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PUBLISHED BIMONTHLY AND EXCLUSIVELY FOR AMERICA'S PRIVATE COUNTRY CLUB GOLFERS



YELLOWSTONE CLUB
Big Sky, Montana



GOZZER RANCH
Coeur d'Alene, Idaho



BAKER'S BAY
Great Guana Cay, The Bahamas



EL DORADO
Los Cabos, Mexico



KUKIO
Kona, Hawaii



THE MADISON CLUB
La Quinta, California

DISCOVERY LAND COMPANY
Family Communities For All Seasons

A SUCCESS STORY: DISCOVERY LAND COMPANY

*How did they manage
\$600 million in sales last year?*
FOCUS ON THE FAMILY

By Mark Pazdur, Publisher

SCOTTSDALE, ARIZONA: An established track record is hard earned. Stability, honesty, and reliability are the key ingredients that, over a long period of time, create trust. Over my 20 years of interviews with some of America's top CEOs, I have learned that there is one common business philosophy they all share: People like to do business with people they know and trust.

Trust, in the golf community industry, has been severely damaged over the last four years. With the retraction in the real estate market, countless developers have failed. Many golf communities that boasted hundreds of millions of dollars in membership/real estate sales just three short years ago are now insolvent and face an uncertain future.

This has not been the fate of Discovery Land Company. Discovery is the world's biggest developer of private golf communities with over 4,500 members across its portfolio of 15 communities. Their projects stretch from Kuki'o in Kona, Hawaii, to Baker's Bay in the Bahamas. Although Discovery has not been immune from the turmoil in the marketplace, they have weathered the storm remarkably well.

How, I wondered, can Discovery actually thrive during



“FAMILY ACTIVITIES HAVE BECOME THE FOCAL POINT AT OUR COMMUNITIES—GOLF IS JUST ONE OF THE ACTIVITIES THAT CREATES THE COMPLETE PACKAGE.” — MICHAEL MELDMAN



Baker's Bay

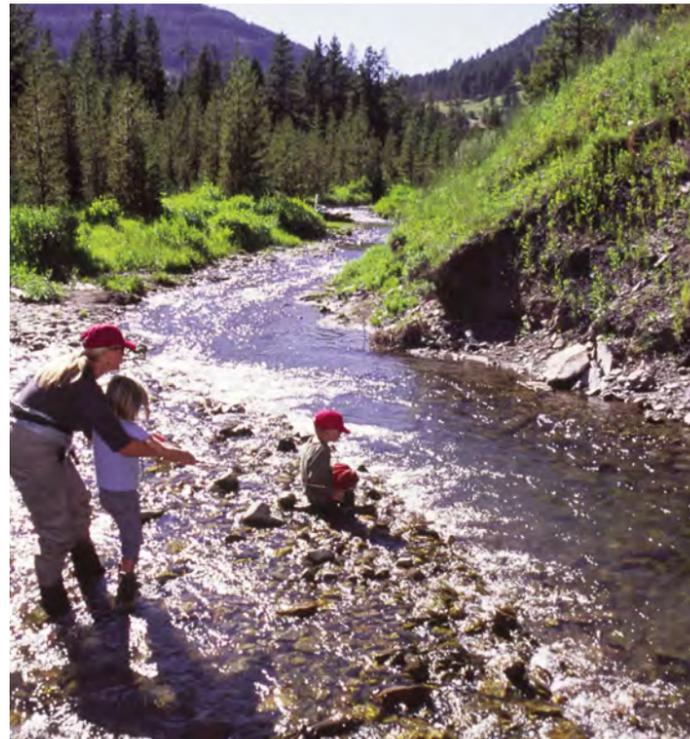
- Location: Great Guana Cay, The Bahamas.
- Overview: More than six miles of pink and white sand beach, one of Tom Fazio's best designs; and a 33-acre, full service, 200-slip marina that docks vessels up to 250-feet in length.
- Outdoor Pursuits: Ocean activities, including a day of windsurfing, snorkeling, bone fishing, and other classic beach and ocean pursuits.
- Golf: The 18-hole private golf course plays along both the Sea of Abaco and the Atlantic Ocean shorelines in dramatic style. Eight holes are on the ocean, 14 have ocean views of the azure blue sea.
- Special Experience: Just 150 miles from the Florida coast, dive for conch and lobster or collect starfish in the third largest reef in the world where thousands of brightly colored tropical fish—and even a few dolphins—swim.
- For more information: Visit bakersbayclub.com or phone (242) 365-5802.





