Something For Everyone

THE Sonoran CLUBHOUSE RENOVATION PROJECT

DESERT MOUNTAIN
ENHANCING THE FITNESS EXPERIENCE

To accommodate the high demand placed on the Sonoran Fitness Center on a daily basis, the proposed renovation project will add more than 17,659 square feet to the existing facility. Plans call for the expansion of the fitness training room, the addition of group exercise classrooms, poolside family locker rooms and restrooms, enhanced spa and salon space and increased parking. In addition, a casual, quick serve cafe concept will support Desert Mountain’s commitment to a healthy lifestyle, enhance the Desert Mountain fitness experience and ensure the club’s vibrancy in the years to come.

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SOMETHING FOR EVERYONE

This member-driven project addresses the high demand requirements for the expansion and improvement of:

- Fitness and Training Areas
- Group Exercise Classrooms
- Spa
- Youth Activity Center
- Locker Rooms
- Pro Shop and Boutique
- Parking

And the addition of:
- A Quick Serve Cafe
- Manicure/Pedicure Salon
- Gathering Spaces
- Poolside Family Locker Rooms
As club President, it’s always a challenge trying to compose a message that resonates with 2,000 of my fellow members and their families. Explaining to you why our club needs to spend your money on expanding and updating an aging club facility is quite another story.

Why do we need to expand the Sonoran Clubhouse? The answer to that is really quite simple. First and foremost, 60% of your fellow members consider this Desert Mountain’s top capital improvement project, as indicated by the results of the most recent member survey conducted in 2012. Those respondents clearly recognize, that in order to maintain our reputation as the finest residential golf community of its kind, it takes more than just proclaiming it.

Our club celebrated its’ twenty-fifth anniversary just two years ago. As private club life has evolved over that time, a number of the growing inadequacies that come with age have become increasingly noticeable. Conducting fitness classes in the former Sonoran restaurant and the absence of a casual, take-out dining option are just a few examples of not being able to deliver a first class, up-to-date club experience for you, your family and guests.

In addition to the responsibility for governance of current operations, the Board would be negligent by not examining market trends and identifying what is needed to secure our club’s future success and well-being. There are numerous horror stories of private clubs with aging memberships that decided to hunker down, maintain the status quo and spend little or no money on additional amenities and updated facilities. Many of these clubs have been forced to close, allow public access to continue surviving or simply sell off to a third party. In contrast, clubs on the East Coast such as Boca West, Bonita Bay Club, Johns Island and Addison Reserve have chosen to invest in upgraded facilities and are flourishing. Closer to home, Toscana and The Vintage in Coachella Valley are experiencing similar results.

The good news at Desert Mountain is that we are beginning to see momentum in our membership sales due to our recently revised Membership Resale Program. New members have chosen to join Desert Mountain, in large part, because of our expanded amenities such as the hiking trail system and the possibility of a newly expanded Sonoran fitness center. This validates our market trend research that today’s new private club members and their families are focused on health and fitness, spa services and other family-oriented offerings, not just a great golf experience.

I encourage you to take the time to read through this brochure that includes floor plans, renderings, financials and details regarding the voting process to come. The decision to expand and upgrade the Sonoran is a watershed moment in the lifecycle of our club. Of course, everyone’s individual circumstances will dictate how they feel about this project in particular and, more broadly, their Desert Mountain membership. As one member put it, “It would cost me more to paint my house than to contribute to renovating the Sonoran. Upgrading it is long overdue and it’s going to help the value of my house more than a new paint job.”

Desert Mountain is a unique and special place. This proposed project will enhance the first-class experience you should expect from your membership, preserve the club’s standing in the marketplace and maintain a healthy influx of new members, all necessary ingredients to the well-being and future of our club. Your vote will determine whether you believe, as does your Board of Directors, that the Sonoran expansion is a necessity and not an option to achieving that goal.

Paul Wutz
President

“The decision to expand and upgrade the Sonoran is a watershed moment in the lifecycle of our Club.”
MESSAGE FROM THE SONORAN WORK GROUP

The Sonoran Clubhouse expansion is a project by the members and for the members.

