

MEMBERSHIP SURVEY REPORT

DESERT HIGHLANDS

RESULTS AND ANALYSIS

The following is a summary of the survey results and McMahon Group's interpretation of the results:

SECTION I. GENERAL

(Approximate number of respondents to questions in this section: 500)

Question 1. Please indicate your "overall" satisfaction with Desert Highlands.

<u>Overall Satisfaction</u>	<u>Desert Highlands '05</u>	<u>Desert Highlands '01</u>	<u>Other Clubs*</u>
Very Satisfied	55%	49%	23%
Satisfied	38%	42%	55%
Neutral	5%	7%	14%
Dissatisfied	1%	2%	7%
Very Dissatisfied	1%	0%	1%
Mean Rating	4.47	4.36	3.92

* 121 clubs surveyed by McMahon, 2001-2004

Overall, respondents are very satisfied with the Club, and satisfaction has increased slightly since the time of the 2001 Membership Survey. Ninety-three percent (93%) of respondents are satisfied or very satisfied with the Club overall, compared to 91% in 2001. The mean rating has increased from 4.36 in 2001, to 4.47 in 2005. At other clubs recently surveyed by the McMahon Group, an average of 78% are satisfied or very satisfied. It is also a very positive survey result that 55% of Desert Highlands respondents are *very* satisfied with the Club overall, compared to 49% in 2001, and only 23% at other clubs.

(See also Table 1 in the Data Tables section of this report for a complete display of response data cross tabulated by age group, gender, whether or not respondents have children living at home, membership tenure, whether or not respondents are members of another golf/country club in the area, residence status at Desert Highlands, and membership category.)



Question 2. Please indicate how important each of the following Club activities/services is to you and also how satisfied you are with each. (5=Very High/1=Very Low)

Activities	Importance		Satisfaction	
	Mean Rating	% Rating Important	Mean Rating	% Dissatisfied
Dining	4.6	93%	4.2	7%
Security Services	4.5	92%	4.3	5%
Golf	4.3	82%	4.3	3%
Fitness	3.9	70%	4.2	4%
Club social functions	3.6	60%	3.8	6%
DH Landscape Maintenance Services	3.3	52%	3.3	24%
Absentee Homeowner Services	3.3	52%	3.7	10%
Concierge Services	3.4	51%	3.8	8%
DH Pool Maintenance Services	3.1	50%	3.6	16%
Private parties	3.3	46%	4.0	4%
Garden Amenities	3.2	44%	4.0	4%
Tennis	2.9	39%	4.0	6%
Swimming	2.5	23%	3.7	10%
Business entertaining	2.3	22%	3.6	7%
Children's activities	2.4	22%	3.1	21%
Car wash/detailing services	2.4	21%	3.7	8%

The four most important activities or services to respondents are dining (important to 93%), security services (important to 92%), golf (important to 82%), and fitness (important to 70%). Other activities or services important to at least half of all respondents include Club social functions, landscape maintenance services, absentee homeowner services, concierge services, and pool maintenance services.

Activities	Importance		Satisfaction	
	2005	2001	2005	2001
Dining	4.6	4.5	4.2	4.0
Golf	4.3	4.3	4.3	4.1
Fitness	3.9	3.6	4.2	4.1
Club social functions	3.6	3.3	3.8	3.6
Private parties	3.3	3.0	4.0	3.8
Garden Amenities	3.2	3.0	4.0	3.9
Tennis	2.9	2.6	4.0	3.8
Swimming	2.5	2.2	3.7	3.5
Business entertaining	2.3	2.2	3.6	3.4
Children's activities	2.4	2.1	3.1	3.1

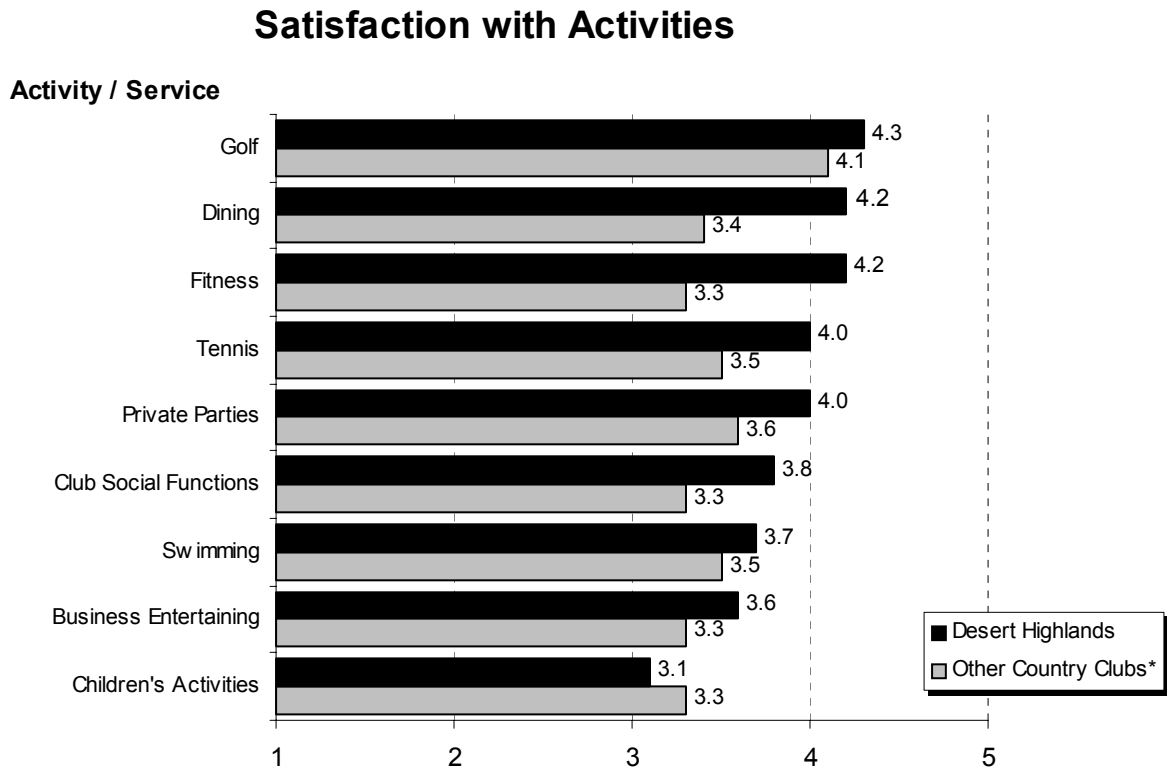
As shown above, almost all of the "importance ratings" increased from 2001 to 2005. The most significant increases (+0.3) were for fitness, Club social functions, private parties, tennis, swimming, and children's activities.