“DISCOVERY LAND COMPANY’S COMMUNITIES OFFER THE BEST AMENITIES AND SERVICE IN THE BEST LOCATIONS. OUR SOLID FINANCIAL STRUCTURE AND EQUITY PARTNERS ARE ESSENTIAL TO HAVING THE ABILITY TO BUILD THESE COMMUNITIES.” — STEVE ADELSON

a time when so many other developers have faltered? What is their recipe for success? Could other private club membership committees learn from them?



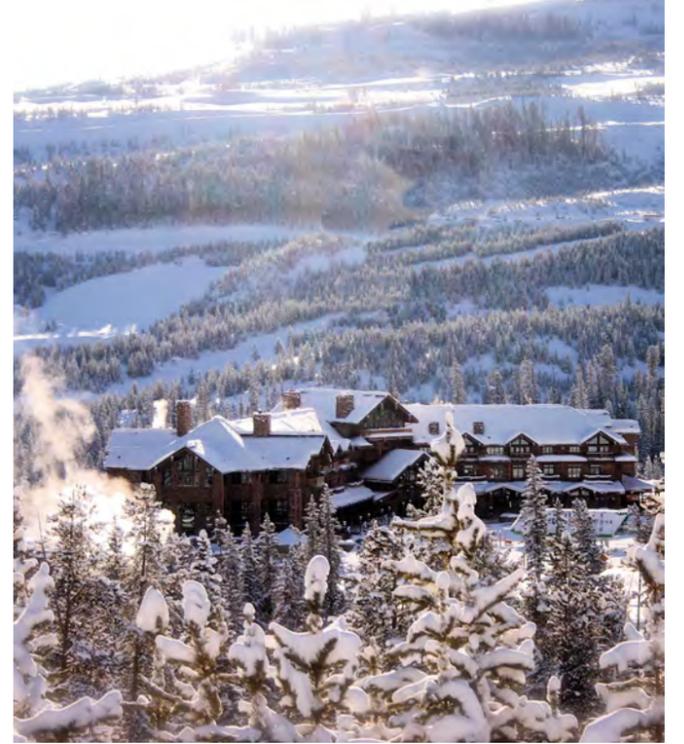
THE INSPIRATION

Michael (Mike) Meldman, founder of Discovery Land Company, is not your typical suit-and-tie kind of guy. His business demeanor and carriage is unconventional, calm and casual; his dress code is tee shirt and flip-flops; and his image portrays warmth, competence, and self-confidence.

Meldman’s first golf course community, developed in partnership with Haas & Haynie, was the highly successful Estancia in Scottsdale, Arizona. With only this one project to focus on, Meldman was involved in everything down to the matchbook covers.

“It was a learning process,” admitted Meldman. “I didn’t know everything. One of my smartest moves was to surround myself with good people.”

Estancia had just one core amenity—its Tom Fazio



golf course. Nevertheless, Meldman recognized that future developments would have to be much more inclusive of the whole family and offer more than just golf as an amenity. “Today, it almost seems incredible to think we nearly overlooked the importance of fitness centers and family activities in our first couple of communities.”

Meldman knew he was on to something with the focus on family and it became the impetus for him to start Iron Horse Golf Club in Whitefish, Montana, the first commu-

nity under the Discovery Land Company (DLC) flag.

“DLC’s mission statement is to create communities that focus on a lifestyle for the whole family, not just the golfer,” explained Meldman. “I was a single dad with two young sons. I didn’t need research to tell me the importance of having activities to do with my children.

