise apartment style unit (8 stories) with all weather connection to resort-inn

() Have another idea? Please describe _____

12. What features of a site do you think are most important for a condominium? (check one for each of the features below)

	Very Important	Desirable	Not Necessary
View of the lake	()	()	()
View of the countryside	()	()	()
Seclusion from traffic noise	()	()	()
View of boat channel or lagoon	()	()	()
Seclusion from strollers	()	()	()
Isolation from lots of people	()	()	()
Walking distance to shops	()	()	()
Walking distance to social centers at resort-inn	()	()	()
Boat tie-up at back door	()	()	()
Private garden area	()	()	()
Lighted and paved walking trails	()	()	()
Heavy woods	()	()	()
Extensive lawns	()	()	()
No steps or stairways between car & home entrance	()	()	()

13. Since everyone's preference must yield to their budget, what price range do you feel would be justified for a condominium as sketched by this questionnaire? Indicate what use of the condominium you would have in mind?

<input type="checkbox"/> Family seasonal	() \$ 20,000-24,999	() \$ 40,000-44,999
<input type="checkbox"/> Legal residence	() 25,000-29,999	() 45,000-49,999
	() 30,000-34,999	() Could pay more for right house
	() 35,000-39,999	

14. What type of building features would you prefer in the layout of the condominium unit? (choose only one of each of the following sets of alternatives)

Two bedrooms with larger living area or/
 Three bedrooms

Three bedrooms, or/
 Four bedrooms, or/
 Large master bedroom and two 4-bed bunk rooms

Two-story living room with inside balcony, or/
 Living room with beamed cathedral ceiling

Full dining room, or/
 Dining "L" plus family-sized kitchen

Sundeck balcony for living room or/
 Outdoor patio at ground level

Walk-in closets in each room or/
 Large work room plus laundry room in each unit & standard closets

One car garage attached to unit or/
 Two car garage in group parking complex, or/
 Carport and lower price

Central air conditioning or/
 Woodburning masonry fireplace or/
 Gas-log fireplace and window air conditioning unit

Contemporary natural decor with wood and rock materials, or/
 Maintenance-free modern masonry and aluminum exteriors, or/
 Well styled colonial detailing

Extensive outside landscaping, or/
 More floor space in each room

15. Please indicate the number of adults and children who presently live in your household?

Adults (number) _____

Children: Under 6 _____

6-12 _____

13-17 _____

18 & over _____

Age of head of household _____

Occupation _____

Hometown _____

Number of dogs and cats _____

16. Your comments and suggestions _____

Thank you.

SUMMARY OF USERS AND NON-USERS PREFERENCES FOR RESORT FEATURES

Resort Feature	Users		Non-Users		Statistics			Different	
	% Want	% Don't Want	% Want	% Don't Want	χ^2	SNF Level	ρ	Yes	No
<u>Facilities:</u>									
Playground and Equipment	90.3	9.7	75.2	24.8	14.2	.001	.185	X	
Nature Trail at Resort or Nearby	90.7	9.3	94.6	5.4	1.2	.500	.055	X	
Swimming Beach	99.3	.7	98.3	1.7	.2	.750	.020	X	
Swimming Pool	46.6	53.4	82.6	17.4	41.1	.001	.312	X	
General Store	49.8	50.2	95.6	4.4	70.5	.001	.394	X	
Gift Shop	34.1	65.9	74.8	25.2	50.8	.001	.343	X	
Recreation Building	78.0	22.0	79.1	20.9	.1	.750	.005	X	
Dining Room or Restaurant	71.2	28.8	92.9	7.1	20.5	.001	.222	X	
Cocktail Bar	59.2	40.8	75.7	24.3	8.8	.005	.146	X	
Laundry	77.3	22.7	93.9	6.1	14.3	.001	.187	X	
Showers in Cottages or Units	99.0	1.0	100.0	0.0	.2	.750	.021	X	

