

Talking Points For Slides

Slide 1

I 'm going to show you all a few pictures of the Santa Teresa community...this presentation was put together by Debbie McAllen, Gwyn McClure, and Ginger Dickson...who took a special road trip to Santa Teresa last week to show us what currently exists. For those of you who may not know, Santa Teresa was a country club community that shut its doors and basically abandoned itself in place.

Slide 2

Welcome.

Committee of Six is Andy Philo, Lynn Zeemont, George Ruth, Myrle Schwalm, Lloyd Bates, and Bob Crowley

We have a fantastic opportunity to take control of this very large asset in our midst.

If you could wait until the end for questions it would be appreciated. I believe many of your questions will be answered in this presentation.

Slide 3

Picacho Hills was originally designed to be a Country Club Community. It's on all the signs. It never happened.

We want to be more than that...we want to be a Community Club owned by all of Picacho Hills and the Surrounding Communities.

Slide 4

The Biads are getting out of the Country Club Business.

No qualified investors have shown up yet from the national marketing effort made by the Biads.... It's been 8 months. The main reason for no interest is that the club operates at about breakeven.

One investor group showed up from Dallas. They have no money. Not a viable candidate.

No local investor group has been formed to our knowledge.

We believe a purchase by an investor OR group of investors is unlikely.

We need to start making alternative plans....Real plans that we can control...and bring to fruition. The time for waiting is over....

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We need to stay focused on what our realistic options are. There will be many attempts to come up with alternate strategies that will end up being mere distractions. We will attempt to get you all up to speed as quickly as possible as to the facts so that we can make a sound, long term decision.....

We need to get to a real decision point quickly.

I believe there are only two realistic options on the table...We purchase the club or the Biads begin selling off the club assets....In effect, liquidate the club.

Remember folks, the Biads are getting out of the Club business...one way or another.

Slide 6

We are at the interest gauging stage of things. This process of deciding whether the residents of Picacho Hills and the community at large are interested in purchasing the club is the first step in an important journey. We are not selling anything right now. To go forward and spend the amount of time and money necessary to get an organization you could join and then have that organization funded enough to purchase the club requires that we know how much interest there is in the community.

The initial legal fees alone will be \$50,000....regardless of whether the effort to purchase the Club is successful. The amount of volunteer time to market to Picacho Hills and the Community will also be great.

So, tonight we are only talking about the vision this committee of 6 has for a long term solution to ensure we have a viable club in our neighborhood we can all be proud of. Right now we need to focus on how to structure the purchase of the club.

If the club is purchased by the community, then all the operational issues will arise and be dealt with by the members. So, this is a community meeting to look at an organization to purchase the club only...operational questions are not relevant to the discussion tonight.

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So, the elephant in the room is what are the Biads' alternatives to owning the club. One is the liquidation value.

Water Rights

The assets owned by the club easiest to value are the water rights. The club has 600 acre ft. of irrigation water rights with a 1960 priority date. \$3500 per acre ft. is a conservative price in the current market. That gives a conservative value of 2.1 million for the water. There is an established process in place to sell water rights. It can be done.

The Land

You can all speculate what the 160 acres of land might be worth given a D3 high density residential zoning classification. That's right, all the golf course land is zoned high density residential... condos, garden homes, apartments...up to 45 feet high.

The Building

You all also can speculate what the Clubhouse, tennis courts and pool are worth.

You should be getting the idea that the club is worth a considerable amount if sold off as pieces and not as a club.

The Biads are asking \$2.8 million from the community to purchase the club.

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We want a community Club to come out of all this. We want it to become the community club it was originally designed to be.

We propose to create a non-profit entity called the Community Club of Picacho Hills.

It will be a membership organization- - organized and funded to acquire, improve and operate the Club as a center piece of the community. It will be more than a golf course. It will be where you will come for activities, recreation, social functions, meetings, community group gatherings etc. You will be proud of it.