For activities of highest importance to respondents, the McMahon Group recommends that clubs achieve *satisfaction* ratings of 4.0 or higher, with at least 80% of respondents satisfied and no more than 10% dissatisfied. Thus, it is a very positive survey result that Desert Highlands achieves this high level of satisfaction (4.2 or higher) for the four most important activities or services: dining, security services, golf and fitness. The lowest satisfaction ratings are for landscape maintenance services (48% satisfied, 24% dissatisfied) and children's activities (30% satisfied, 21% dissatisfied). Among respondents under age 56, 13% are satisfied with the Club's activities for children, and 32% are dissatisfied. Among respondents with children living at home, 8% are satisfied and 58% are dissatisfied.

It is also a very positive survey result that every 2005 satisfaction rating (with a comparative rating from the 2001 survey) has increased, except for children's activities, which has remained the same from 2001 to 2005.

As shown in the following chart, all of the Desert Highlands activity satisfaction ratings are above average compared to other clubs, except for children's activities, which is slightly below average.



Mean Rating (5=Very Satisfied, 1=Very Dissatisfied)

* 121 other clubs surveyed by McMahon 2001-2004

(Tables 2-9)



Question 3A. Respondents were asked to indicate their level of agreement or disagreement with the following Vision Statement:

“Desert Highlands is a residential golf and tennis community that offers a superior quality of life experience by providing the finest social, recreational and fitness amenities for its members in a pleasant and secure environment.”

<u>Vision Statement</u>	<u>2005</u>	<u>2001</u>
Strongly Agree	48%	42%
Agree	36%	38%
Neutral	8%	11%
Disagree	7%	7%
Strongly Disagree	1%	2%

Agreement with the Club’s Vision Statement has increased slightly since the time of the last survey. Overall, 84% of respondents agree with the Club’s Vision Statement, and 48% *strongly* agree. At the time of the 2001 survey, 80% agreed and 42% *strongly* agreed.

Question 4. Please indicate your satisfaction with these characteristics of the Club’s Board of Directors, Nominating Process, Committees, Administration and Staff. (5=Very Satisfied/1=Very Dissatisfied)

	<u>Mean Rating</u>		<u>% Dissatisfied</u>	
	<u>2005</u>	<u>2001</u>	<u>2005</u>	<u>2001</u>
<u>Board</u>				
Communication with membership	3.8	3.6	13%	16%
Overall Board performance	3.8	3.7	15%	13%
Financial management	3.7	3.4	17%	22%
Board responsiveness	3.4	3.4	23%	22%
Board representative-ness	3.3	3.1	29%	32%
<u>Nominating Process</u>				
Representative-ness of Nominating Committee	3.1	2.7	34%	43%
Overall satisfaction with nomination process	2.9	2.7	39%	45%
<u>Committees</u>				
Committee effectiveness	3.5	3.4	14%	18%
Permission of members to serve on committee of choice	3.3	3.3	22%	23%
<u>Club Administration</u>				
Management effectiveness	4.2	4.2	8%	3%
Responsiveness to membership	4.1	4.0	10%	6%
<u>Staff</u>				
Overall level of service	4.6	4.5	0%	1%
Member name recognition	4.6	4.4	1%	4%

