

VENTANA CANYON ALLIANCE MEETING ON NOVEMBER 12, 2003

Good evening. Thank you for coming. I'd like to introduce those persons here on the stage.

Like you, we are all homeowners or club members. So, we would like to think of everyone in this room as part of the Ventana Canyon community.

Tonight we have modified our presentation to address some of the questions we received after our meeting last week. We want to talk to you about our mission or vision as we go forward.

Why do we need to accomplish this acquisition of the Club?

If we look at the history of the various ownerships, we see that it has been in flux almost since day #1. The original developers leveraged the property heavily, couldn't service the heavy debt and filed bankruptcy. During a very difficult bankruptcy proceeding, thanks to some strong members of our community, we achieved a ruling that provides valuable members rights through the Life Estate Grants. We all share the benefits of those members' rights. The next owner also leveraged the property heavily and sold it after approximately four years. Wyndham, the next and our current owner, leveraged the property with approximately \$28 million in debt. Wyndham decided earlier this year to sell the property. During all of these transitions, service to members and care of the facilities has suffered - many would use the term declined.

There are multiple paths for us to consider. We can do nothing and allow Wyndham to sell the property to some unknown entity and hope that a new purchaser will do more for the membership than previous owners have done. We might get lucky, but really what are the odds? In any event we would be facing an unknown, where we would, at best, have little say in ownership decisions or policy, except to enforce the governing documents – hopefully without going back into court.

The other path is for us to step up and take advantage of the opportunity that presents itself to all of us now to purchase the property and control our destiny. All of us, as Ventana Canyon Club members and/or homeowners, are in a position to purchase the property for \$15.5 million with no more than \$12 million debt financing. This places us in a position that is more financially workable than any position of the previous owners. We're talking about less than half the debt service – that makes a big difference. As you also know, interest rates are at historic lows, making our loan expenses even less than if this opportunity was presented to us just about any other time in our history.

Let's talk about the benefit to all of us. We, the organizers of the Ventana Canyon Alliance, have goals and visions for the future of our Club. We are of one mind regarding these goals, and we have eight managers who will be working toward these goals. The investor members of the Alliance are going to elect three more managers next March. These managers will stay in place for three years and then they will rotate off, three or four each year. Replacement managers will be elected by the investor members of the Alliance. There will be regular meetings of the investor members of the Alliance to hear and comment on manager policy. Investor members will have an active say in the future of the Club!! I'd like to read a paragraph from page 7 of the Offering Memorandum that is titled "Statement of Managers' Goals":

The eight initial Managers believe that the primary goal of the Company in acquiring the Subject Property is to perpetuate the operation of a first class club for the benefit of all members. In that regard, stable ownership in the hands of the broadest possible number of members and residents provides the best chance that the Country Club remains one of the finest golfing, tennis and recreational clubs in the country. They further believe that an important by-product of ownership by a broad mix of members and homeowners is to enhance the Country Club's membership values and the community's real estate values. The Managers share a concern that if the Subject Property is placed for sale on the open market, the potential for unstable, unattractive and unresponsive ownership (domestic or foreign) is significantly increased, to the detriment of the Country Club members and the homeowners in the Ventana Canyon community.

Specifically, what are these goals???

GOLF: We will be dedicated to improve the quality of the entire golf experience, which currently is pretty darn good, but we know it can be even better. This might be a good time to address how the

improvements that were made this year came to be. Wyndham announced that they were not allocating any funds to Ventana Canyon this year for promised capital improvements – they just cancelled everything that they had promised to the Board of Governors. The Chairman of our Board, Andy Samet, sent a strong letter to Wyndham putting them on notice that they were in violation of the court order by canceling these planned projects, which included the concrete cart paths on the back nine of the Canyon, resurfacing four tennis courts, new furniture in the dining areas, etc. Wyndham then came to the Alliance and asked us to increase the purchase price by \$500,000, and they would spend that money this year on certain identified capital projects. We concluded that we would have to spend the money next year, so we agreed, in order that the work could be done this year. So the only reason Wyndham did the cart paths, tennis courts, yardage markers, asphalt at the golf house, new ice/water machine, etc is because we, the Alliance, agreed to pay for it. Now, looking to the future, our goal is to get our golf courses rated “one of the best” in the country. We plan to take steps to improve the turf on the fairways and greens; finish the cart paths; provide more yardage markings, improve the bunkers, and improve the practice area, as examples. We have already discussed with Dave Schneider and Wally Dowe, their thoughts and plans on how we can accomplish these improvements, including time frames and budgets for many of the items. We will be getting new carts in the Spring, and new beverage carts for the high season. Course maintenance equipment is on its last legs, there is too much down time for repairs that take workers off the course. We will be obtaining new equipment to improve the efficiency of the course maintenance operation. This we have also discussed with Wally – and we are not talking about Wally’s wish list – we are addressing real needs. Bottom line, a programmed, budgeted, overall improvement of the golf experience.