“At Iron Horse, we started our hallmark program called ‘Outdoor Pursuits.’ The program is structured to take full advantage of the ‘great outdoors’ around each of the

Yellowstone Club

- Location: 13,600 acres in Big Sky, Montana.
- Overview: The world’s only private ski-in, ski-out golf community in the world.
- Outdoor Pursuits: Multiple options all year long. From snowshoeing to snowmobiling in the winter, to fly-fishing, horseback riding and whitewater rafting in the summer.
- Golf: Skirting through towering pines and featuring gorgeous views, former British Open and Senior Open Champion Tom Weiskopf has designed one of the most dramatic 18-hole mountain golf courses in the world.
- Fishing: A fork of the Gallatin River flows through Yellowstone Club, offering a high population of cutthroat trout.
- Private Skiing: From the Warren Miller Lodge there are multiple high-speed chairlifts to 60+ runs covering 2,200 skiable acres of untouched powder with 2,700 vertical feet of drop. Yellowstone Club averages 400 inches of snow per year.
- Other Amenities: The 110,000 square-foot Warren Miller Lodge is the centerpiece of the private mountain village at Yellowstone Club. The Lodge includes a ski/mountain bike shop, an outdoor event lawn, a business center, modern fitness facilities with personal training, a spa, treatment and locker rooms, retail shops, and multiple dining options from inventive gourmet cuisine to “Montana Casual.”
- For The Kids: For the younger family members there is Camp YC, patterned after classic Adirondack-style summer camps. Activities include YC’s private zip line, horseback riding, rope course, paintball and camping. 20 Below is a brand new, teen recreation area featuring a half basketball court, two rock-climbing walls, a game room with the latest video games, an arts and crafts room, a 40-seat movie theater, and a mobile stage. The full-service 20 Below Diner takes you back to the 1940s with swivel chrome stools and old-fashioned fare like grilled cheese, malts and milk shakes.
- Special Experience: The rustic “Warming Huts” are the epitome of on-mountain private powder luxury. Sample the selection of homemade jerky, cookies, and steaming hot chocolate.
- For more information: Visit yellowstoneclub.com, or call (406) 995-4900.

“SOME OF THE LUXURY BRANDED HOTELS HAVE DONE WELL WITH THEIR REAL ESTATE OFFERINGS, BUT THEIR PRODUCT DOES NOT COMPARE TO OURS. THE OVERALL EXPERIENCE IN OUR COMMUNITIES IS UNIQUE AND THE HISTORY AND CULTURE MAKE OUR PRODUCT VERY DISTINCT AND NON-HOMOGENOUS.” — SKY JOYNER

clubs. Outdoor Pursuits has been so popular because it moves beyond just ‘physical activities.’ There is something magical watching your children learn ‘to tie a fly’ for the first time on the river,” said Meldman.

“Our Outdoor Pursuits staff becomes extended family as they are so integral to our kids’ enjoyment of these activities. Over the last decade, we have received thousands of e-mails from members expressing their gratitude to us on how our staff has influenced their family’s life. As

an extension of Outdoor Pursuits, we have established our ‘Discovery Fit’ wellness program with the motto: ‘Work Hard So You Can Play Hard.’ Taking care of the body and soul has become a big part of what we do at all of our communities,” explained Meldman.

WHAT’S IN A NAME?

Mike Meldman majored in history at Stanford University. “I had always been impressed with the courage of the settlers Lewis and Clark,” revealed Meldman. “On their expedition across America, Montana was one of the states they traveled through. Much as Lewis and Clark wanted to discover new frontiers, I wanted to discover new markets for my club concept. Thus, the name Discovery Land Company came about,” said Meldman.

“The history of the land plays a part in the naming of our communities,” said Meldman. “For example, Gozzer Ranch, in Coeur d’Alene, Idaho, may not have the prettiest



sounding ring to it, but the community was built on a very well known, family-owned dairy ranch that had operated since the 1920s. We always embrace local culture and history in the planning of our communities.”