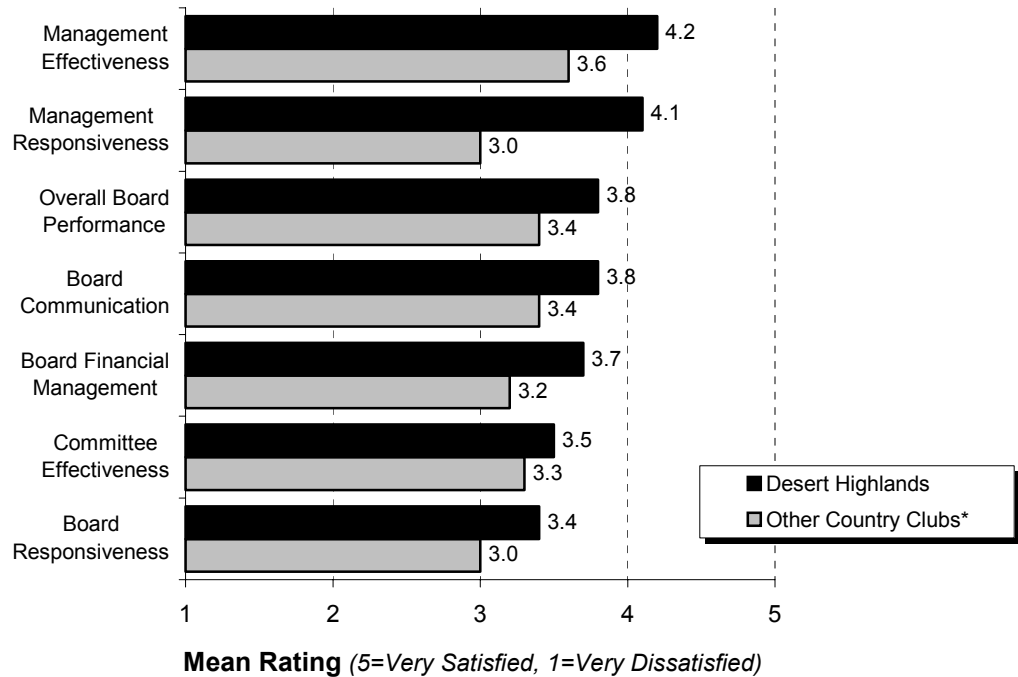


As shown on the previous page, most of the satisfaction ratings for the Board, nominating process, committees, administration and staff have improved from 2001 to 2005. Sixty-seven percent (67%) of respondents are satisfied with the overall performance of the Board, and 15% are dissatisfied, compared to 68% and 13%, respectively, in 2001. Respondents continue to be exceptionally satisfied with the Club administration and staff. While there is some improvement from 2001 to 2005, the lowest ratings (and highest dissatisfaction levels) continue to be for the responsiveness of the Board, the degree to which the Board is representative of the membership, and the Board nominating process.

As shown in the following chart, all of the satisfaction ratings for the various performance aspects of the Board of Directors are above average compared to other clubs, and most are well above average.

Governance Satisfaction

Governance Aspect



* 121 other clubs surveyed by McMahon 2001-2004

(Tables 11-13)



Question 5. How many candidates would you like to see on the election ballot?

<u>Election Ballot</u>	<u>2005</u>	<u>2001</u>
3	16%	10%
4-6	67%	69%
More than 6	17%	21%

Similar to the response in 2001, two thirds of respondents in 2005 feel that there should be 4 to 6 candidates on the ballot. (Table 14)

Question 6. What do you feel is the appropriate term for Committee members?

<u>Term Length</u>	<u>2005</u>	<u>2001</u>
3 years	68%	55%
Less than 3 years	32%	45%

Two-thirds of respondents feel the appropriate term for committee members is three years, compared to 55% of respondents who held this opinion in 2001. (Table 14)

Question 7. Respondents were asked to rate their satisfaction with these aspects of Club communications: (5=Very Satisfied/1=Very Dissatisfied)

Club Communications	Mean Rating		% Dissatisfied	
	2005	2001	2005	2001
Monthly Member mailings	4.4	4.2	2%	4%
<u>Newsletter</u>				
Social activity content	4.3	4.2	2%	1%
Timeliness of information	4.1	3.9	4%	8%
Club business content	3.9	3.8	12%	12%
<u>Website</u>				
Content	4.0	-	3%	-
Ease of use	3.9	-	5%	-
Member "Chat" sessions	3.7	3.7	9%	9%
Town Hall meetings	3.8	3.6	11%	9%
Communication of financial information	3.7	3.5	16%	21%

Overall, respondents are well satisfied with the various aspects of Club communications, and there were only minor variations in the ratings from the 2001 survey. (Tables 15 and 16)



Question 8. Which of the following best describes your opinion regarding the overall level of service provided at Desert Highlands with respect to your monthly dues?

Service Levels	2005	2001
The overall level of service provided is adequate for the dues I pay.	76%	75%
I would be willing to pay increased monthly dues to support an even higher service level.	10%	4%
The cost of monthly dues should be reduced, and I would be willing to accept a lower level of service in exchange.	14%	21%

Similar to the response in 2001, the majority (76%) of respondents feel the overall level of service provided is adequate for Club's dues level. *(Table 17)*

Question 9. If you believe that current monthly dues should be reduced, in which of the following areas of Club operations would you be willing to accept curtailments?

Areas of Club Operation	% Responding
Concierge services	16%
Months of swimming pool operation	13%
Swimming pool water temperature	13%
Locker room amenities	12%
Valet service personnel	12%
Catering and party planning services	11%
Residential absentee homeowner services	11%
Food events and/or theme nights	10%
Golf Shop merchandise breadth and selection	10%
Hours/days/months of Valet service	10%
Golf events and tournaments	9%
Club mixers and other social/cultural events	8%
Tennis events and tournaments	8%
Hours/days/months of Tennis Center operation	7%
Golf instruction	6%
Takeout food service	6%
Tennis courts maintenance and conditioning	6%
Bar services	5%

(continued)



Areas of Club Operation (continued)	% Responding
Golf cart replacement	5%
Halfway house hours of operation	5%
Practice balls replacement	5%
Clubhouse lunch/dinner menu breadth	4%
Dining room furniture repairs and reconditioning	4%
Hours and/or days of dining room operation	4%
Hour/days/months of golf course operation	2%
Manned security service hours	2%
Security services	2%
Common areas maintenance and repairs	1%
Golf course maintenance and reconditioning	1%
Food quality	0%

As noted in response to the previous question, the vast majority (76%) of respondents feel that services do not need to be curtailed. Among the minority of respondents who favor curtailments, areas they would most prefer to target include concierge services, the pool months of operation, and the pool water temperature. (Tables 18A & 18B)

Question 10. What is your perception of staffing levels in each of the following areas?

