



April 2, 2015

Re: Toscana Country Club
Future Club Facilities

It is wonderful to see the Club grow and flourish with Members enjoying such a diverse range of activities. We want to continue to shape the Club events, activities and facilities to fit the needs and desires of current and new Members. We have continued to hear that Members would like some of the remaining Club Facilities to be built sooner than originally planned. With that in mind, the Member-elected Directors at the May 2014 Club Board Meeting urged us to spend the summer focusing on how we could accelerate construction of some of the future facilities, especially the pool and two additional tennis courts. We did that and presented a revised plan to the Board in November. They unanimously approved the concept and asked us to proceed with Focus Groups and a Town Hall Meeting to present the plans to the Members.

Since then, we have met with over 40% of the Members in the small Focus Group setting and several additional Members in the Town Hall Meeting. Based on the support we have received, we are ready to move forward with a vote of the Members. Since not all Members were able to attend either a Focus Group or the Town Hall Meeting, I wanted to share our plans in writing so everyone will be able to make an informed decision. Below is a brief summary along with the full background for those who did not have the opportunity to attend a Focus Group or the Town Hall Meeting.

SUMMARY

The Toscana Club Villa Master Plan (Exhibit A) has been revised to take all the functions previously planned for the one large building (Villa Toscana) and incorporate them in multiple buildings. The remaining facilities would then be completed in two phases, allowing us to accelerate construction of the facilities that we believe are most needed by the Members. Those facilities and the phasing would be as follows:

Phase Three – to be completed and open by November 2017

- Casual restaurant with a multipurpose Club room, bar/lounge, indoor and outdoor dining and coffee/juice bar (Exhibit B)
- Junior Olympic size pool (approximately 40' x 75') with related sun deck and other facilities
- Event lawn
- Two remaining tennis courts (surface to be determined by Member use and preference)
- Sports Club pavilion with space for multipurpose fitness uses (group exercise classes, Pilates, storage, etc.)
- Club administrative office building
- Additional parking located adjacent to the event tent/future banquet facility and casual restaurant
- Completion of the lower level service tunnel and adjacent maintenance and storage areas

When Phase Three is completed, there will be a one-time dues increase of 10% to help cover the operating expenses of these facilities in accordance with the Toscana Offering Circular.

Phase Four – to be completed prior to turnover to the Members (no later than January 2024)

- Permanent banquet facility building to replace the event tent

Other Facility Changes – to be completed and open by Fall 2016

- Expand Il Forno kitchen
- Golf teaching and club fitting center (Exhibit C)

Although we do not need Member approval to change the plans for the future Club Facilities, we want to confirm that the support we have received from the Members in the Focus Groups and the Town Hall Meeting is shared by the rest of the Members. Enclosed is a ballot along with the proposed revisions to Article II of the Amended and Restated Agreement for Transfer of Assets to implement the above changes. Please complete and return the ballot by Friday, May 1, 2015 to the Club Concierge in the Club office or mail to:

Board of Directors
Toscana Country Club
76009 Via Club Villa
Indian Wells, CA 92210

BACKGROUND

Membership Document Requirements:

We are not required by the Toscana Membership Documents to obtain approval from the Members to change the design of the future facilities. The only requirements are that we spend at least \$66 million on all of the Club Facilities and complete the future Club Facilities no later than November 2020. To date, we have spent over \$90 million on the Club Facilities, and by the time we complete the final eight holes on the North Course and the proposed future facilities we will have spent approximately \$110 million. Notwithstanding that fact, we believe that it is important for us to obtain the support of a substantial majority of the Members for the plans for the future facilities. We want to be certain that these plans reflect your needs and desires. We do not want to do anything that might be divisive among the membership.

The Membership Documents also provide for two automatic dues increases – one occurred when the Sports Club and Spa opened (15%), and another 10% when Villa Toscana opens in order to help cover the increased operating costs of the additional facilities. If we proceed with building the Phase Three proposed facilities, this last one-time dues increase will occur when those facilities are completed and open.

Timing:

If the proposed plan is approved by the Members, we will proceed to obtain City approvals this summer 2015, complete the architectural plans by May 2016 and build the Phase Three facilities, including the new casual restaurant, pool, event lawn, remaining two tennis courts, Sports Club pavilion and administrative office building to be complete and open in November 2017. The last building, a permanent banquet facility building to replace the event tent, will be completed prior to turnover to the Members, which will occur no later than January 2024.

Background:

When we designed the Club Facilities in 2002, we made many assumptions regarding what type of facilities future Members would want and use. These assumptions were based on our past experience and our view of the latest and greatest in club design at the time. Many of the assumptions have proven to be correct, including use of the golf, food and beverage, fitness, spa and tennis facilities.

