

Balcones Country Club Membership Association, Inc.
8600 Balcones Club Drive
Austin, TX 78750

Balcones Country Club Membership Association, Inc.

November 8th, 2021

On Tuesday, November 2nd, 2021, The BCCMA Board of Directors presented a Vision for our Balcones and Spicewood properties to Voting Members of Record as of November 2nd, 2021. The purpose of the meeting was to share A Vision, not THE Vision or THE Plan but rather to put something on paper that allows the owners of the Club (the Voting Members) to begin the conversation and consult with Club Members (non-voting members) and neighbors on how to ensure the longevity and viability of the Club.

The Board reinforced why operating thirty-six holes is not an option primarily due to the lack of water supply, which came about when the City of Austin annexed this area and shuttered all but one of the water treatment plants which supplied our golf course with grey water. At this time, we do not even have available to us sufficient water supplies required for an eighteen-hole course of our size.

The Board also reiterated why 'doing nothing' is not an option either. Our property is over sixty years old and potential future expenses could be higher than our revenue streams and lease obligations may provide for. This includes an aging club house, our sprinkler system, sixty-year-old greens and tee boxes and other facilities which for many there are no spare parts being manufactured or available in the market (sprinkler system). To replace our sprinkler system on the Balcones property would cost approximately two-million dollars alone.

While our management company has been able to spend over budget the last few years (~\$343k over budget on overall club operating expenses this year which includes over budget ~91k on the golf course) due to your help in increasing our membership numbers, we are full on Tennis and Golf memberships limiting any incremental income and spend to roughly the dollars we see today. **In addition, those 'extra' dollars are not guaranteed** should we see any downward trend in our membership numbers.

The Board worked over the last few months with a golf architect and a vertical architect (buildings) as well consulted with JLL who has developed properties worldwide but locally worked on the Domain and Robinson Ranch as two examples.

We worked with the golf architect with two primary goals: create a visually stunning Spicewood golf course concept taking advantage of the Hill Country views while increasing the safety for neighbors and secondarily to design a golf course that significantly reduces our water needs. For our vertical architect we asked for a communal gathering place that fits in with our neighborhood and meets the needs of the Club for the next sixty+ years. For JLL we asked for their opinions on viability of marketing some of our property in such a way that allows for us to pay for the investment required to build a best-in-class experience while controlling the development of any sold land and providing for BCCMA a passive income stream for the next 99 years ensuring no future land sales. The results from the three consultations were shown as concepts at the Voting Member meeting.

To pay for this, BCCMA put forth the option of a combination of selling and leasing the front sixty-five acres of the Balcones course that would be in alignment with the City Land Code of like zoning requirements adjacent as well providing transition zones. For example, not putting commercial in existing neighborhoods while

transitioning to mixed use by the highway. The exact configuration would have to yield a minimum bid and ongoing passive revenue to make selling / leasing at this time even an option.

While current and past Boards have reviewed various proposals and rejected them all, the current economy and land values have provided us options we did not have before and our property is not improving with time.

Discussed also were the current entitlements on the property (deed and zoning) as well our water problem. Approving entitlement change requests on a property are the domain of the City of Austin and there is a long process to do so with no guarantees they would be approved. For water we are focused on getting access to more water (there is a possibility there is a small supply available to us that would require BCCMA to build the infrastructure but would not support even 27 holes) as well as seeking opportunities through a reimagined Spicewood significantly reducing our water needs which we addressed in the meeting. We have been engaged with a water attorney representing BCCMA and negotiations are ongoing to both extend our current water contract as well seeking additional water supplies – again neither of which is guaranteed.

From when and if we were to move forward, the process of having a playable course would likely be three to five years and we would not turn over a shovel of dirt on our current course until we had a playable course on Spicewood.

We realize that this can be a very emotional issue not only for our members but for the neighborhood as a whole so I encourage each of us to have an open dialog and that we deal in facts. We already had / have a number of meetings scheduled with the BVS HOA and a group of homeowners (club members) who live on the front nine of Balcones and we will also have a table at the member appreciation scheduled for November 9th where we will be showing the concepts and answering questions. Future meetings and forums will also be scheduled.

Our intent is to prepare a RFP with JLL which incorporates the input from multiple parties and bring back to the Voting Members next year multiple offers based on our criteria we set forth within the RFP for consideration and a possible vote.

To summarize, we are seeking information to evaluate a sell / build. Sell the sixty-five acres known as the front nine of the Balcones Country Club which fronts 183 and use those funds to build a best-in-class club house and golf course on the current Spicewood property. We would also build a best-in-class tennis and golf academy with an option in later phases to further enhance the current back nine holes of the Balcones Golf Course. No dirt would be moved on the Balcones Course until we had a playable Spicewood course. This proposal further protects the entire property excluding the front sixty-five acres from any future development.

Thank you.

John Winfrey
BCCMA President

Your BCCMA Board of Directors