Club Areas	Too Much Staff		Fine As Is		Not Enough Staff	
	2005	2001	2005	2001	2005	2001
Valet parking	15%	22%	84%	78%	1%	0%
Dining rooms	9%	9%	88%	85%	3%	6%
Golf services	24%	29%	75%	70%	1%	1%
Tennis	12%	16%	84%	75%	4%	9%
Fitness center	8%	14%	88%	82%	4%	4%
Security	9%	-	90%	-	1%	-

As shown above, majorities (75% to 90%) of respondents feel the staffing levels in each department are fine as they are. Respondents are somewhat less likely to hold the opinion that there is too much staffing than they were at the time of the 2001 survey. (Tables 19 & 20)



SECTION II. PROPERTY OWNER ISSUES

(Approximate number of respondents to questions in this section: 530)

Question 11. Please indicate your satisfaction with the following Property owner issues:

Property Owner Issues	Mean Rating		% Dissatisfied	
	2005	2001	2005	2001
Overall security of community	4.6	4.3	1%	6%
Gatehouse/Security personnel	4.5	4.3	1%	2%
Motor vehicle regulations/speed limits	4.2	4.0	6%	8%
Computerized gate entry system	4.2	3.9	7%	15%
West Gate security	4.0	3.6	11%	17%
Enforcement of speed limits	3.9	3.6	12%	18%
Street signage	3.8	3.9	16%	9%
<u>Appearance/Landscaping</u>				
Common ground	4.2	4.2	4%	5%
Entrance drive to clubhouse	4.1	4.1	6%	8%
Gatehouse/Entrance area	3.9	4.1	15%	9%
Undeveloped lots	3.8	3.7	6%	8%
<u>Design Issues</u>				
Overall residential design philosophy	4.2	-	5%	-
"Low light" philosophy of Desert Highlands	4.2	-	5%	-
Overall design review guidelines	3.8	3.4	12%	21%
Clarity and specificity of design guidelines	3.7	-	12%	-
Uniformity of enforcement of design guidelines	3.3	3.0	27%	35%

As in 2001, respondents are very satisfied with most issues related to property ownership at Desert Highlands. As shown above, many of the ratings are above 4.0, with very low dissatisfaction percentages. Several of the ratings increased from 2001 to 2005, such as overall security (4.3 to 4.6), the computerized gate entry system (3.9 to 4.2), West Gate security (3.6 to 4.0), enforcement of speed limits (3.6 to 3.9), and overall design review guidelines (3.4 to 3.8).

The only decreased satisfaction ratings were for the street signage (3.9 to 3.8) and the appearance/landscaping of the gatehouse/entry area (4.1 to 3.9).

Although there is some improvement in the rating for the uniformity of enforcement of the design guidelines, it remains the lowest rated property owner aspect, with 27% dissatisfied in 2005. Among year-round residents, 39% are dissatisfied, compared to 23% of respondents who live at Desert Highlands 5 to 11 months of the year, and 16% of respondents who are in residence less than five months each year.

(Tables 21-24)



SECTION III. CLUBHOUSE FACILITIES AND SERVICES

(Approximate number of respondents to questions in this section: 550)

Question 12. Respondents were asked to rate their satisfaction with the following aspects of the clubhouse facilities and services: (5=Very Satisfied/1=Very Dissatisfied)

Clubhouse Aspects	Mean Rating		% Dissatisfied	
	2005	2001	2005	2001
<u>Clubhouse-General</u>				
Exterior clubhouse appearance	4.6	4.7	1%	0%
Landscaping around clubhouse	4.6	4.6	1%	1%
General interior appearance	4.4	4.5	5%	5%
<u>Clubhouse Areas</u>				
Restrooms	4.5	4.5	0%	1%
Entry foyer	4.4	4.4	4%	4%
Library/Card Room	4.3	4.1	4%	10%
Grille Room	4.3	4.4	5%	4%
Ventana Dining Room	4.3	4.3	7%	5%
Mesa Grille	4.2	4.3	6%	4%
Patio	4.2	4.4	7%	4%
Bar	4.2	4.5	9%	2%
<u>Ladies' Locker Room</u>				
Locker area	4.3	4.4	0%	3%
Sink/Shower area	4.3	4.4	1%	2%
Locker room amenities	4.0	4.3	7%	4%
Card Room	4.0	4.3	11%	2%

(continued)



Clubhouse Aspects <i>(continued)</i>	Mean Rating		% Dissatisfied	
	2005	2001	2005	2001
<u>Men's Locker Room</u>				
Locker area	4.4	4.4	0%	2%
Sink/Shower area	4.3	4.4	3%	2%
Card Room	4.2	4.3	3%	4%
Locker room amenities	4.2	4.3	4%	4%
Men's Grill	4.2	4.3	6%	3%
<u>Clubhouse Services</u>				
Clubhouse cleanliness	4.7	4.6	0%	0%
Clubhouse maintenance	4.6	4.5	0%	0%
<u>Valet parking</u>				
Availability of service	4.6	4.6	1%	2%
Service provided	4.7	4.5	1%	2%

Respondents are exceptionally satisfied with all aspects of the clubhouse facilities, providing ratings of 4.0 or higher for all clubhouse areas, as well as for the clubhouse services such as maintenance, cleanliness and valet parking. While a few of the ratings declined from 2001 to 2005, the differences were not significant, and respondents remain very satisfied with the clubhouse facilities and services. *(Tables 25-30)*



SECTION IV. DINING

(Approximate number of respondents to questions in this section: 550)

Question 13. Members were asked to rate their satisfaction regarding these aspects of clubhouse dining: (5=Very Satisfied/1=Very Dissatisfied)