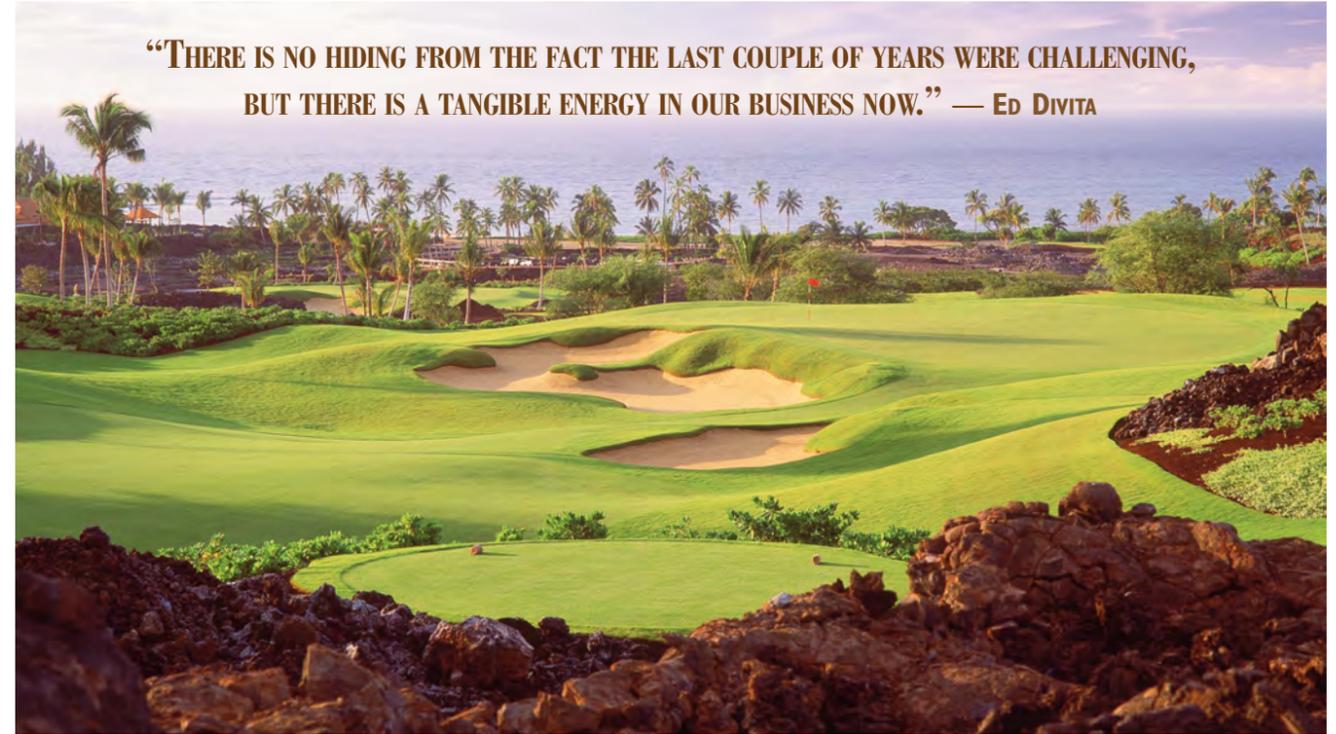
After launching Iron Horse, DLC started to grow rapidly. Within a very short period of time, Vaquero in Texas, Kuki’o in Hawaii, and Mirabel in Arizona, broke ground. It was clear that Meldman had a formula that worked.

Within three years, the core team was established. Mike Meldman is at the helm as chairman and CEO with his four partners: Joey Arenson, Sky Joyner, Ed Divita, and Steve Adelson. Each partner brings special expertise to the table.

“All of us make different contributions,” said Steve Adelson. “It is hard to believe our team has been together for well over a decade.” *(continued)*