We have also discovered that many of our assumptions were not correct! The use of the golf lockers by ladies and men has been much less than expected and we have a lot of space in the locker rooms that will simply not be needed for lockers. We now estimate that only 170 men's golf lockers and 71 ladies' golf lockers will be needed when we reach full membership. We have studied several ideas of what to do with the excess locker space that would serve the Members better.

Use of the Men's Grille, especially in the afternoons and evenings, has also been much less than expected except when organized golf events take place. Last year, we did over \$2 million in revenue in our entire food and beverage operation and less than \$70,000 was from the Men's Grille. Except on Wednesday and Thursday evenings when men are using the Grille and Card Room, the Men's Grille is usually empty by 6:00 p.m. We have occasionally used the Men's Grille in the evenings, when there are no men's events planned, for the New Year's Eve party, Festas, private dinner parties, the ladies' golf member/guest pairings parties, etc.

Our expectations have been exceeded with the popularity of Il Forno Garden as a place for parties, golf award luncheons, the Opening Party, Festas and à la carte lunch and dinner. Because of this and how beautiful the Garden turned out, we moved the evening valet to the Garden as the main entrance to Il Forno. As it was not designed for this, we have created traffic flow challenges in the evenings that will be resolved with the new proposed plan. Moving forward, we believe it is important to keep the main entrance at the Garden even when the permanent banquet facility building is completed.

We continue to learn what is important to our Members and what they would like the Club to offer. This feedback has come from prior Focus Groups, Town Hall meetings, individual conversations with Club staff and the annual Member survey. For example, the desire for a clubhouse swimming pool is much greater than expected. There also continues to be a preference by many Members for a more casual dress code for dining – especially for breakfast and lunch – to accommodate the Members participating in our biking, hiking and fitness activities along with families with younger children and visiting grandchildren. This also has been evident through requests for a casual restaurant and lounge, food and beverage service at the pool and a very casual morning gathering place like Starbucks.

Technology has changed dramatically since we planned the Club with a rapid evolution of golf technology using computers and equipment to measure spin rate, launch angle and other factors to assist in teaching and club fitting.

Proposed Future Facilities:

Based on what we have learned over the last ten years operating the Club and taking into account the suggestions from Members and staff, it became clear that what we had planned as Villa Toscana – the last large building – doesn't fit the needs of the Members and also delays us from completing the final Sports Club outdoor facilities (pool, event lawn and two tennis courts). Villa Toscana was originally to include a large banquet room (about the size of our existing tent), banquet kitchen, boardroom for Club and Member use, pre-function space, restrooms and offices for the administrative Club staff including the General Manager, Concierge, accounting, membership and events and catering staff. The banquet facility in Villa Toscana was also planned to be used for overflow dining for dinner when Il Forno is at capacity.

After numerous brainstorming meetings with the Club staff and the Sunrise Company executive team, Robert Altevers, our clubhouse facilities architect, created a plan that took all the functions originally planned for Villa Toscana and broke them into three separate buildings. We are excited with this plan; it will allow us to move forward much sooner to complete the facilities that are in the greatest demand and we believe it will better meet the needs and desires of our Members. We received near unanimous support for this plan in the Focus Groups and Town Hall Meeting.

We have further refined this plan based on the feedback we received from Members who attended the Focus Groups. Hearing and discussing your comments and suggestions has been invaluable in shaping the plan to fit the needs and desires of the Members.

Exhibit A attached is the Toscana Club Villa Master Plan that shows all the existing buildings – the Golf Shop and Cart Storage, Ladies’ and Men’s Locker Rooms, Il Forno, Spa Bella Vita and the Sports and Tennis Club including the four existing tennis courts. In addition, the plan shows the proposed new facilities which include:

Casual Restaurant, Bar/Lounge and Coffee/Juice Bar overlooking the Pool – Please see Exhibit B. This will be a place that Members can come in relaxed (non-golf) attire for a more casual dining experience than Il Forno. We anticipate it being open for lunch seven days a week during the season and for breakfast and dinner based on demand. It would have a different – more casual – menu than Il Forno. We believe it will take the pressure off Il Forno on busy evenings in season and offer a much nicer atmosphere than dining in a large banquet facility. It will include a multipurpose Club room that can be used for card playing, kid’s events, seminars and private events. The Club room can be closed off or open to the lounge for hosting large events like the Super Bowl party. The lounge will include a large horseshoe-shaped eat-up bar along with high and low-top tables and flow into the adjacent covered terrace for additional dining. Both the lounge and covered terrace will be similar in design to the covered patio in Il Forno with the addition of large disappearing pocket doors so the space can be completely air-conditioned and heated as necessary but open to the view most of the time. There will also be an outdoor garden terrace similar to the ones at Il Forno along with a long linear firepit to enjoy drinks while overlooking the view of Nine South and the mountains. To further create a casual atmosphere, there will be a display kitchen (enclosed with glass to keep sound down) and a Starbucks-type morning meeting place that will be staffed with a barista and offer coffee drinks, pastries and juices.