	Grille Room		Ventana Room		Private Parties/ Club Events	
	Mean Rating	% Dissatisfied	Mean Rating	% Dissatisfied	Mean Rating	% Dissatisfied
DINING ASPECT						
<u>Service</u>						
Friendliness of staff	4.7	0%	4.7	0%	4.7	1%
Staff appearance	4.6	0%	4.6	1%	4.6	1%
Professionalism of staff	4.5	2%	4.5	2%	4.6	2%
Speed of service	4.1	5%	4.2	4%	4.4	2%
<u>Food</u>						
Food presentation	4.5	1%	4.5	0%	4.6	0%
Food quality	4.4	3%	4.4	3%	4.5	2%
Food consistency	4.3	3%	4.3	3%	4.4	2%
Value for the price	4.0	8%	4.0	8%	4.1	8%
Menu variety	3.7	18%	3.7	16%	4.2	7%
<u>Other</u>						
Ambiance of room	4.1	6%	4.3	5%	4.4	2%
Hours of operation	4.0	7%	3.8	13%		
<u>Wine List/Selection</u>						
Bottles	4.0	5%	4.0	7%		
By the glass	3.9	9%	3.9	10%		

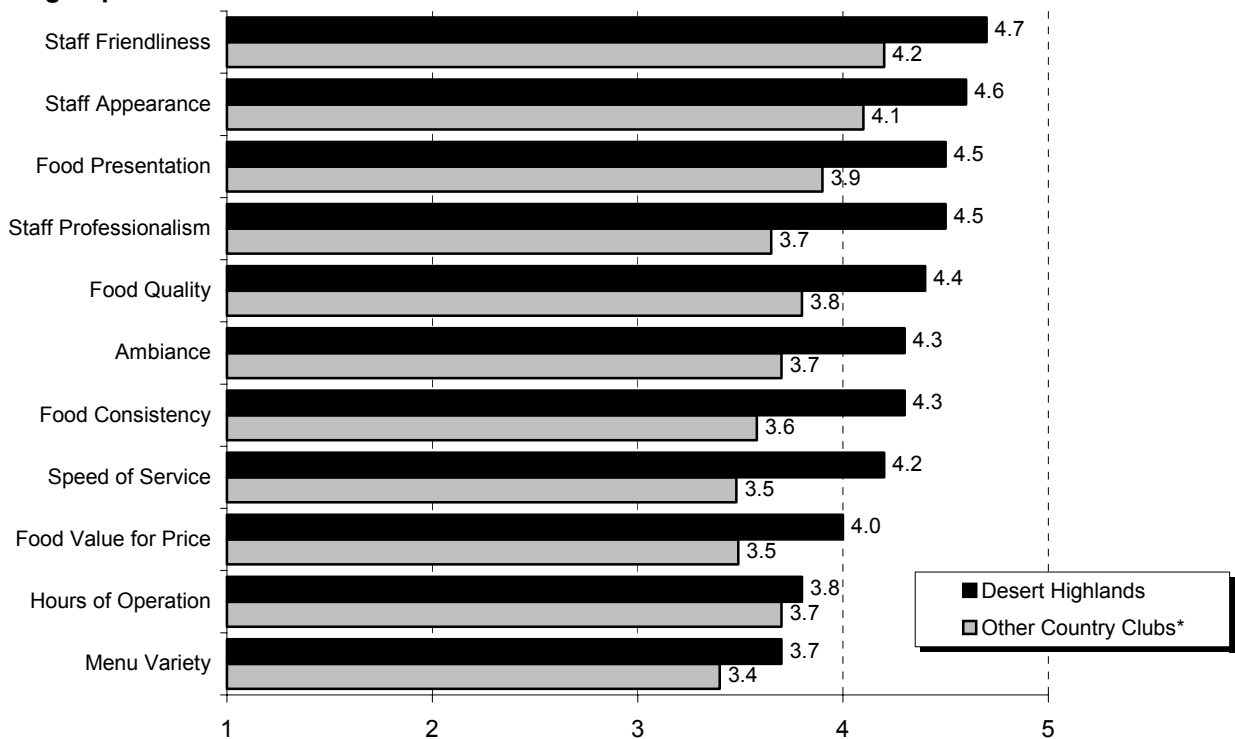
Respondents are very satisfied with the Club's dining program, both as it relates to member dining in the Grille and Ventana Rooms, and also for private parties/Club events. These satisfaction ratings, almost all of which are above 4.0, are among the highest ever experienced by the McMahon Group on hundreds of private club surveys.



The chart below provides a comparison of the Ventana Room satisfaction ratings to average ratings at other clubs in the McMahon Group database. As this chart shows, all of the ratings are above average compared to other clubs, and most are well above average.

Member Dining Satisfaction Ventana Room

Dining Aspect



Mean Rating (5=Very Satisfied, 1=Very Dissatisfied)

* 121 other clubs surveyed by McMahon 2001-2004



As shown in the following table, the dining ratings were also very high at the time of the 2001 Membership Survey, and most of the ratings have shown slight improvement from 2001 to 2005.

	Grille Room		Ventana Room		Private Parties/ Club Events	
	2005	2001	2005	2001	2005	2001
DINING ASPECT						
<u>Service</u>						
Friendliness of staff	4.7	4.6	4.7	4.5	4.7	4.5
Staff appearance	4.6	4.5	4.6	4.5	4.6	4.5
Professionalism of staff	4.5	4.3	4.5	4.4	4.6	4.4
Speed of service	4.1	4.0	4.2	4.1	4.4	4.2
<u>Food</u>						
Food presentation	4.5	4.4	4.5	4.4	4.6	4.4
Food quality	4.4	4.2	4.4	4.2	4.5	4.2
Food consistency	4.3	4.1	4.3	4.1	4.4	4.2
Value for the price	4.0	3.9	4.0	3.7	4.1	3.8
Menu variety	3.7	3.5	3.7	3.6	4.2	4.0
<u>Other</u>						
Ambiance of room	4.1	4.2	4.3	4.3	4.4	4.4
Hours of operation	4.0	4.0	3.8	3.8	-	-
<u>Wine List/Selection</u>						
Bottles	4.0	3.9	4.0	3.9	-	-
By the glass	3.9	3.7	3.9	3.8	-	-