Gozzer Ranch

- Location: Coeur d’Alene, Idaho.
- Overview: The club harkens back to a simpler, Norman Rockwell era. Lake Coeur d’Alene was named one of the five most beautiful lakes in the world by *National Geographic*.
- Outdoor Pursuits: During the long summer afternoons, the focus is on water sports (wakeboarding, water skiing, tubing, fishing, whitewater rafting), fly-fishing, mountain biking, huckleberry picking, paintball, ice cream at the general store, Taco Tuesday at Eddie’s, and softball at the on-site Sandlot Ball Field.
- Golf: Tom Fazio golf course, named #1 Best New Private Course in 2008 by *Golf Digest*. The forested course has several holes that play close to a dramatic basalt rock bluff’s edge with outstanding views of several of Lake Coeur d’Alene’s bays.
- Other Amenities: The Lake Club, two full-service marinas with maintenance and docking service for members’ privately owned watercraft, and the Hutton’s General Store, a throwback to a 1940’s old-time pharmacy.
- For The Kids: Kids’ Clubhouse where Coulter Camp is based—activities include paintball, tepees for camp-out, rock-climbing, tennis, basketball and pottery making.
- Special Experience: Hopping on the Coeur of Discovery (the club’s new 30-foot Stancraft wood boat with a cowhide captain’s chair and old barn wood interior) for a short cocktail cruise from the club to downtown Coeur d’Alene.
- For more information: Visit gozzerranchclub.com, or phone (208) 665-6600.



El Dorado

- Location: Los Cabos, Mexico—equidistance between the nightlife of Cabo San Lucas and the traditional town of San Jose del Cabo.
- Overview: A private paradise with over one mile of stunning coastline and nearly perfect year-round climate for you and your family.
- Outdoor Pursuits: Snorkeling, paddle boarding, parasailing, marlin deep-sea fishing, kite surfing, hiking, slip 'n slide on the event lawn.
- Golf: Jack Nicklaus Signature golf course that plays through two very different types of terrain. Half the course is oceanside and half plays the desert landscape of Baja California. The El Dorado course is ranked as one of the top courses in the world.
- Other Amenities: A beach club tucked into the golden sands of one of Los Cabos's few swimming beaches, full-service spa, expansive fitness center, members' shopping boutique and Mercado, and private movie theater.
- Special Experience: Take a trip aboard El Discovery, El Dorado's 96-foot custom yacht.
- For more information: Visit eldoradogolfandbeachclub.com.

DISCOVERY'S UNIQUE ENVIRONMENT

"Our company structure has always been different," said Sky Joyner. "We have thrived in an entrepreneurial, casual business environment. I think this non-corporate approach has been one of our greatest assets. It has allowed the company to attract the best and brightest talent and ensure each of our communities is personalized for that part of the world."

"I handle the construction management at our communities," said Ed Divita. "Everything we construct goes through a rigorous, careful design process. In some cases, we have evaluated 15 different architectural models. We

use local vendors as much as possible. The 'character' of the local tradesmen is always reflected in the end product. Our construction materials and finishes are absolutely top grade. Yes, this is more expensive, but the right design makes our buildings timeless," extolled Divita. "We are not shortsighted. We don't want the membership to come back in a couple of years to make repairs."

THE WAKE-UP CALL

"Sky Joyner and I have backgrounds in finance and run the 'business behind our business' at Discovery,"



explained Joey Arenson.

"Over the last 12 years, we had only seen a rising tide in real estate. There had never been a time we couldn't sell our product," continued Arenson. "2008 through the early part of 2009 was a wake-up call. Everything just froze up. Thankfully, our projects are financed with limited debt and we have strong equity partners. We were able to endure and actually expand our family of projects."

"We evaluated the macro environment and decided to continue our course, albeit more prudently. We finished the clubhouse at Madison Club in Palm Desert, California; completed the

Kuki'o

- Location: Kona, Hawaii.
- Overview: Considered the pinnacle of private, high-end golf development in America. The community has an incredible Zen feel to it.
- Outdoor Pursuits: Surfing, paddle boarding, deep-sea fishing, scuba diving, spear fishing, outrigger canoeing, sailing, whale watching.
- Golf: 28 holes of Tom Fazio golf (18 hole regulation course and 10 hole short course) with expansive ocean views, both of which can be played barefoot.
- Other Amenities: Kuki'o features two clubhouses. An oceanfront clubhouse w/dining pavilion and beach bar, and the Golf Clubhouse w/dining room and outdoor bar, several pools, an open-air spa and fitness center, and Hawaiian fish ponds.
- Special Experience: A morning of underwater rock running at Kua Bay—you dive beneath the surface and pick up a large rock and run in the sand across the ocean floor for as long as you can—a strenuous exercise considered to be the ultimate fitness experience. On special days you can hear the dolphins.
- New Real Estate Option at Kuki'o: The Kaupulehu Beach Club, located 3.5 miles away, features homesites set back only 150 feet from the ocean's edge.
- For more information: Visit kukio.com, or phone (808) 325-4000.



