

QUESTIONS BEING ASKED WITH MUD INVOLVEMENT

Before getting into the frequent questions we have heard and our replies, we want to thank everyone again for their outstanding level of commitment to Our New Club. Remember as we stated in the organizational meetings, this is a turn-around/fixer-upper that will take time and we want to have a first-rate golf club in our backyard. We are going to achieve this with hard work and your continued support.

Questions and Concerns:

Why should I continue to invest in The Club at Pecan Grove since the MUD is buying the property? Why do I want to put money up, when other people in the MUD can play the course for a fee?

The main reasons for your continued support and involvement as Premier Members are:

#1. CONTINUED DESIRE TO HAVE A MEMBER OWNED CLUB

From the very onset of this effort, we desired a member owned, focused, and controlled club. The Board rejected the idea of the course going with another corporate owner, where we lose control of the club, as we have for the past 5-7 years. We want the MEMBERS to control the club and your commitments demonstrate the member owned plan is what the group wants. If members withdraw their support, then we will not be in control, and we will be in a similar boat as we are now likely continuing the downward spiral. Putting it bluntly, a member owned club cannot happen without Premier and Founding Member support.

It is important to point out that the MUD must comply with its regulations in all its activities, including this club purchase, and some might view some of these requirements as a cost or negative of their funds. For example, the MUD will create a community center, so it will be responsible for the pool and gym, with the tennis courts operating like they are now, providing dedicated time for league play, lessons, and advance court reservations for members. As for the golf course, it is already agreed that the MUD residents can play for a fee, providing the Club with cash flow **IF and ONLY IF** there are open tee times that day! Every golf course has available times when no one is playing, so why NOT let MUD residents play and generate fees, use the bar and restaurant; they might even agree to join the Club with the wonderful experience we will provide! This is NOT a “bad thing” and should be viewed as a ‘cost’ well worth paying for having our member owned club. Lastly and to be clear, the MUD cannot buy ‘golf assets’ like membership rolls, inventory in the pro shop, course, and cart equipment, etc. Thus, The Club is going to buy those in a separate transaction.

Importantly, Equity members will receive significant benefits for their support: Reduced dues, advanced tee time booking, lower cart fees, transferability of ownership, voting rights for the Board, plus discounts on food, drinks, and pro shop merchandise.

#2. EASES FINANCIAL ASPECTS OF THIS TRANSACTION – NO DEBT TO PAY BACK

Please go back and look at the original presentation. We were looking at borrowing from banks and Founding members at least \$3,045,000 of debt which would cost the Club approximately \$250,000 a year (over \$20,000 a month) in interest which would reduce cash available for improvements and operations. Further, the Club would be strapped for cash for unplanned costs since the line of credit would be significantly drawn down while also having to repay the debt. The MUD option eliminates these payments and allows us to put 100% of our capital into improving the course, clubhouse, and hiring the needed staff.

#3. SOLIDIFYING THE PROPERTY VALUES IN OUR SUBDIVISION

Everyone understands that creating a great club and course will help the values of homes in this area. We do not want Pecan Grove to turn into a Quail Valley where values plummeted, and this plan clearly supports the value of our homes. Importantly, the Premier and Founding memberships can be transferred with the sale of your residence. Realtors will tell you, having a community center with a pool and activities is what home buyers are seeking and the MUD transaction provides these amenities. Needless to say, a nice golf course will help too!

#4. THE NEW CLUB BUILDS VALUE DUE TO THE CASH FLOW AND LIMITED EQUITY MEMBERSHIPS

Some believe that not owning the dirt and land the course sits on means we cannot create value for the equity members. That is far from the truth! Many businesses are built on leased land, and such businesses sell for substantial amounts. The Harris County Sports and Convention Corporation owns NRG Stadium. However, The Houston Texans lease it to play their games. The Texans have increased several multiples in value since their inception, but they do not own the field they play on, practice facilities or the offices they work out of. However, they do own their ability to generate cash flow. If we get this club moving forward as we plan, the cash flow would be of value and more people will come and join here and buy a membership. DO NOT BUY this membership thinking you will make money. Buy it for the enjoyment of the club, golf course and facilities just as you have in every other club you have joined. There could be an upside, but do not plan for it nor expect it.

The lease will be long term in nature and renewable at the Club's option. In the unlikely event the MUD wants to operate the club at the end of a lease term, the MUD would reimburse The Club at Pecan Grove for its land improvements. In effect, our capital improvements are ours and hold their value. If the MUD were to assume control of The Club, the money will be returned to the equity members.

The Board will limit the number of equity memberships to allow for value creation. It is not right to offer memberships in the future to new equity members at the same valuation as those of us that commit to The Club today.

CONCLUSION:

As noted in the general meetings, this is a once in a generation opportunity to change the direction of The Club and for members to be in total control. Furthermore, there are many reasons to continue to be involved and maintain your Founder/Premier memberships:

- Building our member owned club – the ultimate goal we set out to achieve.
- Discounts on dues, cart fees, food, beverage, and merchandise,
- Advance registrations for tee times and special events days in advance,
- Voting rights for Board of Governors,
- Ability to transfer ownership of the membership through your home or sale,
- Solidifying property values by eliminating unknowns about the course,
- Attend member only social events like member guests, etc.

Some who did not initially join over their concerns about the debt level on the Club without the MUD, have now committed to join. Others welcome the MUD involvement due to the elimination of the debt and having it create that community club feel.

Please do not hesitate to contact us in person with further questions or concerns or at info@TheClubatPecanGrove.com. We want you all to remain committed to our new Club. THANK YOU again for your continued support.