(Tables 31-38)

Question 14. How important is it for the Club to provide each of the following dining environments and/or services? (5=Very Important/1=Very Unimportant)

Styles of Dining	Mean Rating		% Rating Important	
	2005	2001	2005	2001
Casual dining (every day)	4.5	4.5	93%	90%
Take-out food service	4.1	-	78%	-
Outdoor dining	4.0	4.4	77%	88%
Upscale dining on Fridays & Saturdays	3.8	3.5	65%	57%
Party planning assistance	3.6	-	58%	-
In-home catering	3.6	-	57%	-

All of the dining styles or services members were asked to rate are important to majorities of respondents. Similar to 2001, the most important style of dining is everyday casual dining. Outdoor dining is slightly less important in 2005 than it was in 2001, while upscale dining on Fridays and Saturdays is somewhat more important today than it was four years ago. (Tables 39 & 40)



Question 15. How do the Club's prices compare to the prices charged for similar meals at other clubs and restaurants you visit regularly?

The Club's price are.....	Lower		About the Same		Higher	
	2005	2001	2005	2001	2003	2001
Lunch	10%	10%	73%	71%	17%	19%
Dinner	13%	11%	68%	71%	19%	18%
Private parties	7%	4%	64%	60%	29%	36%
Wine – bottles	8%	7%	66%	61%	27%	32%
Wine-by-the-glass	7%	5%	65%	64%	28%	31%
Cocktails	7%	4%	73%	71%	20%	25%

As shown, majorities (64% to 73%) of respondents feel the Club's prices are about the same as the prices charged at other clubs or restaurants. (Tables 41 & 42)

Question 16A. How often do you eat out for dinner in an average month (at the Club or elsewhere)?

<u>Eat Out</u>	<u>Desert Highlands Respondents - 2005</u>	<u>Desert Highlands Respondents - 2001</u>	<u>Respondents at Other Clubs</u>
More than 20 times	7%	13%	9%
14 to 20 times	22%	23%	19%
8 to 13 times	45%	42%	36%
4 to 7 times	21%	19%	27%
Less than 4 times	5%	3%	9%

Question 16B. Of these dinner meals out, approximately what percent are at the Club?

<u>Eat At Club</u>	<u>Desert Highlands Respondents - 2005</u>	<u>Desert Highlands Respondents - 2001</u>	<u>Respondents at Other Clubs</u>
0%	2%	3%	9%
10%	34%	42%	37%
25%	35%	31%	23%
50%	20%	20%	16%
75%	7%	2%	11%
Over 75%	2%	2%	4%

Respondents' general dining patterns have not changed significantly from 2001 to 2005. The highest percentage of respondents dines out for dinner 8 to 13 times per month, or approximately 2 to 3 times per week. However, respondents tend to dine at the Club more often in 2005 than they did in 2001. In 2001, 45% of respondents dined at the Club 10% or less of the time when they dined out for dinner, compared to 36% in 2005. From the other end of the spectrum, 64% of respondents today dine at the Club at least one in four times when they dine out for dinner, compared to 55% of respondents in 2001, and 54% of respondents at other clubs. (Tables 43 & 44)



Question 17. Respondents were asked to rate their satisfaction with the number and type of dining and social events/activities offered by the Club: (5=Very Satisfied/1=Very Dissatisfied)

Social Events/Activities	Mean Rating	% Dissatisfied
Overall number of events	4.0	4%
Type of Events/Activities		
Holiday events	4.2	2%
Theme events	4.0	2%
Cultural events	3.7	5%
Special interest clubs	3.7	3%
Away-from-Club activities	3.5	6%

Respondents are very satisfied with the overall number of events at the Club – 74% satisfied, 4% dissatisfied. There are also very few respondents who expressed dissatisfaction with the various types of events and activities. (Tables 45 & 46)

SECTION V. GOLF

(Approximate number of respondents to questions in this section: 420)

Question 18. How many rounds of golf do you play at the Club each year?

<u>Golf Frequency</u>	<u>2005</u>	<u>2001</u>
Do not play	17%	15%
12 rounds or less	15%	17%
13 to 24 rounds	16%	16%
25 to 50 rounds	29%	25%
More than 50 rounds	23%	27%

As shown, the amount of golf play has changed very little from 2001 to 2005. (Table 47)

Question 19. What is your golf handicap?

<u>Golf Handicap</u>	<u>2005</u>	<u>2001</u>
Under 10	11%	12%
10 to 19	36%	35%
20 to 30	27%	30%
Over 30	17%	12%
Don't know/not est.	9%	11%

The handicaps and percentages of respondents in each group changed only slightly from 2001 to 2005. Among male respondents, 18% have single-digit handicaps, and 60% have handicaps of less than 20. Among female respondents, only 1% have handicaps of less than 10, and 13% have handicaps of less than 20. (Table 48)



Question 20. Respondents were asked to rate their satisfaction with the following aspects of the golf course. (5=Very Satisfied/1=Very Dissatisfied)