“THE LUXURY HOME COMMUNITY INDUSTRY HAS GONE THROUGH A WEEDING-OUT PROCESS OVER THE LAST SEVERAL YEARS. DISCOVERY HAS SURVIVED BECAUSE OF THE QUALITY AND PROFESSIONAL EXECUTION OF OUR PROJECTS. WITH A RESURGENCE IN THE SECOND HOME MARKET, WE ARE POISED TO GROW.” — JOEY ARENSON

beach club at El Dorado in Los Cabos, Mexico; continued construction at Baker’s Bay in the Bahamas; and unveiled the next stage of development at Yellowstone Club in Big Sky, Montana. We made some key operational adjustments which helped us weather the storm.



“The recovery has been slow,” confirmed Arenson, “but the upside is a steady recovery that sets the base for long term stability. In the fall of 2009, we started to see movement again and our sense of optimism started to build. I believe that people will gravitate to the highest quality, most financially sound communities first.”

“Our company has been through down cycles before,” said Joyner. “The hangover from this most recent severe downturn still isn’t quite over. We’ve felt the impact like every other developer

and not all of our projects have skated through stress free. The good news is we are in a period of stabilization even if there are a couple of rocky periods along the way.

“As the banking sector heals and confidence returns, I think we will look back on the last couple of years as a very hard recession and not something worse.



“The real estate market is cyclical, but the desire for families to enjoy vacations and time together continues,” said Joyner, “despite the worst downturn in two generations. I am confident we have come off the bottom—at least for Discovery’s communities. The very high-end of the market is showing good signs of activity and stabilization. With all the trouble in the market, there has been a flight to quality so buyers understand options are more limited at luxury price points and many are looking to take advantage of pricing that is well below peak pricing of a few years ago before it disappears.”

“There is a tangible energy in our business now,” said Divita. “Discovery’s construction company is growing and we are hiring. I think we have started to see a rebound [versus other developers] because of the quality product and stability Discovery provides.”

“When evaluating a community, remember, not all clubs are created equal,” cautioned Meldman.

“Communities fall into one of two types of ownership structures: one, those that are member owned; and two, those that are developer supported. Sponsorship matters. If the club is member owned, make sure the club is operating in the black and has adequate rainy-day reserves. If the club is developer owned, ask the hard question of what happens when the developer is no longer a part of the project. The golf community industry is going through a weeding-out process. The weaker players will close and the high-quality communities will adapt and grow.

“In the last 12 months, we have sold over \$600 million in real estate. To me, this validates we are providing a product people want,” said Meldman with a smile. ■

For complete information on Discovery Land Company’s properties, visit discoverylandco.com. If you wish to contact the marketing offices of Discovery Land Company, please call (310)859 0700 or e-mail mail@discoverylandco.com.

The Madison Club

- Location: La Quinta, California.
- Overview: A modern interpretation of California’s classic old-line country clubs.
- Golf: A lush parkland style course, Tom Fazio design that has been dubbed a man-made oasis in the desert. In December, Fazio also completed a one-of-a-kind 18-hole putting course.
- Other Amenities: The 52,000 square-foot Addison Mizner influenced grand clubhouse (featuring a 15-seat movie theater, salon, fitness center, both fine and casual dining, and an 8-seat sushi bar), Discovery Performance Golf Center, and a tennis/sports complex.
- Special Experience: Indulging at the halfway house, the “Dog Stand.” Much like The National in New York is known for its ginger snaps, and as Pine Valley is known for its turtle soup, Madison Club is known for its Ari Burger (a Kobe beef patty on a fresh, homemade bun).
- For more information: Visit madisonclubca.com, or phone (760) 777-9320.



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