TENNIS. As I mentioned, the Alliance is paying for the four new soft surface tennis courts that were completed this fall. Wyndham has not filled the position of Head Tennis Professional. We plan to do that with input from the members’ tennis committee. There are still four courts that require repair or re-surfacing. We intend to plan with the tennis committee the type of surface they would like on these remaining courts, including the stadium court, and then proceed with the work. We want to work with the tennis committee to improve the overall tennis experience at Ventana Canyon and to increase tennis membership. Our tennis facility will be first class.

FOOD AND BEVERAGE. There is plenty of room for improvement in food and beverage. I think that is almost a unanimous opinion of the membership. We have discussed with the proposed new management entities the need for improvement in quality, service and the physical facility itself. Chairs are falling apart, the upholstery is stained, the carpet is worn – all of this needs to be addressed – promptly. Our goal is to make our dining facility, your dining facility of choice, in the community.

FITNESS & SWIMMING. We plan to perform significant work in the pool area to correct deficiencies and perform deferred maintenance. We see the fitness area as a high priority effort. We have met with Margery Rubin, our fitness instructor, to discuss how we can improve the fitness experience. We need more space, better ventilation, and new equipment. This will be given a high priority in our plans. Our goal is to provide our members with a fitness facility equal to or better than other facilities in the Tucson area.


OTHER AREAS. The locker rooms need refurbishing. The men’s Jacuzzi needs relining. Service in the men’s grille and ladies lounge needs improvement. We will seek input from members regarding service in these areas and take steps to improve it.

You might think I’m beginning to sound like a politician making campaign promises – most of which can’t be accomplished. But that is **not** the case – we are dedicated to doing these things. Certainly, all of them won’t occur overnight. We have set aside \$1million at closing and budgeted an additional \$500,000 in 2004 to address capital improvements and deferred maintenance. The golf course maintenance

equipment is in our operating budget since most of it will be leased. If we raise more than the \$5.5 million that we need to close the purchase, we will use some of the additional funds to lower debt and place some in reserve. We really hope that we do exceed the minimum funds we are hoping to raise, because it will give us some flexibility and allow us to begin building a reserve fund. We need as much support from you as we can get. Our goal is to improve the overall club experience for all members while being fiscally responsible. Oh, and not so incidentally, perhaps we should mention an important aspect and ancillary benefit of reaching our goals. We firmly believe that high quality stewardship of the club yields stability and enhancement to adjacent property values.

That brings us to the financial aspect of the acquisition and the future operation of the Club.

We have received numerous questions regarding the acquisition costs, so let’s look at that again (See slide of closing revenue and costs at the end of these notes.). We’ve also been asked about the results of the due diligence, and how did we derive the \$1 million allocation for capital work. (See DEFERRED MAINTENANCE slides at the end of these notes).



Source & Use of Funds

■ Purchase Price	\$15.5 M	
■ Loan		\$12.0 M
■ Due Diligence & Closing	\$0.5 M	
■ Working Capital	\$0.5 M	
■ Reserve	\$1.0 M	
■ Funds from Units Sold		\$5.5 M
■ Total	\$17.5 M	\$17.5 M

www.ventanacanyonalliance.com

Even though we won’t be an equity club per se, we, who are member investors in the Alliance will have an equity status in the ownership of the Club. Over time, the value in that investment should appreciate. We are committed to generating positive cash flow, and working toward providing dividends to investors as soon as we can responsibly do that. Of course, there is no guarantee of dividends, but that is our goal. The Pro Forma statements in the Offering Memorandum show projections of positive cash flow, and we believe these projections are based on conservative assumptions. Last week, Jim Giancola presented several scenarios going forward, all of which show net cash flow to be distributed. The distribution can be to reserve accounts for capital improvements, repurchasing of units by the company if a plan for repurchasing units is approved by the managers and the members, rainy day funds, debt reduction, and distribution to investors as dividends. There is a line item in the operating budget for equity distributions to investors to offset tax liability. I’m not going to talk through the financial statements. We suggest that you contact us for any clarification of the items shown on the statements, and/or contact your financial advisor for advice on your personal situation. During the question and answer period tonight we will entertain questions regarding clarification of the financial statements and the assumptions used.

The National Bank of Arizona and the Bank of Tucson have committed the \$12million financing we have talked about in the form of an 18 month, interest only, bridge loan with interest at 1-1/2 percent over prime and a floor of 7%. This means our initial rate will be 7%. There will be a one point charge at closing. The loan can be extended for two one-year increments with payment of both interest and principal amortized over 20 years and a one point charge at each extension. This interim financing gets us through closing and gives us time to renegotiate a more attractive package with those banks and with other lenders. We currently have our financial packages out to several interested financial institutions, and we will continue to aggressively pursue the financing issue.

