



New Canaan, CT 06840

# **Cove Ranch Master Planning Program Executive Summary**

**Cove Ranch  
Blaine County, Idaho**

**Date of Assessment Completion:**

**April 12, 2003**

**Prepared For:**

**Mr. Charles Spalding**

**MASTER PLANNING DEVELOPMENT SCENARIO ASSESSMENT**

**Prepared By:**

**Global Sporting Advisors**

**Steve Dunn, DIRECTOR- WESTERN DIVISION, SENIOR-  
SPORTING VENUE MASTER PLANNING AND LAND USE LAW SPECIALIST**

**Providing Advanced Development Program Scenario Formation, Market Niche Assessments, and  
Development Assessments Since 2001  
Cell:503.801-6931 Land:203 594-9372**

Property Investment & Development Administration Principals  
Reference: Subject Property Development Program Prospectus-Executive Summary

Dear Sirs:

Pursuant to your inquiry, we are presenting an assessment of the key development scenarios associated with the subject property in the Sun Valley locale. The assessment comprehensively addresses legal (land use, natural and water resource regulation/permitting), physical (natural resource) and financial (market, approval processing, development costs and marketing) feasibility as well as projected net development profits. This presentation is not a solicitation for a fully secured limited investment in the subject property initiative described below.

**PROPERTY ATTRIBUTES:**

The subject property is comprised of 4,592 acres of deeded land, 1,500 acres of land leased from the State of Idaho, and the surrounding 8,000 acres under a grazing agreement with the Federal Bureau of Land Management within the Wood River Valley, Blaine County, Idaho. This assessment presents feasible development scenario's in a context which meets the land use code, natural resource parameters, and profitability goals affecting the property vision. The date of assessment was April, 2001.

This is a complete assessment presented in a synopsis report format. This assessment is intended for the use by designated investment and development principals, but does not represent a complete executive assessment of the property development program.

A copy of a current real estate appraisal provided by an independent appraiser is available, however a synopsis is provided in this executive summary.

**DEVELOPMENT PROSPECTUS:**

PDG have determined that the highest and best development scenarios, which maintain a sustainable development meeting the rural character focus dictated in Blaine County Land Use Policy, require cluster development of the property in a series of Planned Unit Developments(Title 10, Blaine County Subdivision Regulations) or A-10 Cluster Developments (see alternative development scenarios). The Planned Unit Developments (PUD) will be planned around proven market sensitive lifestyles. . Phased over a period of years, all PUD's will preserve the prime rural qualities of the landscape the subject property is situated within, and function within a ten year absorption plan.

**DEVELOPMENT STRATEGY:**

The strategy is to develop a coordinated mix of planned unit developments directly associated with proven nationally recognized lifestyle amenities. The developments are situated within a four season recreational focus. Each PUD will include exclusive access and use of extensive natural and cultural amenities held in corporate ownership, to

preserve all of the prime qualities of the subject property holdings and developed recreational amenities.

#### LIFESTYLE MARKETS:

The lifestyle themes include contemporary western lifestyles in demand by affluent residents to the Sun Valley market. Lifestyle theme clusters include the Aero Village (Air Park/Flying Club Lifestyle focus) with a private airport serving the subject property Air Transit needs, a Cove Links Village supporting a recreational golf lifestyle, an Equestrian Village situated within exclusively accessed ranch holding trails leading into the Pioneer Mountains, a Wilderness Village (exclusive four season access to the upper Basin Pioneer Mountains Amenity focus) oriented towards prime undisturbed lands conserved as prime wildlife habitat and a Winter Sports Complex Village (winter recreational sport focus).

#### LAND DIVISION ATTRIBUTES:

The PUD/A-10 Cluster densities (number of ownership units-200 plus) will meet zoning standards including the bonus density percentage (available for clustering the developments which allows percentage of parcel density increase, to contiguous land within the same ownership) for each underlying zone and the land use overlays on the ranch. The Land Divisions will incorporate pertinent permitted, accessory, and conditional uses specified in the underlying zone, subordinate commercial uses, public facilities, and multi-family housing as per Title 10 Subdivision Regulations, Blaine County Idaho.

The specific schematic scenario for the phased developments, that conservatively meet the Blaine County land use code, are specified in the report.

#### LAND DIVISION SCENARIOS-FOCUS AREAS:

The land division scenario presented by Fritch Associates is assessed in the context of identified Sun Valley Lifestyle scenarios. The specific focus areas of the scenario assessment are the market analysis, land use legislation & regulation interpretation, contemporary destination resort master plan scenarios, prime natural amenities, and financial feasibility. The assessment was conducted from land use law, actual recreational lifestyle market, watershed basin (wildlife migration, hydrology, mountain slope zoning, and water resource permits & supply), master planning, and financial feasibility perspectives.