For the past several years, you have told us, through town halls, multiple focus group meetings, comment cards and the 2012 member survey, that an expansion and upgrade of our fitness facility was the number one priority improvement that would enhance your Desert Mountain lifestyle experience and maintain Desert Mountain’s world class brand. Actually, as many of our long-tenured members know, there have been discussions and plans to remodel and/or expand this facility since 2003.

Sixty percent of 2012 member survey respondents rated the expansion and modernization of the Sonoran our most important needed improvement in the years to come. With this finding, the Board of Directors formed a Sonoran Steering Committee comprised of four board members and 13 Desert Mountain members. The Committee provided input to the Board and senior management on the recommended improvements to the facility’s design and functionality. In fact, much of the input can be found in the pages of this informational brochure. The need to renovate was confirmed further at a series of member focus groups held in 2013 and, most recently, several office hour and update sessions earlier this year.

Please take the time to review this brochure to gain a better understanding of the new design and its functionality. This project greatly enhances and creates a rejuvenated fitness experience that will help retain Desert Mountain’s viability in the private club industry and add to the value of your membership while attracting vibrant, new members in the years to come.

SONORAN WORK GROUP
Chuck Harrison, Chairman
Bob Borsch
Roger Dunbar
Harold Eastridge

SONORAN STEERING COMMITTEE
Janet Arbesman
Barbara Ausick
Ron Benveniste
Frank Brown
Kevin Carroll
Paula Casey
Bob Dupree
Lee Garcia
Kerry Glicken
Peggy Graham
David Kaplan
Al Sharpe
Ralph Yohe

“The Sonoran Clubhouse Expansion is a project by the members and for the members.”
If you have read the preceding letters from the President and the Sonoran Work Group, you know why the Sonoran Clubhouse should be expanded and how that expansion will take our present facility from merely a place to work out to a complete lifestyle experience. In this joint message, we’d like to describe the special features that will make that lifestyle experience a superior experience for everyone.

In many informal conversations we have had with members about how the Sonoran should look, feel and function, you overwhelmingly asked for the WOW factor. And from the moment you enter the new Sonoran, it doesn’t disappoint. A massive new fireplace and gathering space provide a welcoming backdrop for the first of many areas for members to meet and gather. Past the reception desk, you can take in panoramic views from two perspectives: the grass tennis court down to the Valley and over the family pool up to Lone Mountain.

The amenities have been carefully designed to provide comfort and to make your visit to Sonoran a special experience every time. Our fitness and training space will increase 64% over the existing space. The square footage of the new group exercise area will increase 159% to ensure that classes will not be overcrowded, to enhance your classroom workout and to comply with international fitness standards.

For the first time in our history, we will be able to say that the new Sonoran will offer a true spa experience. We visited many spas at clubs and resorts in the Valley and the Southwest to research size, ambience and amenities before meeting with our architects. As a result, five massage rooms and one aesthetician room as well as private locker rooms and waiting rooms have been added. The entire spa area will feature a chic, contemporary look that promotes a tranquil feel through the use of glass tiles, stone, subtle lighting and succulent plants.

To be as cost efficient as possible, the Sonoran expansion will largely utilize the existing construction footprint of the current Sonoran Clubhouse. The expansion encourages members to use the Sonoran, not just for workouts or massages but as a place to meet friends in an engaging setting. The new design allows for people to gather comfortably at one time in several areas designed for just that.

One of these areas designed especially for socializing over coffee and pastries with friends or a quick stop over for a healthy lunch or early dinner is a new quick serve café which will offer indoor and outdoor seating, to-go service and menu items ranging from an early morning bite to late night snacks. It’s a stopping off point when walking your dog or a “fill ’er up” spot on the way to hike one of the trails at The Ranch.

For Desert Mountain’s children and visiting grandchildren, there will be an expanded Youth Activity Center for seasonal camp weeks and special events space. The children’s grass play area will be quadrupled and more private and convenient family locker rooms have been added.

The renovation will also provide a controlled and secure entry to the center to ensure usage by only members and their authorized guests. This helps to solve the top complaint by members who currently use the Sonoran facilities.

As you can see, the new Sonoran will finally be a world-class amenity worthy of the Desert Mountain brand. It has been thoughtfully designed to offer comfort, value, convenience, security and above all, a lifestyle experience for members and their guests. There truly is something for everyone here.
YOU SPOKE, WE LISTENED

2012 MEMBER SURVEY

The results of the most recent membership survey conducted in 2012 indicated that 60% of respondents supported the expansion of the fitness and exercise facility at the Sonoran Clubhouse and considered it the Desert Mountain Club’s top priority improvement.