We've been asked what we plan to do if the Alliance doesn't generate positive cash flow – how do we cover the shortfall since we cannot make a capital call on the investors. For the first year, we have \$1.5 million in reserve which we will not spend immediately. As cash flow allows, we will spend from the reserve for the capital improvements we discussed earlier. Historically, the operating cash flow at the club has been good. Members pay their dues promptly, Lodge guests pay mostly by credit cards for amounts that have been approved by the card issuer, groups pay or guarantee a large portion of their anticipated bill in advance, with the balance guaranteed.. Revenue from Loews is received monthly. Historically, collections have not been a problem – it is essentially a cash operation. We will certainly monitor income and expenses closely as we proceed. It will take some time to establish stability under new ownership and management. We are confident from our due diligence efforts that we will generate significant savings in operating costs over the current ownership and management structure.

We have marketable assets in the Lodge rooms and vacant land. We also have opportunities for secondary financing if necessary in an emergency.

We will be servicing debt less than half the amount previous owners have had. The debt service for \$12 million is a lot different from \$28 million. Although interest rates have risen from historical lows, we are still looking at attractive rates for long term financing..

In summary, we know there will be surprises, this venture is not without risks, but we are confident there is a significant upside to the financial picture as we go forward.

Disposition of Investment Units.

We've also had a number of questions regarding disposition of units. There are provisions in the Operating Agreement for the transfer of units. We've also been addressing the issue with our securities attorney during the past week. We are exploring options for re-purchase of units by the Company after a certain period of time. We are concerned that ownership of the company remain in the local community of club members and/or homeowners in the Ventana Canyon community, and not be sitting in a number of estates and trusts across the country with folks who no longer have interest in the management of the property. . Under the terms of the Operating Agreement, any plan for repurchase will need approval from the members of the Company, so the members will have a say in addressing this important issue.

Summary

In summary, the Alliance is a group of Club members who are dedicated to taking advantage of this unique opportunity to purchase our Club and control its destiny. The managers are people you know and share the Club with. We have told you our mission or vision for the future. We have every intention of improving the facilities and service so that our club is among the very best in Arizona – at least on a par with The Gallery and Stone Canyon which are among our benchmarks for excellence. The assets are here – we just have to make them better – and we will if given the opportunity. We can only do it with your

support – we need you to invest. Some of us are limited in how much we can invest, and many have the ability to purchase multiple units – we hope you will do so. We’ve been asked whether all of the managers are investing. The answer is yes, in fact those I’ve talked to about it are all purchasing multiple units. Not only are we dedicating a tremendous effort in time and energy to make our vision happen, we are also putting our money where our mouths are, in response to a question that I was asked in just those words.

Tim Dittmann, Bill Moore and some other volunteers, have really stepped up to organize contacting members to discuss the Offering. Tim would like to say a few words at this time.

We want to thank you for your attendance and your interest in this important venture. We sincerely need your support. Our time frame is incredibly short, so please review the documents, ask questions, do your due diligence, and then come forward with your investment as quickly as you possibly can. **In order to proceed to closing, we must reach our goal no later than December 1.**

Last week we had some confusion at the end as some people went to pick up their Offering documents while others were asking questions and some didn’t get a chance to ask their question. So let’s take just a short break and come back for the question and answer period.



DEFERRED MAINTENANCE

- Sitework
 - Pavement overlay and Repair \$76,000
 - Drainage Modifications \$84,000
 - Total \$160,000

www.ventanacanyonalliance.com



DEFERRED MAINTENANCE

- The Lodge
 - Masonry repair, clean, seal \$112,000
 - Stucco repair & paint \$ 20,000
 - Remove intrusive vines \$ 12,000
 - Sidewalks, stairs, balconies \$ 45,000
 - Ceilings, flooring, lockers \$ 44,000
 - Guest room appliances \$ 40,000
 - Kitchen equipment \$ 20,000
 - Air conditioning equipment \$275,000
 - TOTAL \$568,000

www.ventanacanyonalliance.com



DEFERRED MAINTENANCE

- Other
 - Tennis Courts \$ 80,000
 - Pool deck \$ 80,000
 - Pool house roof \$ 83,000
 - Pool heaters, filters, piping \$ 35,000
 - Miscellaneous buildings \$ 22,000
 - TOTAL \$300,000

www.ventanacanyonalliance.com



DEFERRED MAINTENANCE

- Summary

■ General	\$160,000
■ The Lodge	\$568,000
■ Other	\$300,000
■ TOTAL	\$1,028,000

www.ventanacanyonalliance.com



Ventana Canyon Alliance, L.L.C.

www.ventanacanyonalliance.com