Golf Course Aspect	Mean Rating		% Dissatisfied	
	2005	2001	2005	2001
Ability to get a tee time				
Off season	4.5	4.2	1%	4%
In season	3.9	3.1	12%	34%
Course layout	4.5	4.3	1%	3%
Overall course condition	4.5	4.6	1%	1%
Condition of fairways	4.5	4.6	1%	0%
Condition of restrooms	4.4	4.4	1%	3%
Condition of greens	4.4	3.6	2%	14%
Availability of restrooms	4.3	4.3	2%	3%
Degree of difficulty	4.3	4.0	5%	12%
Course landscaping	4.3	4.4	5%	3%
Irrigation	4.2	4.3	1%	0%
Condition of rough	4.2	4.2	2%	4%
Condition of cart paths	4.2	4.2	2%	2%
Condition of tees	4.2	4.2	6%	9%
Drainage	4.1	4.2	3%	1%
Pace of play	3.9	3.8	8%	11%
Pace of play enforcement	3.7	3.6	16%	19%
Condition of bunkers	3.6	3.9	25%	15%
Halfway House				
Service	4.3	4.4	2%	13%
Food quality	4.2	4.2	2%	1%
Hours of operation	4.1	4.3	6%	1%
Menu variety	4.0	4.1	6%	6%

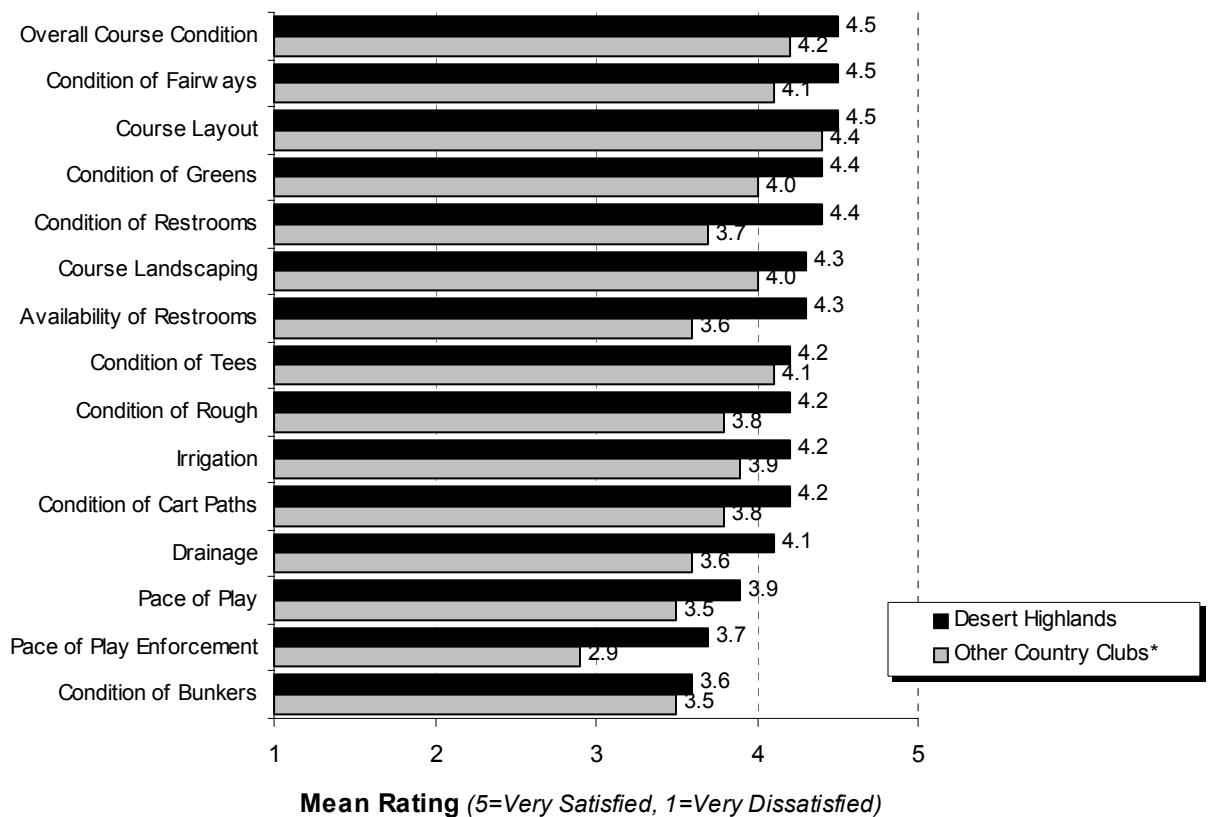
Respondents are very satisfied with the golf course, and several of the ratings increased somewhat from the 2001 levels. Ninety-three percent (93%) of respondents are satisfied with the overall condition of the course, and only 1% are dissatisfied. Areas of significantly improved satisfaction from 2001 to 2005 include the ability to get a tee time in season (3.1 to 3.9, 34% dissatisfied to 12% dissatisfied) and the condition of the greens (3.6 to 4.4, 14% dissatisfied to 2% dissatisfied). As in 2001, the lowest 2005 course rating is for the condition of the bunkers, with dissatisfaction increasing from 15% to 25%.



As shown in the following chart, all of the golf course ratings (to include the rating for the bunkers) are above average compared to other clubs, and most of the Desert Highlands satisfaction ratings are well above average.