Pool – This will be a junior Olympic size pool (approximately 40' x 75') to accommodate lap swimming, aqua fitness classes and recreational swimming. There will be a kiddie pool and a covered trellis/shade structure together with umbrellas, lounge chairs and dining tables and chairs on the pool deck. The trellis/shade structure will include restrooms for swimmers and tennis players. The pool deck will be about six feet below the casual restaurant to enhance views from the dining areas.

Sports Club Pavilion – As many of you know, we’ve begun to experience capacity issues with some of our fitness classes in the Sports Club (mat Pilates, yoga). Although this typically only occurs during the peak morning hours, we want to insure that we have adequate space in the future for use by our Members who are so dedicated to fitness and wellness. We plan to build an approximately 1,800 sq. ft. multipurpose fitness pavilion immediately south of the current Sports Club fitness room and east of the new casual restaurant. The pavilion will contain a movement studio larger than the current movement studio to accommodate larger classes and allow the Club to schedule two group exercise classes simultaneously during the peak morning hours.

Event Lawn and Two Tennis Courts – The event lawn, immediately south of the pool, will be available to host events, kid’s activities and outdoor fitness classes. The surface of the final two tennis courts will be determined in the future based on Member use and preference.

Tent/Separate Banquet Facility Building – The 5,800 sq. ft. event tent will remain in place until the end of the development when it will be replaced with a permanent building. The new building (approximately 7,000 sq. ft.) will have banquet space similar in size to the event tent, as well as restrooms, banquet storage and food prep areas.

Additional parking – This area, with about 30 spaces, will offer self-parking during the day for convenient access to Il Forno and the new casual restaurant. It will also allow for a much more efficient traffic pattern for valet parking in the evening at the Garden entry. There will be storage, a building

maintenance repair shop and additional offices in a basement underneath this parking area and adjacent to the Il Forno lower level service tunnel.

Club Administrative Office Building – This new single story building (approximately 3,500 sq. ft.) will be located across the parking area from the ladies’ locker room and immediately south of the cart storage building. It will include offices for the General Manager, Concierge, accounting, membership and events and catering staff along with a boardroom for Club and Member use.

Not shown on the Master Plan but planned to be completed this summer are the following:

Golf Teaching and Club Fitting Center – This new facility will be located at the northeast corner of the Driving Range and will feature a hitting bay outfitted with state-of-the-art video and monitoring equipment for lessons and fitting. Please see Exhibit C for location and photo of a similar facility recently built at Bighorn.

Il Forno Kitchen Expansion – By converting the locker bays in the Men’s Locker Room that will not be used even at full membership capacity, we have the space to increase the size of the kitchen by about 46%. This will allow us to serve current and future à la carte dining and banquet needs in Il Forno and the banquet facility. (The new casual restaurant will have its own kitchen.) We originally planned to have a second kitchen in Villa Toscana, but our food and beverage team believe strongly that it is much more efficient and cost-effective to have one large kitchen where all the food is stored and prepped and can be managed by our current staff. Our existing kitchen is undersized for these purposes.

In the Focus Groups, we also discussed the idea of using the Men’s Grille after 6:00 p.m. on nights when there are no Men’s activities (like Gin and Poker nights) for co-ed dining to handle overflow on busy evenings or holiday weekends. The Men’s Grille is a wonderful space that is larger than Il Forno and includes a bar. We have been using it for private co-ed events and co-ed Club events like the Super Bowl and New Year’s Eve parties and have received many comments from ladies and men on how much they enjoy the space. We also discussed using the Men’s and Ladies’ Card Rooms for co-ed activities – again when there are no planned men’s or ladies’ only activities. This will allow us to take advantage of these spaces that are currently underused. Both of these ideas were widely supported by Members attending the Focus Groups and we plan to move forward with using the Men’s Grille next season for co-ed dining, private events and the Men’s Card Room for meetings, private events and co-ed card playing when there are no men’s events planned for those areas.