In written comments, members expressed their feelings that the current facility must compare with or exceed industry competition and that failure to make improvements does not support wellness nor does it help to attract new and younger members. In addition, many members indicated that the existing fitness offerings do not reflect Desert Mountain’s reputation as one of the finest clubs in the world.

PROVIDING VALUE

Today more than ever, members expect to get the greatest return on their investment in a private club. This means continually renewing and reinvesting in our amenities. If an important amenity does not pass the satisfaction test among the members, the club must fix the deficiency to keep values up, keep members happy and ensure the club’s success now and in the future.

NEW AND POTENTIAL MEMBERS

Since Desert Mountain’s entry into the private club market, we have developed an international reputation for an unparalleled golf experience. But the traditional golf club model is evolving. A younger demographic with different lifestyle needs is shaping a new private club dynamic.

Many of the 300+ members who have joined the club since 2011 have inquired about an expansion of the group exercise classroom—specifically more space, expanded spa services, additional classrooms and poolside family locker rooms.

The expansion of health and fitness centers is listed among the top 10 drivers of new memberships today. The growing popularity can be attributed to a new generation of private club members who are more family-focused and health conscious. In addition, women play a significant role in the decision to join a club in today’s marketplace. It is critical that their wants and needs (and by extension, their families’ needs) be met.

PBMares, one of the most influential consulting and accounting firms in the country, cites the new target demographics for private clubs, including Desert Mountain:

• Adults 35-50
• Families
• Sports Enthusiasts (fitness, tennis, swimming, outdoor recreational pursuits)

Desert Mountain will always be about the unparalleled golf experience but we must continue to evolve with new recreational amenities that reflect the changing tastes of the market.
### THE PROJECT OVERVIEW

This exciting new project will feature:

- Expanded Fitness and Training area
- New and larger Group Exercise space
- Enhanced Spa with new Manicure/Pedicure Salon
- New quick serve Café

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<tbody>
<tr>
<td>Expanded Men’s and Women’s Locker Rooms</td>
<td>New Poolside Restrooms</td>
<td>Expanded Youth Activities Center</td>
</tr>
<tr>
<td>New Poolside Family Locker Rooms</td>
<td>Remodeled Boutique</td>
<td>Expanded Indoor and Outdoor Gathering Spaces</td>
</tr>
<tr>
<td>Expanded Children’s Grass Play Area</td>
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![Image of club lounge area](image-url)
## Sonoran Renovation by the Numbers

<table>
<thead>
<tr>
<th>Location</th>
<th>Current Square Footage</th>
<th>Renovation Plan Square Footage</th>
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</thead>
<tbody>
<tr>
<td>Facility Total</td>
<td>24,980</td>
<td>42,639</td>
</tr>
<tr>
<td>Fitness/Training</td>
<td>5,185</td>
<td>8,520</td>
</tr>
<tr>
<td>Group Exercise</td>
<td>2,720</td>
<td>7,040</td>
</tr>
<tr>
<td>Men’s Locker Room</td>
<td>1,153</td>
<td>1,600</td>
</tr>
<tr>
<td>Women’s Locker Room</td>
<td>1,115</td>
<td>1,600</td>
</tr>
<tr>
<td>New Family Poolside Locker Rooms</td>
<td>—</td>
<td>320</td>
</tr>
<tr>
<td>New Poolside Adult Restrooms</td>
<td>—</td>
<td>90</td>
</tr>
<tr>
<td>Snack Bar/New Quick Serve Cafe</td>
<td>1,004</td>
<td>3,877</td>
</tr>
<tr>
<td>Spa Area</td>
<td>692</td>
<td>5,416</td>
</tr>
<tr>
<td>Youth Activity Center</td>
<td>449</td>
<td>1,000</td>
</tr>
<tr>
<td>Children’s Grass Play Area</td>
<td>7,500</td>
<td>27,000</td>
</tr>
<tr>
<td>Parking Spaces</td>
<td>161 spaces</td>
<td>+/- 214 spaces</td>
</tr>
</tbody>
</table>
As the family hub of the Desert Mountain Club community, the new Sonoran Fitness Center has been designed to provide spacious and comfortable training and gathering space for members, their families and guests.