A synopsis of projected financial profits is attached for your consideration.

This prospectus is not a solicitation for investment nor is it intended as such.

if you have any questions concerning the Development Scenario Assessment, the net

Profit analysis or attached as-is appraisal summary, please contact Global Sporting Advisors, Steve Dunn at 1.541.418.2522

Sincerely,

Steve Dunn, DIRECTOR- WESTERN DIVISION, SENIOR-  
SPORTING VENUE MASTER PLANNING AND LAND USE LAW SPECIALIST  
GLOBAL SPORTING ADVISORS

Global Sporting Advisors  
Subject Property Development Program  
Development Scenario Net Profit Projections

#### INTRODUCTION:

The Ranch Development Program is based on five component development scenarios comprising a full four season lifestyle development mix.

The five lifestyle development scenarios are:

1. Equestrian Village
2. Cove Links Village
3. Aero Village
4. Wilderness Village
5. Winter Sports Village

The five Villages comprise two hundred and one parcels, varying in size from one to five acres. The turn-key housing for the five villages are conservatively projected at minimum conventional custom cost and minimum luxury cost per square foot. The gross profit is figured based upon actual custom and luxury home sales. In the Wood River Valley, as of 2001, luxury involves three variables: price, square footage and quality of materials. Any two lock the third in whatever two is selected.

By current costs of construction in the Wood River Valley, the luxury cost is between \$300 and \$500 per square foot. This assessment utilized the lower per square foot cost of \$300 per square foot. This cost was premised on the marketability of affordable luxury in the Wood River Valley. The largest luxury home recently developed in the Wood River Valley is 30,000 square feet, and the smallest was 1,200 square feet, based on local builders.

The following net profit projections (all acquisition, entitlements processing, infrastructure, marketing and administrative costs accounted for) are broken down for each Village:

1. Equestrian Village (20-1 acres parcels, 20- 5 acre parcels)  
-Parcels- \$5,565,000.

- Turn Key Housing[Custom]-5,700,000.
- Alternate 1. Turn-Key Housing[Luxury]-\$24,000,000.

2. Cove Links (40- 1 acre parcels)

- Parcels-\$4,665,000
- Turn Key Housing[Custom]-8,500,000.
- Alternate 1. Turn Key Housing [Luxury]-\$24,000,000.

3. Aero Village (30-1 acre parcels)

- Parcels- \$5,605,000.
- Turn Key Housing[Custom]-\$3,555,000.
- Alternate 1. Turn Key Housing[Luxury]-\$15,000,000.
- Air Park Hangar Complex-\$5,500,000.

4. Wilderness Village(47-1 acre parcels)

- Parcels-\$5,954,000
- Turn Key Housing[Custom]-\$3,891,000.
- Alternate 1. Turn Key Housing[Luxury]-\$7,900,000.

5. Winter Sports Village(44-1 acre parcels)

- Parcels- \$5,976,000.
- Turn Key Housing[Custom]-\$3,643,000
- Alternate 1. Turn Key Housing[Luxury]-\$5,280,000.

Note: The housing and parcels for the five developments are the minimum proven lifestyle market sizes. The upsizing of aggregate square footages for both elements would substantially increase the return on each village (with a similar absorption timetable given a comparable business/real estate cycle.) The market assessment by both analysts accounts for possible sizing and cost changes and absorption rates. The amenity costs would remain the same, however would become a smaller ratio of overall input costs with an increased size in clustered entitlements/architecture.

NET PROFIT PROJECTIONS (December,2001) COMPRISING THE:

Global Sporting Advisors

Subject Property Development Program

Projected Net Profits:\$46,554,000.

Projected Net Profits: \$99,392,000 with Turn Key Luxury Homes

[Parcels Total Net Profits:\$27,765,000]

[Turn-Key Housing(Custom) Total Net Profits:\$25,289,000]

[Alternate 1. Turn Key Housing (Luxury) Total Net Profits:\$76,180,000.]

[Air Park Hangar Complex Total Net Profits:\$5,500,000]

[Property Acquisition Costs: \$9,000,000]

[Community Wastewater System Costs: \$1,200,000]

[Community Domestic Water System Costs: \$8,000,000]

#### Development Program Scheduling:

The five development scenario schedule is comprised of cascading initiation of approval, development and sell out, starting every year [that is 1(2002) ,2(2003) ,3(2004, 4(2005), & 5(2006)].