In conclusion, we are convinced that these proposed facilities will meet the needs of our Members now and in the future and will offer many places where Members can gather and connect. We look forward to the results of the Member vote and are prepared to proceed full speed ahead if you agree. We appreciate all the input we have received and we encourage you to continue sharing your comments and suggestions. Thank you for your continued support.

Very truly yours,



William Bone
Chairman of the Board

WB:cd

Enclosures

Ballot

Toscana Country Club

Future Club Facilities

Please check the appropriate space to approve or disapprove the amendments to Sections 2.01, 2.02 and 2.03 of Article II of the Amended and Restated Agreement for Transfer of Assets dated June 28, 2011 as shown on the attached exhibit, and to conform the Offering Circular and Club documents.

Approve _____

Disapprove _____

Please return your Ballot in the
postage prepaid envelope to:

Board of Directors
Toscana Country Club, Inc.
76009 Via Club Villa
Indian Wells, CA 92210

or deliver to the Club Concierge at the Club office.

The affirmative vote of greater than fifty percent (50%) of the total voting power of the Equity Members, notwithstanding the number of votes cast, is needed for passing the amendments.

All returned Ballots must be received no later than May 1, 2015 in order to be counted, which date may be extended by the Board of Directors.

Member:

(Print Name)

(Signature)

Member Number _____

Sections 2.01, 2.02 and 2.03 of Article II of the Amended and Restated Agreement for Transfer of Assets dated June 28, 2011 are hereby amended to read in full as follows:

2.01 Club Facilities. The Club Facilities are expected to include the following:

(a) The “Golf Facilities” consisting of: Two Jack Nicklaus Signature 18-hole championship golf courses, with a double-ended practice range, practice putting greens and other practice facilities (including a teaching facility) and maintenance facility.

(b) The “Club Villa Complex” consisting of several separate buildings, including a golf pro shop; ladies’ and gentlemen’s locker room and lounge facilities; Il Forno Trattoria, including lower-level snack shop and wine cellar; golf cart storage; a Club office building (including a board room); and Villa Toscana (an approximately 7,000 square foot banquet facility, including restrooms and food storage/banquet prep facilities, but no kitchen).

(c) The “Sports Club Facilities” consisting of fitness and aerobics facilities; day spa; ladies’ and gentlemen’s locker rooms; pro shop; outdoor swim facilities, including pool and sun decks; Sports Club pavilion; and six (6) lighted tennis courts, including center court; a casual dining facility, including a multi-purpose Club room, lounge, dining room and coffee bar.

2.02 Phasing of Club Facilities. The Club Facilities are scheduled to be phased as follows:

(a) The following are the “Phase One Club Facilities”:

(i) First 18-hole golf course

(ii) Practice range, practice facilities (except the teaching facility) and practice putting greens

(iii) The following Club Villa Complex buildings:

- (1) Golf pro shop
- (2) Ladies’ and gentlemen’s locker room and lounge facilities
- (3) Il Forno Trattoria
- (4) Golf cart storage

(iv) Golf course maintenance facility

(b) The following are the “Phase Two Club Facilities”:

(i) Sports Club Facilities (except for two of the six tennis courts, outdoor swim facilities, Sports Club pavilion and casual dining facility)

(c) The following are the “Phase Three Club Facilities”:

(i) The remaining Sports Club Facilities (two tennis courts, outdoor swim facilities, Sports Club pavilion and casual dining facility)

(ii) Club office building

(iii) Golf teaching facility

(d) The following are the “Phase Four Club Facilities”:

(i) Villa Toscana

The Original Agreement required the Sponsor to expend no less than \$66,000,000 to design, construct and equip the Club Facilities. The parties acknowledge that, as of March 1, 2015, the Sponsor has expended more than \$90,000,000 to design, construct and equip the Club Facilities.

2.03 Delivery of Club Facilities. The parties acknowledge that the following Club Facilities are complete: (a) the Golf Facilities, except for the teaching facility (the final eight (8) holes of golf are currently under construction and will open for play in November 2015); (b) the Club Villa Complex, except for Villa Toscana and the Club office building; (c) the Sports Club Facilities, except for the outdoor swim facilities; Sports Club pavilion; two tennis courts; and the casual dining facility. The remaining Club Facilities will be completed as follows:

(a) The Phase Three Club Facilities will be completed and open for use on or before November 1, 2017.

(b) The Phase Four Club Facilities will be completed and open for use on or before the Turnover Date.