SUMMARY OF USERS AND NON-USERS PREFERENCES FOR RESORT FEATURES

Resort Feature	Users		Non-Users		Statistics			Different	
	% Want	% Don't Want	% Want	% Don't Want	χ^2	SNF Level		Yes	No
Secretarial Service	5.8	94.2	6.7	93.3	.01	.950			X
Baby Sitting Service	50.4	49.6	52.3	47.7	.1	.750			X
Transportation Service	29.9	70.1	34.3	65.7	.5	.500			X
Resort Policing and Security Program	48.1	51.9	84.1	15.9	38.2	.001		X	
Resort Insect Control Program	82.9	17.1	95.4	4.6	9.3	.005			X
<u>Activities:</u>									
Near Community With Planned Events	74.5	25.5	64.9	35.1	3.2	.100			X
Sightseeing Features in the Area	89.6	10.4	95.7	4.3	3.2	.100			X
Planned and Scheduled Events	38.4	61.6	53.2	46.8	6.5	.025			X
Planned Educational Activities	25.5	74.5	38.2	61.8	5.5	.025			X
Free Choice, Available Anytime Activities	84.3	15.7	93.0	7.0	4.7	.050			X

SUMMARY OF USERS AND NON-USERS PREFERENCES FOR RESORT FEATURES

Resort Feature	Users		Non-Users		Statistics			Different	
	% Want	% Don't Want	% Want	% Don't Want	χ^2	SNF Level	<i>e</i>	Yes	No
Sauna Bath	33.1	66.9	52.3	47.7	11.2	.001	.171		X
Dishwashers in Cottages or Units	28.6	71.4	27.3	72.7	.02	.900	.007		X
Fireplaces in Cottages or Units	74.3	25.7	82.7	17.3	2.7	.250	.084		X
T.V. in Cottages or Units	50.9	49.1	77.7	22.3	22.5	.001	.233	X	
<u>Services:</u>									
Convenient to Hospital and Medical	98.3	1.7	93.0	7.0	5.6	.025	.118		X
Convenient to Attend Church	93.3	6.7	82.9	17.1	8.8	.005	.148		X
Fishing and Hunting Guides	53.5	46.5	55.9	44.1	.1	.900	.016		X
Boats and Motors	90.0	2.0	89.4	10.6	12.6	.001	.172		X
Newspapers Available	87.7	12.3	74.1	25.9	10.1	.005	.156		X
Phones in the Cottages or Units	25.6	74.4	60.7	39.3	41.5	.001	.309	X	

SUMMARY OF USERS AND NON-USERS PREFERENCES FOR RESORT FEATURES

Resort Feature	Users		Non-Users		Statistics			Different	
	% Want	% Don't Want	% Want	% Don't Want	χ^2	SNF Level	<i>p</i>	Yes	No
Fishing Available	98.3	1.7	92.0	8.0	8.1	.005	.139		X
Special Fishing Excursions	56.5	43.5	67.3	32.7	3.3	.100	.094		X
Hunting Available in the Area	44.0	56.0	45.8	54.2	.04	.900	.010		X
Golfing at the Resort or Nearby	67.7	32.3	45.1	54.9	16.5	.001	.198	X	
Water Skiing	74.9	25.1	71.1	28.9	.5	.750	.033		X
Horseback Riding	53.9	46.1	86.1	13.9	34.9	.001	.287	X	
Bicycle Riding	60.1	39.9	79.8	20.2	13.0	.001	.181	X	
Snowmobiling, Skiing, Tobogganing	64.7	35.3	80.0	20.0	7.6	.010	.146		X
Night Entertainment	45.3	54.7	73.5	26.5	24.4	.001	.242	X	
<u>Environments:</u>									
Near State or Federal Highway	89.3	10.7	67.8	32.8	26.1	.001	.243	X	
Near Town, Village or City	96.0	4.0	84.5	15.5	14.9	.001	.186		X

SUMMARY OF USERS AND NON-USERS PREFERENCES FOR RESORT FEATURES

Resort Feature	Users		Non-Users		Statistics		Different	
	% Want	% Don't Want	% Want	% Don't Want	χ^2	SNF Level	Yes	No
On a Lake or River	100.0	0.0	99.2	.8	.2	.750	.024	X
In a Wooded Setting	97.4	2.6	94.0	6.0	1.9	.250	.067	X
In a Landscaped-Community Type Setting	30.8	69.2	27.7	72.3	.2	.750	.023	X
In a Secluded Setting	89.4	10.6	81.3	18.7	4.1	.050	.101	X