The last development sold out on the tenth year of a ten year time table. The selection of the order of development scenarios is dependent on the status of the business cycle/real estate cycle and the market timing of the lifestyle scenario.

Attachment "A"-Independent Appraisal Summary is provided and is fully Credited throughout the PDG Subject Property Development Program Assessment

Attachment "B"-Non-Disclosure/Non-Compete Agreement

#### Investment Account Protection Statement of Participation

Selected Investors in the Development program are assured of full protection of funds invested by a 100% backed interest bearing account assignment. This assignment is established in a fully accredited correspondent American Financial Institution. The assignment account is equal to the total amount of the investor participation and is fully secured for the term of the investment by joint signature agreement and a hold on all forms of dispersal by the financial institution (Details of the account are available upon request). The account security is established at time of participation of the parties, prior to utilization of line of credit funds for purposes of development.

#### Appraisal for the Subject Property

Based upon the \*\*\*\*\*Associates analysis, the fee simple value of the subject property as of May 1, 2000 is:

**TWELVE, MILLION FOUR HUNDRED THOUSAND DOLLARS**

The market value is allocated as \$10,900,000 for the land and \$1,500,000 for the improvements. One scenario of dedicating a conservation easement to a local conservancy has been analyzed. This analysis yielded a charitable contribution of \$5,500,000.



This appraisal comprises the Fritch Associates value conclusion and entire appraisal document including the addenda. Any communication of Fritch Associates appraisal shall include the totality of the appraisal document. Associated tax benefits may be passed to subsequent owners.

#### Final Value Conclusions

The three methods of analysis form a narrow range of value. The developmental analysis provides a credible value indication for a prospective land developer. The comparison analysis does not specifically recognize the added value of subdividing the land but implicitly includes the development potential as illustrated in other sales. The highest and best use of the property is to subdivide the land into smaller ranches and sell the lots to individual owners. The value conclusions of the three methods are presented below:

#### Subject Ranch Value "as is" and "as where"

Developmental Analysis - assuming a ranch subdivision	\$12,500,000
Comparison Analysis - using local acreage sales	\$12,400,000
Comparison Analysis - using regional ranch sales	\$12,300,000

Based upon the above value indications, the "as is" and "as where" value of the Cove Ranch as of May 1, 2000 is correlated to a final value estimate of the following amount:

TWELVE MILLION FOUR HUNDRED THOUSAND DOLLARS  
\$12,400 000

Global Sporting Advisors  
Attachment "B"  
NON-DISCLOSURE  
&  
NON-COMPETITION AGREEMENT

BELOW BETWEEN PACIFIC DEVELOPMENT GROUP  
AND PARTY SIGNING BELOW

I. INTRODUCTION WHEREAS, Pacific Development Group desires engage in a business investment with the undersigned to assist the Company in property acquisition and development, it is agreed as follows:

1. PARTIES TO AGREEMENT. This is an Agreement between \_\_\_\_\_ and Pacific Development Group in which \_\_\_\_\_ agrees not to disclose, reveal, or impart property attributes, development program strategies, acquisition strategies or funding strategies or sources, or proprietary information belonging to said

Company.

2. PURPOSE. The Company divulges pertinent facts in the furtherance of investment in programs in its development management business.

3. TERM. This agreement shall commence on \_\_\_\_\_, 2001 and shall terminate on \_\_\_\_\_.

II. AGREEMENT In consideration of being privileged to having access to above described proprietary information belonging to Pacific Development Group

\* \_\_\_\_\_ hereby agrees not to disclose this information to third parties or use information in any independent business action and to treat this information as a trade secret belonging solely to Pacific Development Group.

Disclosure of Information. The undersigns acknowledges that the Corporations business plans, trademarks, corporate names, missions and development programs, are valuable, special and unique assets of the Company as outlined above.

The undersigned shall not, during or after the term of this agreement, disclose the assets of the Company or any part thereof to any person, firm, corporation, association or other entity for any reason or purpose whatsoever.

In the event of a breach or threatened breach by the undersigned of the provisions of this paragraph, the Company shall be entitled to an injunction restraining the undersigned from disclosing, in whole or in part, the assets the Corporation listed above, or from rendering proprietary knowledge to any person, firm, corporation association or other entity to whom such assets, in whole or in part, has been disclosed or is threatened to be disclosed. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to the Company for such breach or threatened breach, including the recovery of damages from the undersigned

### III. TRADE SECRET/SOLE PROPRIETARY OWNERSHIP

All information relating to prospective properties, development program attributes funding sources and strategies are considered privileged information and such will be treated as trade secrets as well as the sole proprietary property of Pacific Development Group.