- Expanded fitness and training space
- Five group exercise classrooms including: Spin, Pilates, two general fitness and one functional training
- Spa with six treatment rooms and manicure/pedicure salon
- Poolside family locker rooms
- Men's and women's locker rooms
- New quick serve café
- Pro shop and boutique
- Expanded Youth Activity Center

**COLOR KEY**

<table>
<thead>
<tr>
<th>Color</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue</td>
<td>Spa/Manicure/Pedicure Salon</td>
</tr>
<tr>
<td>Pink</td>
<td>Group Exercise</td>
</tr>
<tr>
<td>Light Pink</td>
<td>Men's/Women's Locker Rooms, Family Locker Rooms, Restrooms</td>
</tr>
<tr>
<td>Light Green</td>
<td>Cafe</td>
</tr>
<tr>
<td>Orange</td>
<td>Fitness/Training Space</td>
</tr>
<tr>
<td>Green</td>
<td>Youth Activity Center</td>
</tr>
</tbody>
</table>
The fitness and training space will increase in size from 5,185 to 8,520 square feet and will provide greater comfort and safety and an enhanced fitness experience.

Other enhancements to make your workout more enjoyable are expanded free weight and stretching areas, individual TV monitors on the cardio equipment and panoramic views of the Valley.
The renovation project will take the group exercise class space from three classrooms to five and from 2,720 to 7,040 square feet:

- Five classrooms average 1,308 square feet
- Total expanded classroom space is 159% larger over the existing space
The redesigned spa will provide a luxurious resort-style experience featuring:

- Six treatment rooms
- Men’s and women’s locker and spa waiting rooms
- Two manicure and pedicure stations
- Full retail shop
- One hair station
Families will enjoy new, modern locker, shower and restroom facilities with convenient access to the pool. Parents and children no longer need to walk to the men's and women's locker rooms. Poolside adult restrooms will be offered but are not shown.
EXPANDED MEN’S AND WOMEN’S LOCKER ROOMS

WOMEN’S LOCKER ROOM
- Expanded 38% in size
- Adding two showers
- Increasing the size of the steam room
- Adding 2 sinks for a total of 6
- Adding 2 toilets for a total of 6
- Adding day lockers for keys, purses and small items

MEN’S LOCKER ROOM
- Expanded 38% in size
- Adding two showers
- Adding 3 sinks for a total of 6
- Adding 2 toilets for a total of 6
- Adding 2 urinals for a total of 4
- Adding day lockers for keys and small items
Filling a gap among Desert Mountain’s dining options is a 72-seat “quick serve” or “to go” café and coffee bar similar to a Paradise Bakery concept. It will offer a full hot and cold menu of healthy items including soups, salads, sandwiches, bakery goods and other offerings from an early morning bite to late-night snacks. Indoor and outdoor seating will be available. Proposed hours of operation are 7 a.m.-9 p.m. The design and location make it a convenient place for members, family and friends to gather for a light meal, make a quick stop to pick up dinner to go or to enjoy coffee and dessert.
At the new Sonoran Fitness Center, the staff can help members plan and schedule a variety of outdoor activities to be offered at The Ranch in Desert Mountain’s northern elevations (scheduled to open in November 2014), as well as outside the gates.

These include:

- **Private horseback rides at The Ranch**
  - On designated horse trails
  - Designed to match any level of riding experience
  - Originating at the corral on The Ranch property
- **Small parties and picnic gatherings at The Ranch ramadas**
- **Hiking on our private trails system**
- **Hiking on the nearby Tonto National Forest trails**
- **Hiking and camping in Desert Mountain’s “outback” on the northern property**
  - Interpretive hikes
  - Luxury camping with bathrooms, showers, hot/cold water, chef-prepared meals
  - Day camps
  - Corporate events

This service will add a new dimension to Desert Mountain’s existing events and activities calendar. Additional activities will be offered as they become available at The Ranch.
It is anticipated that construction on the new Sonoran Fitness Center will take 16 months to complete. Plans call for the start of construction in early 2015 and completion in the summer of 2016.