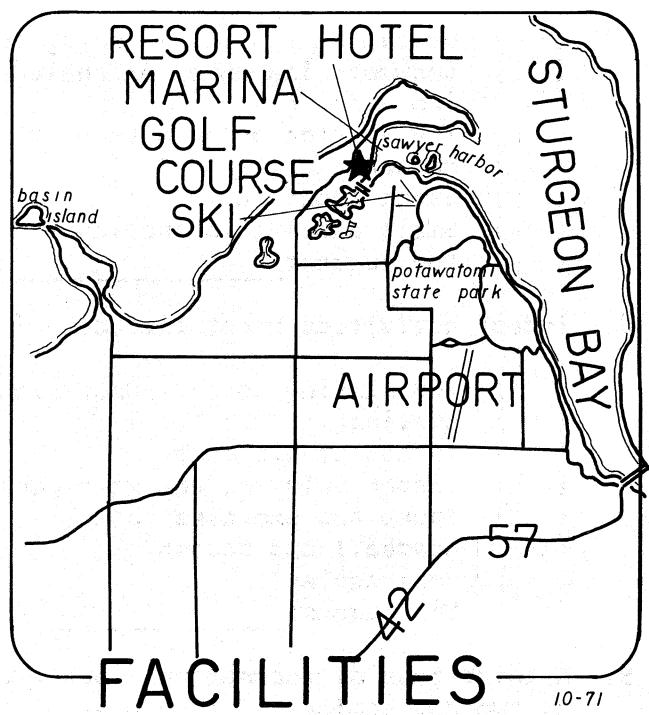
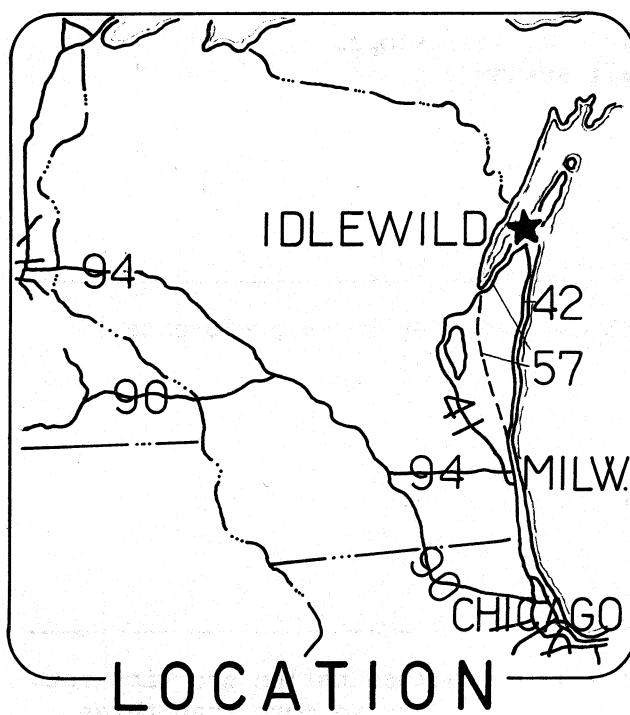
October 13, 1971

Thomas L. Turk

James A. Graaskamp

Dear Sir:

One of our clients is developing a high-style recreational complex at Idlewild on Sawyer Harbor in Door County, Wisconsin. The 1000 acre complex is contiguous to the executive jet airport in Sturgeon Bay, an all-weather yacht marina, and the Sturgeon Bay canal linking Green Bay to Lake Michigan fishing grounds. The east boundary is Potawatomi State Park with skiing and snowmobile facilities.



A resort motel is planned beside the marina and overlooking the first tee of an 18-hole golf course which will also serve 1200 homes and condominiums.

Door County resorts are always filled in July and August. The problem is a modern resort complex must be open the year around to pay the bills. Who needs a resort motel in the fall, winter, and early spring?

One potential use in the off-seasons would be as a retreat for short holidays for rest, relaxation or family outings. To measure this potential, would you help on the following questions to shape design of the new resort at Idlewild? There is no way to identify your response and this letter is not the beginning of a sales promotion. Feel free to comment on the ideas below on the margins.