CLUB VILLA MASTER PLAN

Toscana Country Club
Indian Wells, CA

AREAS TO BE BUILT

Completed and open by Fall 2017 - Proposed

- Casual Restaurant
- Pool, Kiddie Pool, Trellis and Restrooms
- Event Lawn
- Sports Club Pavilion
- Two Tennis Courts
- Additional Parking
- Administrative Office Building

Completed and open by Turnover (no later than January 2024) – Proposed

- Permanent Banquet Facility Building

MARCH 30, 2015



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EXHIBIT A



CASUAL RESTAURANT

Toscana Country Club
Indian Wells, CA

February 20, 2015 - THIRD CONCEPT
Incorporating feedback from January and
February Member Focus Groups



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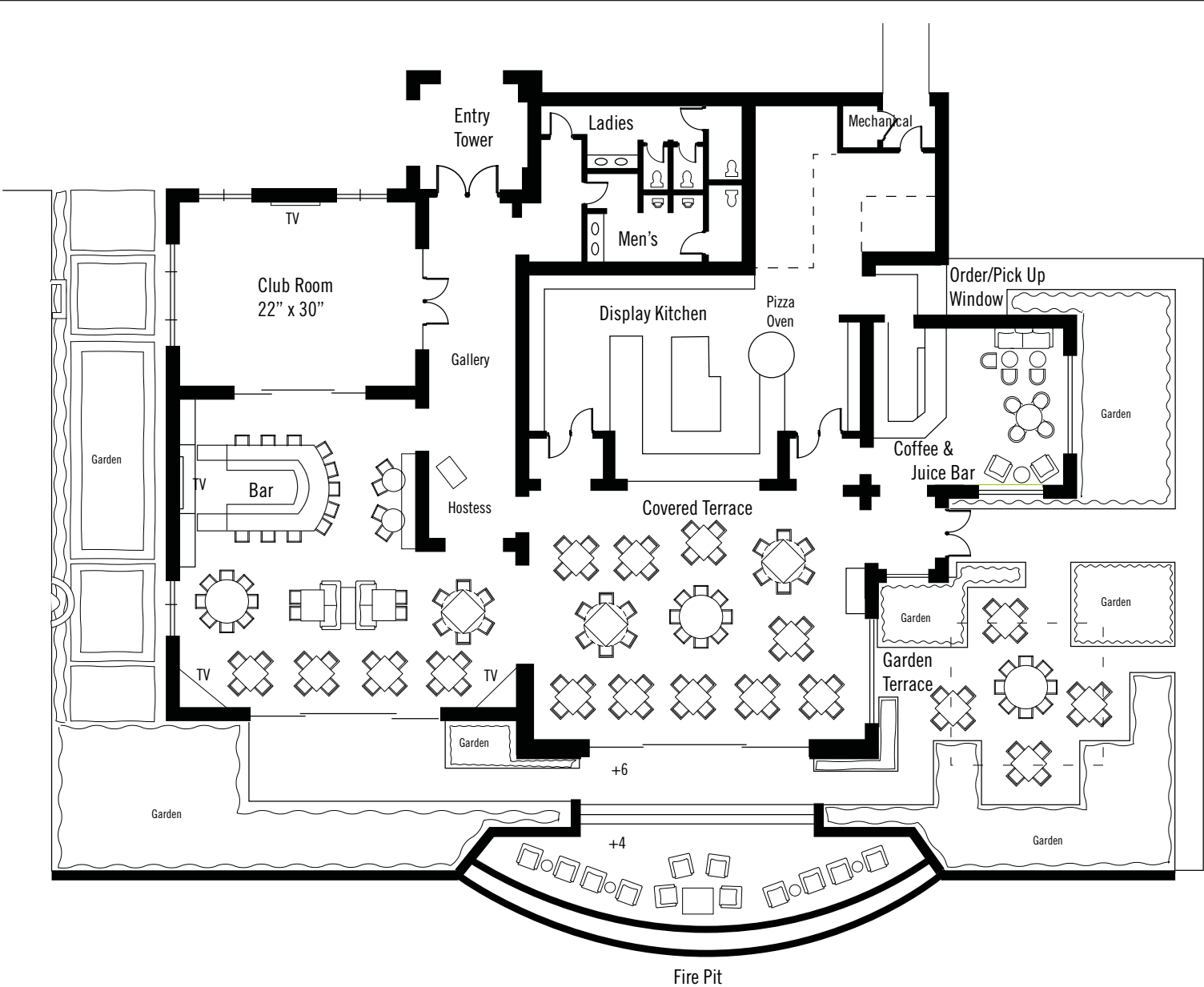


EXHIBIT B



GOLF TEACHING FACILITY



H S A
DESIGN GROUP

JANUARY 14, 2015



EXHIBIT C