The construction schedule will be phased so that members are not overly inconvenienced:

**FIRST PHASE**  
New parking lot

**SECOND PHASE**  
South building and breezeway

**THIRD PHASE**  
North building and courtyard

When the second phase of construction on the south building and breezeway begins, the existing overflow will move to the north building. When third phase construction starts on the north building and courtyard, activities, equipment and classes will permanently shift to the south building, thus alleviating the need for a temporary structure during all three phases.
PHX ARCHITECTURE

PHX Architecture is a strong team of diversely talented professionals who provide a variety of architectural services to clients in the West and Southwest. The firm focuses on providing unique and exceptional designs suited to each client’s needs. Principal Erik Peterson is no stranger to Desert Mountain having served as the lead architect on the design of the Apache, Chiricahua and Outlaw clubhouses while employed at H&S Int'l., an architectural firm in Scottsdale founded by prestigious architect Bing Hu. Some of the firm's most notable projects include: A remodel of Pebble Beach’s 50-year-old Club XIX Restaurant at The Lodge at Pebble Beach as well as The Bench restaurant and patio; the clubhouse renovation at the renowned PGA West Stadium Tournament Golf Course in La Quinta, Calif.; the Range House at the practice park at Seven Canyons golf community in Sedona; The Ritz Resort & Residences in Paradise Valley and J.W. Marriott's Camelback Inn Resort addition in Paradise Valley. PHX Architecture has also designed many upscale classic and contemporary residential homes in Desert Mountain's Saguaro Forest village, in Paradise Valley and north Scottsdale and the western U.S. Currently in design is an 8,000-square-foot home in Saguaro Forest featuring a mix of traditional and contemporary styles.

EST EST DESIGN

Est Est, Inc. was established in 1959 and is the oldest interior design company in Scottsdale. The award-winning firm is recognized in the local, residential and commercial fields, in addition to its roster of private clients and contract projects throughout the United States, Europe and Mexico.

Est Est is composed of ASID- and NCIDQ-certified interior design professionals and support staff, who offer a rich mixture of ideas tempered by comprehensive experience. As a full-service interior design company, Est Est is recognized for its detailed material specification manuals and comprehensive design drawings. It has its own CAD department and plotting capabilities in order to handle every aspect of a job in-house. Est Est’s design studio also features the largest resource library in the western region.

Clients have included the Royal Palms Resort in Phoenix, Arizona Biltmore, the Arizona Restaurant Association and a variety of model homes for some of the most respected home builders in the Valley.

HATCH DESIGN GROUP

Hatch Design Group of Costa Mesa, Calif., is the lead interior designer for the Sonoran’s new quick serve café concept. The firm’s expertise ranges from fine dining restaurants, internet cafes, fast casual restaurants, country clubs, retail space and more. The firm’s history at Desert Mountain extends back several decades. Hatch completed the interior design for the Apache, Chiricahua and Outlaw clubhouses and the earlier remodels of the Sonoran Clubhouse. Hatch is celebrating 43 years in hospitality design and has provided interior design services for upscale clients in Phoenix, California, Hawaii, Florida, Boston, New Jersey and other locations.

KITCHELL CORPORATION

One of the most prominent construction companies in the western United States, Kitchell was the contractor on the original Sonoran clubhouse built in 1993. Kitchell offers general contracting, project and construction management, engineering and architectural services and environmental services. Public and private sector projects include performing arts centers, hotels, casinos, retail centers and malls and custom homes, among others. Some of Kitchell's more high-profile clients include Hotel Valley Ho in Scottsdale, Tempe Center for the Arts, Barrett Honors College's “campus within a campus” at Arizona State University and Scripps Memorial Hospital in La Jolla, Calif. The company has been in business for more than 60 years.
## TOTAL PROJECT BUDGET

After an intensive evaluation of the cost saving opportunities, the fixed price contract cost to complete the new Sonoran Clubhouse is $12 million and includes the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Design, Engineering and Permits</td>
<td>$967,000</td>
</tr>
<tr>
<td>Construction</td>
<td>$9,002,000</td>
</tr>
<tr>
<td>Furniture, Fixtures, Equipment (includes $450,000 for new fitness equipment)</td>
<td>$1,447,000</td>
</tr>
<tr>
<td>Contingency/Change Orders</td>
<td>$534,000</td>
</tr>
<tr>
<td>“Pre-Opening” Expenses</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$12,000,000</strong></td>
</tr>
</tbody>
</table>

## ASSESSMENT REFUND PROGRAM

Members participating in the Member Resale Program or who have memberships attached to properties listed for sale will still be required to pay the Sonoran Project assessment.