Professor James A. Graaskamp

1. Have you and your wife taken a brief holiday from your daily routine in a resort hotel in the past two years? Yes No
2. What days of the week do you prefer to have your holiday into the countryside (circle days) S M T W Th F S
3. How many times did you take both your wife and children for an off-season overnight trip to north woods country? _____
4. To which resort areas visited on these jaunts in Michigan, Wisconsin, or Illinois would you like to return? (name specifically) _____
5. In what city and county do you currently live? (city) _____ (county) _____

6. One thing a resort could merchandise is rustic isolation with such features as those suggested below: (please check those which capture your fancy)

() Well maintained paths for walks by the lake shore, the bluffs and woodlands.
() Quiet suites with fireplaces and vistas.
() Small intimate gourmet restaurant.
() The warmth and comaraderie of a small lodge evening party
() You suggest _____

7. Another type of relaxation in the off-season resort might be:
Outdoor activities such as: (check no more than three preferences)

() Fall and spring golfing
() Fall and spring lake fishing for coho and lake trout
() Fall and spring stream fishing for rainbow trout
() Winter skiing on beginning and intermediate slopes
() Snowmobiling on an extensive trail system
() Ice fishing
() Ice skating on an outdoor rink
() Horseback riding
() Skeet shooting
() Small boating in the inner harbor
() You suggest _____

8. Indoor activities might include: (check no more than three preferences)

() Ice skating on an indoor rink
() Curling
() Indoor tennis court
() Indoor swimming and whirlpool
() Sauna and exercise room
() Handball and squash
() Pool tables
() You suggest _____

9. A third type of recreational activity could be adult education programs such as two day seminars for couples on topics like: (check no more than three preferences)

() Boat handling and maintenance
() Gourmet cooking
() Arts and crafts
() Nature schools such as () botany, () bird watching, and () _____
() Environmental awareness
() Real estate investment
() Securities analysis
() Marriage and the family
() You suggest _____

10. In which of the following periods would you consider a resort complex such as Idlewild in the off-season for a family holiday or retreat.

() September-October
() Thanksgiving weekend
() Week of New Years
() January, February, March
() Easter Holiday
() April-May
() You suggest _____

11. Do you belong to a club that takes overnight trips for photography, bird watching, snowmobiling, etc. Yes _____ No _____ Name of club _____
Average number of members on each trip _____.

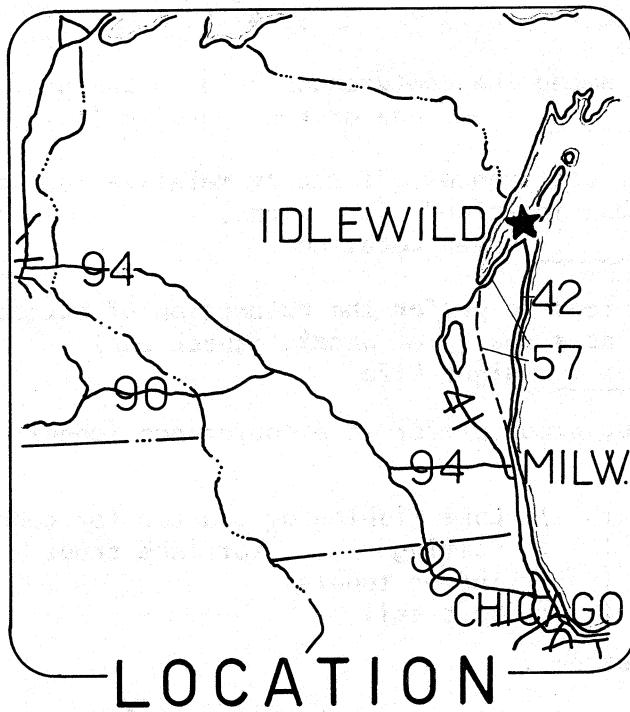
12. What is the age of the head of the household? _____ Was questionnaire filled out by _____ husband, or _____ wife? (check one)

October 13, 1971

Thomas L. Turk
James A. Graaskamp

Dear Sir:

One of our clients is developing a high-style recreational complex at Idlewild on Sawyer Harbor in Door County, Wisconsin. The 1000 acre complex is contiguous to the executive jet airport in Sturgeon Bay, an all-weather yacht marina, and the Sturgeon Bay canal linking Green Bay to Lake Michigan fishing grounds. The east boundary is Potawatomi State Park with skiing and snowmobile facilities.



A resort motel is planned beside the marina and overlooking the first tee of an 18-hole professional golf course which will also serve 1200 homes and condominiums.

The motel will be booked for the July and August season by vacationers in Door County. The question is, who needs it for the other 10 months of the year?