IV. ATTORNEY FEES. Should any legal action arise in relation to this Agreement, the Company (Pacific Development Group) shall be entitled to recover its full court costs, expenses, and reasonable attorneys fees.

V. NOTICES.

Any notice required or desired to be given under this agreement shall be deemed given if in writing sent by tied mail to his or her residence in the case of the undersigned or to its principal office in the case of the Corporation.

#### VI. ASSIGNMENT.

The undersigned acknowledges that the information to be rendered by him or her unique and personal. Accordingly, the undersigned may not assign any of his or her rights or delegate any of his or her knowledge or obligations under this agreement. The rights and obligations of the Company under this agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Corporation.

#### VII. STATUS OF THE UNDERSIGNED.

The undersigned is participating in the Company solicitation for investment as a willing, non-partner party and shall be treated as such for such purposes, until such time as by the Company completes an agreement with the signing party. The undersigned will not be considered an investor nor held out as such by the Company unless released to do so.

#### VIII. ENTIRE AGREEMENT.

This agreement contains the entire understanding of the parties. It may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

#### IX. INFORMATION DEFINED

The undersigned party agrees to hold certain confidential information received and hereinafter defined, under:

SECTION ONE. – Pacific Development Group has and maintains certain confidential information including but not limited to the following: confidential client information, information concerning proprietary knowledge, select market venues, property attributes, development program models and strategies, siting models and master plans, pending acquisitions, ideas, specifications, or arts relating to properties and development models and programs and services, as well as financial projections, financing plans, and other business information related to present or prospective business activities of the company. All information, and all documents, records, notebooks, plans, drawings, photographs, and any repositories or representation & of such information are hereinafter referred to as confidential information

SECTION TWO. – Pacific Development Group desires to make available certain of the confidential information for the sole purpose of evaluating said information in reference to investment, and/or to selling an interest in a business venture which relates to such confidential information.

In consideration of the disclosure of any such confidential information to the parties, the parties agree to hold such confidential information in confidence and not to divulge it, in whole or in part, to any third party,

except in confidence to those of Its employees (if any) who require knowledge of the same for purposes for which it has been disclosed to the undersigned. Each of the said employees shall first have agreed in writing to abide by this agreement to maintain confidentiality of such information. The signer further agrees not to use any of the confidential information in any way for their own benefit, except for the purpose specified above, without the prior written permission of the owner.

SECTION THREE - The obligation of the Parties under this agreement shall not apply to information which, at the time of disclosure to the company, is within the public domain or which thereafter becomes part of the public domain through no act or failure to act of the company.

X. EXECUTION

This Agreement is executed on \_\_\_\_\_, 200\_\_ and shall remain in effect until the property information, development program, and market strategies are no longer sole proprietary property and or trade secrets of Pacific Development Group or until Pacific Development Group sends written notice releasing him/her from the obligations of this Agreement, whichever event occurs first.

Undersigned Participant

Signature \_\_\_\_\_  
Signed Date

\_\_\_\_\_  
Signature for Global Sporting Advisors-Date

In witness whereof, the parties have executed this agreement on this day of \_\_\_\_\_.

WITNESS: \_\_\_\_\_

(Signature) \_\_\_\_\_

## **COVE RANCH DEVELOPMENT PROGRAM**

### **SYNOPSIS**

Cove Ranch  
Blaine County, Idaho

Date of Assessment:

March 27, 2001

Prepared For:

### **SELECTED DEVELOPMENT SCENARIO ASSESSMENT**

Prepared By:

Global Sporting Advisors

Suite A, Riverside Drive

Nehalem, Oregon 97131

Land: 503.368.5431

Development

Fax: 503.368.4629

E-Mail: spirithorses@nehalem.tel.net

Providing Advanced

Scenario & Rights Assessment

Services Since 1992

Note: Fritch Appraisal Quotes in Italics

Pacific Development Group

Suite A, Shiffman Road

Nehalem, Oregon 97131

Property Investment & Development Administration Principles

Reference: Development Scenario and Determinant Assessment Cove Ranch, Blaine  
County, Idaho

Dear Sirs:

Global Sporting Advisors

Suite A, Shiffman Road

P.O. Box 301

Nehalem, Oregon 97131

## **Property Investment & Development Administration Principals**

### **Reference:Subject Property Development Program Prospectus-Executive Summary**

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Sincerely,

Steve Dunn