However, members will receive a full refund if the membership is reissued within 16 months from the date of an affirmative vote.

For memberships that transfer up to two years following the opening of the renovated facility, the assessment will be prorated.

## PROPOSED FINANCING

An assessment of the membership will be used to finance the Sonoran project. Three assessment options are provided:

### Equity Golf / Equity Golf-Junior

<table>
<thead>
<tr>
<th>Option</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>A – One payment in full</td>
<td>$4,500</td>
</tr>
<tr>
<td>B – 4 quarterly payments of $1,188</td>
<td>$4,750</td>
</tr>
<tr>
<td>C – 24 monthly payments of $208</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

### Equity Club

<table>
<thead>
<tr>
<th>Option</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>A – One payment in full</td>
<td>$2,700</td>
</tr>
<tr>
<td>B – 4 quarterly payments of $713</td>
<td>$2,850</td>
</tr>
<tr>
<td>C – 24 monthly payments of $125</td>
<td>$3,000</td>
</tr>
</tbody>
</table>

### Senior / Lifestyle

<table>
<thead>
<tr>
<th>Option</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>A – One payment in full</td>
<td>$1,500</td>
</tr>
<tr>
<td>B – 4 quarterly payments of $396</td>
<td>$1,583</td>
</tr>
<tr>
<td>C – 24 monthly payments of $69</td>
<td>$1,667</td>
</tr>
</tbody>
</table>
IT'S UP TO YOU - VOTE!

What are members voting on?
Members are voting for or against the renovation of the Sonoran Fitness facility.

How many votes do we need?
According to Article 11.1 of the Desert Mountain Bylaws, 50% of all equity members must cast a vote for a quorum. The majority of the votes that are cast carry the approval or rejection.

Who can vote?
- Equity golf members. Only the primary member can cast a vote, which counts as 2 votes.
- Equity club/equity club-lifestyle members. Only the primary member can cast a vote, which counts as 1 vote.

Timeline

<table>
<thead>
<tr>
<th>Event</th>
<th>Date/Time</th>
</tr>
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<tbody>
<tr>
<td>Voting Timeline</td>
<td>October 27-December 1, 2014</td>
</tr>
<tr>
<td></td>
<td>5 p.m. (AZ time)</td>
</tr>
<tr>
<td></td>
<td>Pending a confirmed quorum</td>
</tr>
<tr>
<td>Start of construction, if approved</td>
<td>January 2015</td>
</tr>
<tr>
<td>Completion of construction</td>
<td>Summer 2016</td>
</tr>
<tr>
<td>Grand opening of new facility</td>
<td>Fall 2016</td>
</tr>
</tbody>
</table>

How do I vote?
You will receive by email and in the mail information, instructions and a single paper ballot for voting on the Sonoran Clubhouse renovation.

Members may mail their ballot, however, it is preferred that members vote on our secure Desert Mountain member website at www.desertmountain.com.

To vote online, log on to the member website home page.

To ensure the integrity of the mail-in ballots, the Club is utilizing a “double envelope” balloting methodology. The outside envelope, which has been pre-addressed to our auditors Rauch, Hermanson, Everroad & Rentschler, Ltd., bears prepaid postage for members residing in the United States, as well as space for your return address. Please conspicuously print or affix a label with your return address on the outside envelope. The inside envelope, on which the member must print his/her name and membership number, is the envelope in which the ballot, once completed and signed, should be placed.

Each ballot is audited and certified by Rauch, Hermanson, Everroad & Rentschler, Ltd. If a member’s vote is duplicated during the voting process, the last ballot submitted will be the one counted. It is requested that votes be received by December 1, 2014 by 5 p.m. Arizona time.
1. **What is the Sonoran Clubhouse Renovation project?**

The Sonoran Clubhouse at Desert Mountain is the site of our current fitness center, spa, youth activity, tennis, pool, a small snack bar and a retail clothing and sundries shop. The facilities of the Sonoran building are more than 20 years old, are thoroughly dated, no longer suitable for our current members and are unappealing to prospective new members. The Sonoran project is a major expansion of the current facility that brings it up to the standards of a high quality resort, adds badly needed capacity and brings in attractive new facilities and services never before available. The entire project is fully described in this informational brochure.