One potential use for the motel complex is business meetings and conferences. We know that you and your firm use this type of facility from time to time. To help us measure this potential, would you please answer the following brief questions? There is no way to identify a response and this letter is not a sales promotion.

Professor James A. Graaskamp

1. How often do you hold a business conference for 10 or more people at:

A. A country club	1	2	3	4	5	6	or more/year
B. A restaurant or supper club	1	2	3	4	5	6	or more/year
C. A motel	1	2	3	4	5	6	or more/year
D. A resort	1	2	3	4	5	6	or more/year

2. Conferences cover a variety of purposes, dates, and groups. Please give us the following information regarding the conferences you have held in the previous year. Fill in the blanks or circle those items when indicated.

A. Executive Strategy Sessions: We have them times a year in the month of (circle) J F M A M J J A S O N D for (circle) 1 2 3 4 5 days and pay expenses for approximately people per conference.

B. Annual Sales or Stockholders Meetings: We have them times a year in the month of (circle) J F M A M J J A S O N D for (circle) 1 2 3 4 5 days and pay expenses for approximately people per conference.

C. Promotion or Incentive Awards for Sale Force: We have them ____ times a year in the month of (circle) J F M A M J J A S O N D for (circle) 1 2 3 4 5 days and pay expenses for approximately ____ people per conference.

D. Product Promotion Where Customers are Guests: We have them ____ times a year in the month of (circle) J F M A M J J A S O N D for (circle) 1 2 3 4 5 days and pay expenses for approximately ____ people per conference.

E. Education or Non-Profit Organization Conferences: We have them ____ times a year in the month of (circle) J F M A M J J A S O N D for (circle) 1 2 3 4 5 days and pay expenses for approximately ____ people per conference.

3. How many different conference sites in the midwest with overnight facilities did your organization use last year? (circle one) 1 2 3 4 5

4. What is your preferred conference site among the conferences held in the past? _____ (name one or two specifically)

5. Would you prefer the greater control of conferences offered by relative isolation to greater convenience of a central urban location? (check one)
Isolation _____ Urban Location _____

6. Would those attending your conferences tend to prefer the relaxation of outdoor seasonal activities or city night life as a change of pace? (check one)
Physical Activity _____ Night Life _____

7. What type of relaxation sports does your group prefer at a conference (check no more than three preferences)

() Skeet shooting	() Lake fishing by charter for coho
() Snowmobiling	() Golfing or lake trout
() Indoor Ice Skating	() Indoor tennis
() Indoor swimming	() Soft ball

8. How much does your firm budget per guest for:
A. Room \$ _____ B. Food & Beverage \$ _____ Entertainment \$ _____

9. What average percent discount have you received from standard room rates at your previous conference location? _____

10. On which days of the week do you prefer to schedule a conference? (circle days)
S M T W Th F S

11. If Idlewild has superior recreational facilities, would you have your organization travel to Door County for a business conference? _____
Keep in mind that Idlewild is:
1 hour from Green Bay by car
2 hours from Fox River Valley by car 20 minutes by air
3 1/2 hours from the Milwaukee Area by car 35 minutes by air
5 hours from the Chicago Area by car 50 minutes by air

12. In which community is your office located? _____

13. Would you personally consider traveling with your family to Door County in April-May or September-October for the coho-lake trout fishing? Yes _____ No _____
For the fall color? Yes _____ No _____

14. Would you personally consider traveling with your family to Door County in January-February for snowmobiling? Yes _____ No _____
For skiing: Yes _____ No _____ For weekend retreat? Yes _____ No _____

15. Do you have any additional comments and reactions to the Idlewild concept?

Thank you.