To do this will require your checkbook. That's right your checkbook. We do not see anyone showing up and solving this problem for us. We are the ones who will get this done. Us and us alone...

For example, we believe we could need to raise as much as 4.6 million in total...2.8 to purchase the club...1.3 million in improvements to be determined by the membership should this happen...and a 500,000 working capital fund to operate the day to day business for years to come. We want to properly capitalize this at the beginning so that there will be no need for additional calls on the members to contribute funds. We want to do this one time and do it right for the long haul.

This solution relies on widespread community support. No longer will this be someone else's club that we go to...this will be our club and our responsibility to operate, support and maintain.

Slide 9

This what a membership might cost. The actual amount of a membership will depend on the level of community support and the amount of money to be raised. It is simple mathematics.

For example, if all 925 residents of Picacho hills purchase a membership for 5000 we would raise 4.6 million. If less than that purchase a membership, then the price per membership goes up....or the total funds raised goes down.

At a minimum we believe we need to raise in excess of \$4 million to ensure our ability to do what needs to be done and to ensure the long term success of the club.

We will endeavor to set up relations with several lending institutions so that if you want to finance your membership you will likely be able to do so with a bank or credit union. The club will not be a financial institution offering payment plans for memberships.

Realistically we are looking at a membership cost of \$6-7 thousand or so. If \$6-7000 is not possible we need to know that tonight. This will be a large task to accomplish. To grow big, we must go small....this will be a street by street, house by house kind of a campaign...I'd like to think it can be done...to make a Community...I'm not kidding myself that it will be easy... I'm not kidding you that it will be easy...If the group in this room doesn't think we have a realistic shot at doing this then we believe we are finished.

Liquidation is likely next, absent a miracle

Slide 10

We have proposed the following. **This is simply our proposal.** The members will be in charge of determining dues structure etc.

All memberships have an equal vote

Memberships will be transferable/saleable **with** restrictions.

We envision, in broad terms, 3 membership categories. Each requires the same membership purchase. Each will have different Dues. Each Membership category will require an annual election. These membership categories will be subject to much discussion at a later date and certainly after any purchase takes place:

Dining only membership....no dues (or nominal dues) but a monthly food minimum---maybe \$50 a month

Sports membership- dining privileges plus tennis court, Pickleball, swimming pool and driving range. Possibly the ability to play golf for a fee...a few times a year.

- Monthly dues similar to a social membership today

Golf membership- all the above plus golf. Same as it is today.

- Monthly dues similar to today.

Dues structure cannot be guaranteed but it would appear that current dues structure is adequate. Could be slight adjustments

Slide 11

There has been much discussion about what a closure of the club will do to your property values. Santa Teresa is an example that you all might want to investigate. I can state with certainty that closing the club will not make your property values go UP! We can argue about if and how much they might go down. Certainly those with houses on the golf course will be impacted the greatest. If Santa Teresa is an indication, it is likely that the impact will be felt far from the club house as well.

This purchase opportunity before us **should be embraced** by the community. If there is widespread buy in, we can resolve the cloud hanging over us and set in motion a Community Club that will be responsive to the needs of this community, readily meet the needs of the community, and be under the complete control of the community for a very long time to come. Let's get together and put in place something to be enjoyed by all that brings a smile to our face and brings great pride to our community

Slide 12

We need each household OR potential member to fill out the card that was on your seat and drop it into the box upfront. We need you to indicate whether you are interested or not interested. This is not a commitment of any kind. It will provide us with feedback as to whether we have sufficient support and interest to go forward. Proceeding to the next step will be expensive and time consuming. Without a significant showing of support tonight, the committee of six will likely cease to go forward and not spend any more time or money on something that has no real chance of success.

We would also ask that if you are interested in purchasing the club whether you would also be willing to volunteer to help with any membership effort going forward. Going forward into the community will require much effort....We envision breaking the tasks into many small pieces so that we can contact as many people as possibleas quickly as possible.

Thank you all for coming.

Questions