2. **What are the major improvements included in the project?**

There are many significant improvements to existing activities. They include updated and expanded fitness and training areas, group exercise classrooms, spa, youth activity center, adult locker rooms, poolside family locker rooms, boutique, expanded children’s grass play area and parking. These are upgrades and expansions to our current core offerings. All of these are described in this brochure.

3. **What new amenities will we get that we don’t have now?**

There are a number of new, highly desirable improvements that will take the Sonoran to a new level by offering something for everyone. The expanded plan also includes a casual “quick serve” café dining facility and coffee bar, similar to the Paradise Bakery concept, offering a full hot and cold menu that will fill the “to go” gap in our current dining offerings. See Page 15 for a rendering and description of this new Sonoran feature.

4. **Why do we need the Sonoran Project?**

Frankly, our current facility is careworn, obsolete and unable to well serve our current and expanding membership. It also shows poorly, in comparison, to prospective new members familiar with facilities and services being offered by top competitive clubs and quality local recreational competitors like Lifetime and LA Fitness, and many local upscale spas. Even the Cave Creek YMCA outshines our facilities by a wide margin. In addition, the clubhouse is in need of significant mechanical, electrical, HVAC and plumbing repair and replacement. These items will be upgraded to current green technologies, which are much more energy efficient, as part of the renovation. Choosing not to renovate will result in higher repair and maintenance costs as equipment breaks down as well as inefficient water and energy usage, all of which will affect our operational budget. Sixty percent of our members told us in our last club survey that improving the Sonoran fitness facilities was their highest priority.

5. **Who has been involved in developing the ideas for the new Sonoran?**

Our Sonoran concept design was developed with top architects, leading industry consultants and seasoned builders of these types of facilities. The club Board involved a work group of four board members, the club management team and a member steering committee of 13 who met regularly with the design team to provide guidance and input. Our concept design was reviewed with the membership at large to have further discussions and gather input to finalize our design.

6. **How long will construction take and when will it open?**

After approval by the membership, we expect construction could begin in January 2015 and the project completed in 16 months.
7. What will the current users of Sonoran do during construction?

Because construction would consist of a three-phase plan, members would continue to use the workout facilities throughout the first and second phase of construction and move permanently into the completed second phase while the third phase is under construction, thus alleviating the need for a temporary facility and enabling us to provide ongoing workout and fitness services and the availability of our dedicated staff. See page 17 for details.

8. What will the new facilities cost?

The new facility will cost $12 million to build and equip. This also includes the expansion and upgrade of parking facilities, landscaping and outdoor children’s play areas. Page 19 gives more information about costs.

9. What have we done to make it as cost effective as possible?

We have worked with our architects and engineers to create a new facility largely within the same construction footprint of the old Sonoran clubhouse. This has enabled us to save substantial money by using former foundations, certain building elements where existing bearing walls and steel members can be reused, and hooking up to existing plumbing and other utility features.

10. How will the project be paid for?

Our intention is to use a portion of the club’s capital reserves for funding and to incur no additional debt. Consequently, this project would result in an assessment, our first since turnover, for a sum of $4,500 per equity golf membership, $2,700 per equity club membership and $1,500 per senior/lifestyle memberships. An installment plan is available for those who want to spread payment over a longer period. See Page 19 for more details.

11. Why are we taking a vote on this project?

Our bylaws require that we call for a vote on any new capital expenditures that require an assessment greater than 5% of our annual revenues.

12. How does the voting work?

All equity memberships in good standing may vote on this project proposal. A quorum of 50% of the membership is required for the vote to be valid. A simple majority of 50% plus one, of the members voting is needed for a vote to pass. See Page 20 for more about the vote.

13. What happens if I don’t vote?

We urge all members to vote so your voice can be heard. We need a quorum of 50% of the members to vote to have a valid result. Your Board recommends an affirmative vote for this project.