TOWNE & COUNTRY ASSOCIATES, Ltd. *Real Estate Consultants*

Telephone 608/257-7774

2102 WEST LAWN AVENUE

MADISON, WISCONSIN 53711

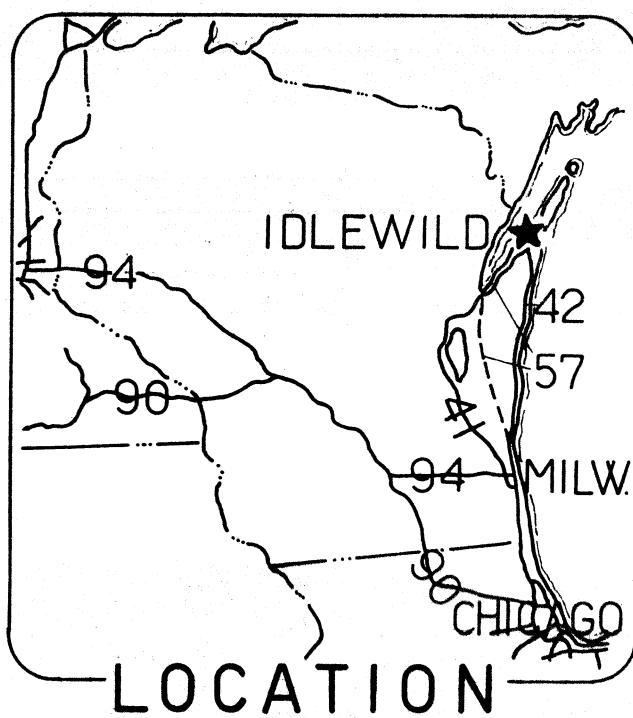
January 3, 1972

Dear Sir:

One of our clients is developing a high style recreational complex at Idlewild on Sawyer Harbor in Door County, Wisconsin. The 1000 acre complex has many resort facilities on a newly reconstructed Idlewid Harbor on the Green Bay side of the Sturgeon Bay Canal. His objective is to sell condominiums and detached homesites for both seasonal and year round use. An all-weather year round yacht marina will be featured in this complex. In addition there will be a golf course and country club with overnight accomodations available to both transient and permanent residents.

To help develop the type of marina that would best serve the Lake Michigan and Green Bay boatsmen we need your response to the following questions.

There is no way to identify your response and be assured that this is not the beginning of a sales promotion. Please feel free to offer any comments you wish at any point in the questionnaire.



1. Do you ever vacation with your boat in Door County?

No _____. Please tell us why not and return the questionnaire. Thank You.

Yes _____. If yes how would you classify your boating holiday?

a. Cruiser: _____. That is, living aboard your boat and moving from one mooring to another very frequently to circulate around Door County and the Green Bay area.

b. House Boater: _____. You live aboard your boat at one or two Door County mooring sites.

c. Shore Boater: _____. You commute with your boat from your homeport to Door County and then avail yourself of on-shore accomodations and recreational facilities.

2. From what town and county do you commute from when your boat is at a Door County location? _____

3. Are you a resident of Door County who lives on his boat during the boating season? Yes _____ No _____

4. As a cruiser would you be interested in:

- Gas & oil _____
- Supplies, Marine or Food _____
- Daily green fee for golf course _____
- Meals ashore _____
- An occasional overnite stay at your mooring site _____

5. What type of boat do you presently own? Power _____ Sail _____

6. Where do you moor your boat in the summer? Marina _____
Location _____

7. Where do you store your boat in the winter? Marina _____
Location _____

8. If you were managing these marinas what two features would you add.
Suggestions _____

What two features do you dislike. _____

9. What features would you need for your boat when moored at our site?
Would you consider the following as necessary?

Golf course _____	Indoor Swimming _____
Fresh Water outlets _____	110 volt outlets _____
Grocery Store _____	Showers _____
Tennis Court _____	Handball Court _____
Fuel & Supplies _____	Exclusive restaurant _____

10. During the boating season, how long do you use the marina facilities in Door County? Entire season _____ About 1 Month _____
About two weeks _____ A few days _____

11. What is your opinion of a marina situated within a total recreational complex complete with a hotel, exclusive restaurant, lounge and swimming pool, golf course, and other recreational facilities?

Great _____ Good idea but not for me _____ Poor idea _____

12. Would the Sturgeon Bay Airport be useful to you for a weekend of boating and fishing? Yes _____ No _____ Possibly _____

COMMENTS: _____

Thank You.

Messrs., Clettenberg & Roberto

- A ROAD - GOLF CONDOS
- B HIGH RISE - GOLF CONDOS
- C SEA WALL CONDOS
- D BLUFF CONDOS
- E IDLEWILD INN - UNASSIGNED
- F BLUFF - UNASSIGNED
- G RETAIL CENTER
- H MARINA
- I RESORT INN
- J MAJOR BRIDGE
- K RETAIL POND
- L LYNX LAKE
- M CEMETARY LAKE
- N INNER KEY
- P CHANNEL
- MAJOR TRAILS
- MINOR TRAILS

