

As a part of the continuing dialogue between Holly Lake property owners and Silverleaf Resorts management regarding a 9-hole expansion of the golf course, we have established a Work Group that will provide input to this most important planning phase. As with other Work Groups established by the B-Board, it is comprised of property owners who have volunteered for such service.

This Work Group is providing input to both the representatives of Silverleaf and to the designer, Jeff Bauer of Golfsapes in Dallas. In the first meeting held April 29, discussion focused on the use of the current 18 holes, including our shotgun starts, high volume of play, heavy cart traffic, and the demographics of those playing the Holly Lake Golf Course. Among those serving on this Work Group are Bob Thomas, Joyce McConnell, Coleman Stanfield, John Westfall and Babs Givens as well as the four B-Board members. Professional staff members Carl Worley, Golf Professional and Clayton Wood, Greens Superintendent also are providing input.

Bauer was most receptive-and appreciative-for the input from those who use the course on a regular basis. And, much of what was discussed will be represented in the eventual design for the expansion plan.

A second meeting of the Design/Construction Work Group with the designer is scheduled for Tuesday, April 24. It is expected that this WG will meet at least monthly during the process.

In the meantime, the B-Board is continuing discussions with Silverleaf executives regarding the golf course expansion plan. A number of important agreements have already been reached, including:

1) All costs related to the design, engineering and construction of the course will be borne by Silverleaf Resorts, with no property owners dues directed toward these costs.

2) Dues paid to Holly Lake Ranch Association for Silverleaf time share units (130 currently) will be raised to the same as paid by HLR individual property owner of \$86.35 per unit, (or \$134,706 annualized, compared with the \$32,000 currently being collected from Silverleaf annually). Said dues will commence with the start of construction of the golf course expansion project and will

continue from that point forward and be subject to any and all future dues increases passed by the Board of Directors.

3) All new time share units (Silverleaf plans to add several Presidential units in blocks of 12) will be subject to the same dues structure upon completion of those units.

4) Silverleaf time share owners will continue to enjoy the same rights and privileges to use of the current 18-hole golf course as well as the new nine when completed at pay-to-play fees as set by the board of directors.

5) The significantly increased Silverleaf dues will provide a significant offset to the projected cost of maintenance for the proposed new nine holes. Currently, the B-Board is considering methods to fund the increased golf course maintenance cost without adding dues burden across-the-board to property owners, some 60-70 percent of whom do not play golf. We are also working diligently to minimize the impact on those who do play golf at the Holly Lake Golf Course.

Board Treasurer Larry Bowman has worked up a template for the financial analysis on the course expansion which is proving invaluable to the Board as it considers various methods to achieve the lowest possible cost impact on all parties of adding nine-holes to the current 18-holes.

The nine-hole expansion provides Silverleaf Resorts, Inc. with an attractive setting for new Holly Lake Ranch upgraded time share units, with the course wrapping around the units to be constructed.

For HLR golfers, the expansion will not only add variety and new golf playing challenges, but also provide needed relief to the "wear and tear" on the course overall and increase the overall efficiency and effectiveness of maintaining the three nines.

Discussions between your B-Board and the management of Silverleaf are on-going on a wide, wide range of topics that are critical to both parties.

## 9 Hole Course Design

Last Updated Thursday, 30 April 2009 16:50

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