

December 8, 2017

Dear Members,

In October, our team came to you and provided a detailed update on RCS's vision for the future of both the community and club at Villa Portofino. Following a very productive session as part of the already scheduled HOA meeting, I sent a follow up letter which reaffirmed our thoughts and spoke about some potential next steps (this letter may be viewed here - <https://goo.gl/x3aa5e>). I am pleased to report that much progress has been made since our last communication.

### **Homes & Homesite Sales**

As expected, Comstock delivered the final phase of homes in November and all but 1 are now closed. The final home closing is expected to occur this month. Since that time, Comstock has been winding down much of its operation at Villa Portofino, though Andy Alvillar is still on-site now and I expect he will be there for several more months as we work through their final home closing and other items related to community development. The sales center has been closed.

We continue to seek a purchaser for the remaining homesites in the community, and while there is nothing to announce yet, we have had some fruitful discussions. I hope to have more to share sometime in the first half of 2018.

### **Club Operations**

When we were together in October, we introduced our club management consultants (BlueStar Resort & Golf, based in Scottsdale, Arizona) and allowed them to share with you the findings from the Member Survey and their additional research on-site. I think everyone agreed that their perspective was intelligent and thorough, and that a team with their skills would be of benefit to Villa Portofino. To that end, I am pleased to announce that BlueStar is now under contract to provide consulting services through the end of the year, and beginning in January they will be the full-time management company for the club.

Together, we've established many priorities together, including:

- Supporting Julie, Judith, Sylvia and the team with resources in accounting, IT, communications, and operations. We all know the passion of the team on-site, and with the tools and processes BlueStar has in place from its network of clubs across the country, I'm certain our team – and ultimately you as Members – will benefit from their expertise.
- Evaluating the food & beverage operation and quickly implementing a more focused, more consistent menu. As discussed in the October session, we are also likely to progress some service away from the current dining room and towards the bistro and rear patio, but the details of how this will work is still being worked through by Julie and the BlueStar team.

- Enhancing the experience of the rear patio and the bistro via some additional/different lighting, possible sound upgrades, and more comfortable furniture inside.
- Communicating consistently with the membership so that everyone is aware of what is happening when and why. I am confident that the adjustments which will be put in place will enhance the membership experience, but it is imperative that we keep the Members aware of plans and the thoughts behind them.

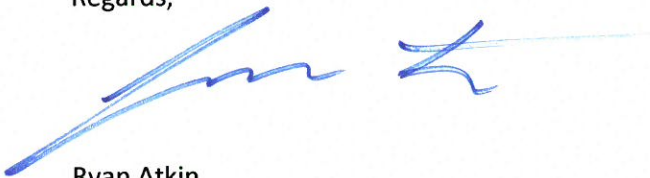
As you can imagine, the list is much longer than this. But, in general, our goal – which we share with all owners in the community – is to build on what the club team already does well so we can advance Member satisfaction and improve the club’s financial results.

At Real Capital Solutions, we believe that being forthright in all our activities is the best way to build success – be it with partners, clients, or, in this case, Members. There will be change coming, some of which you may have already seen. Chef Gavin has left the team, and instead of simply re-posting and re-hiring for another Executive Chef, the BlueStar team is evaluating whether there is a better answer. Their culinary expertise is impressive – particularly in the Desert, where they operate the very successful June Hill’s Table at the Polo Club along Avenue 52 – so they are currently working in conjunction with Julie to develop a solution. As this discussion is happening, **all operating hours and all scheduled events will continue as planned.**

Speaking of scheduled events, one which is upcoming is the HOA Meeting on Wednesday, December 13<sup>th</sup>. With special thanks to your HOA president Tony Ferrara, for at least part of the meeting representatives from the BlueStar team will be in attendance. They will share their initial thoughts, and, time depending, can host some Q&A as well. I hope you can all be a part of this session.

Thank you again for your support of Villa Portofino. I continue to be highly confident that this community and club is well-positioned to thrive moving forward. Tony has been an exceptional steward of your HOA interests, Julie Miller (and the BlueStar team) are dedicated to a high-quality hospitality experience, and we continue our efforts to bring in a new builder for the community. I think we all know Villa Portofino has taken a somewhat circuitous route over the years, but I believe it will ultimately achieve its vision of being one of the premier active adult villages in the Desert.

Regards,



Ryan Atkin  
Vice President  
Real Capital Solutions