
11 November 2009

1234 Waterfront Way
Coastal City, FL 32043

White & Gold Consulting
686 Cherry St
Atlanta, GA 30332-0160

Dear White & Gold Consulting,

I've run into a bit of a money problem, and I'm hoping that you can apply your mathematical knowledge to help me out. You see, I've got this land I own on the coast of Florida, where the water level keeps rising because of "global warming" or some such thing. I talked to an earth and atmospheric sciences consultant at Georgia Tech a few months ago, and she projects that in 10 years the water will have risen so high that my land will no longer be useful for my cattle ranching endeavors. Fortunately, my social security payments will kick in 10 years from now, so I plan to retire then anyway.

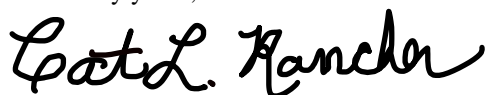
I was planning to keep running my cattle operation for the next 10 years, but then I got an offer from a real estate developer. She offered me \$750 per acre for my land, which she claims is a fair price. However, the impact of the rising water levels is such that I have to sell the land now or I won't ever be able to sell it. They tell me that the rising water levels mean the marina they want to develop there cannot be built on my land if they don't start building now.

I'm hoping that you can advise me on if I should sell my land or keep ranching. In order to do this, I guess you'll need some information from me. First of all, I don't know how many acres of land I have. I did go out and take some measurements of the ranch and have included a map for you. Hopefully you can use that to determine how many acres I own. (I have a house that's away from the land I'm considering selling, so don't worry about me hanging on to part of the land.) A range scientist at the University of Florida told me that ideally I should have 5.2 acres of land for every cow-calf pair I plan to raise. I've got an established herd that reliably produces one calf per cow per year. Each year, I sell all the calves when they grow to be steers and heifers. For the last 20 years, they've averaged 550 pounds each when I sold them.

I live a modest life, and outside of ranching, my annual expenses for 2008 were \$30,000. I don't expect that I'll change my habits much when I retire. In 2008, the direct costs to raise each steer or heifer I sold worked out to be about \$168. Normally, I would invest most of the money I make above my annual expenses and per head costs back into the ranch (upgrading buildings, building new fences, buying new equipment, etc.). However, since retirement is so close, I plan to just save all that money over the next 10 years if I do keep ranching so that I have something other than Social Security to live on. I don't trust the stock market, so I'm pretty conservative when it comes to my investments. I'm happy to have them just keep pace with inflation.

Please help me figure out if it makes more sense for me to sell my land now or keep ranching for the next 10 years. I've given your intrepid instructor some additional information you might need, and he knows how to reach me quickly if you have any questions while you're working on this project.

Sincerely yours,



Cat L. Rancher