Golf Course Satisfaction

Golf Course Aspect



* 121 other clubs surveyed by McMahon 2001-2004

(Tables 50-53)



Question 21. Respondents were asked to rate their satisfaction with the following aspects of golf operations at the Club. (5=Very Satisfied/1=Very Dissatisfied)

Golf Operations Aspect	Mean Rating		% Dissatisfied	
	2005	2001	2005	2001
<u>Golf Pro Shop</u>				
Pro Shop service	4.3	4.4	3%	3%
Interior appearance	4.2	4.4	4%	1%
Guest services	4.1	4.1	2%	2%
Merchandise quality	4.0	4.2	4%	3%
Pro Shop prices	3.7	3.7	12%	15%
Merchandise selection	3.6	3.9	20%	10%
<u>Pro lessons</u>				
Availability	4.4	4.1	1%	3%
Quality	4.4	4.4	1%	2%
Cart service	4.4	4.3	1%	1%
Bag drop service	4.4	4.4	2%	2%
Condition of carts	4.3	4.3	3%	3%
Bag storage/club cleaning service	4.2	4.2	5%	6%
Men's golf program	4.0	3.5	4%	14%
Women's golf program	3.9	3.8	5%	6%
Short game practice area	3.9	3.9	10%	13%
Couples' golf program	3.8	3.5	9%	14%
Practice range	3.5	3.8	25%	13%

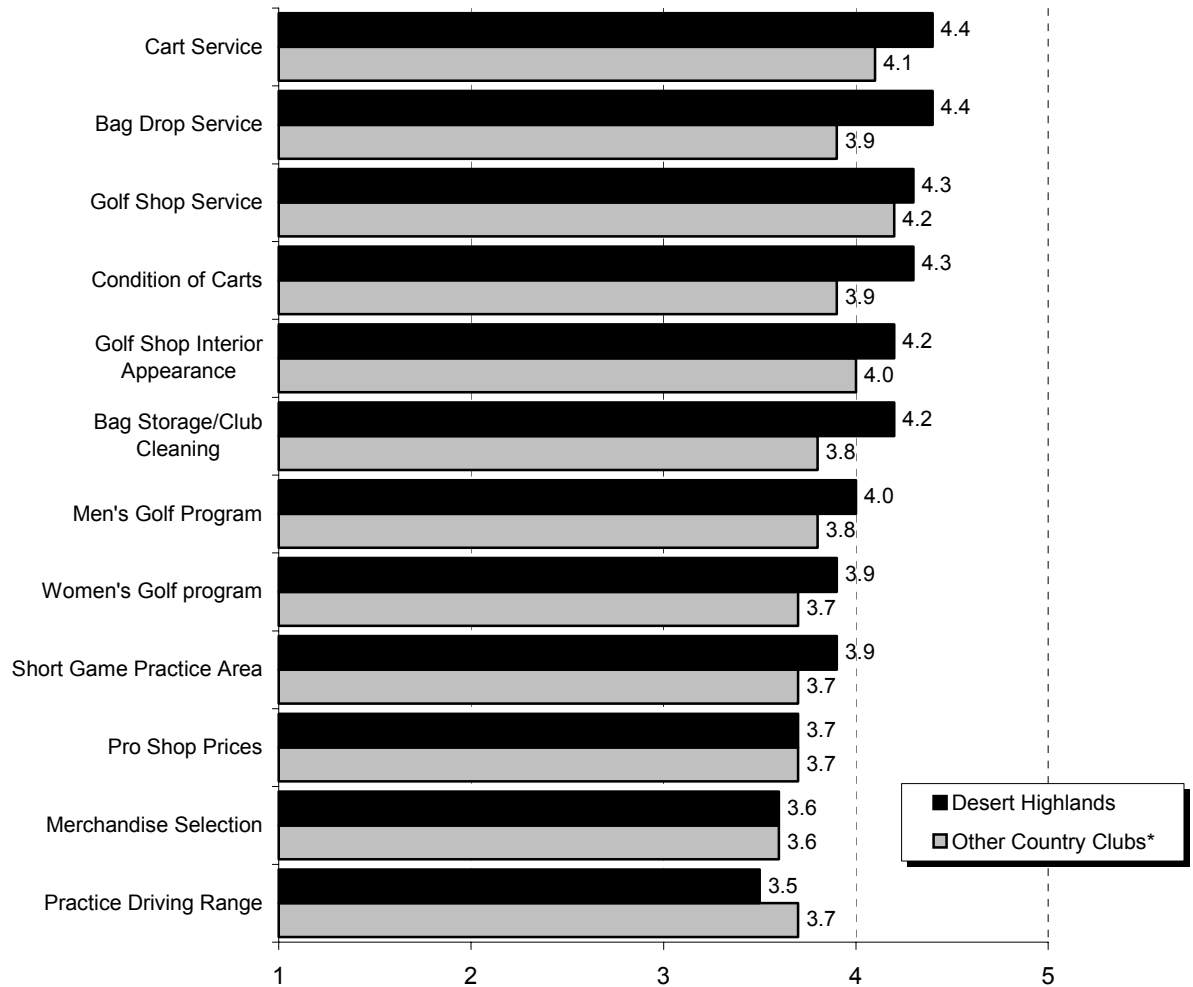
Most aspects of golf operations received very high satisfaction ratings of 4.0 or higher, with levels of member dissatisfaction of less than 10%. As shown in the chart on the following page, all of the ratings (with comparisons in the McMahon Group database) are average or better compared to other clubs, except for the practice range. The program aspects of golf (men's, women's and couples) all showed improvement in satisfaction from 2001 to 2005.

Areas of lower satisfaction in 2005 include the merchandise selection in the Pro Shop (3.9 to 3.6, 10% dissatisfied to 20% dissatisfied), and the practice range (3.8 to 3.5, 13% dissatisfied to 25% dissatisfied). With respect to the merchandise selection, women tend to be less satisfied (43% satisfied, 34% dissatisfied) than men (72% satisfied, 9% dissatisfied), indicating the need for an improved selection of ladies' apparel.



Golf Operations Satisfaction

Golf Operations Aspect



Mean Rating (5=Very Satisfied, 1=Very Dissatisfied)

* 121 other clubs surveyed by McMahon 2001-2004

(Tables 54-57)



Question 22. How do you feel about the overall use of the golf course as it now exists at the Club?

Overall Use	Excessive		Fine As Is		Not Enough	
	2005	2001	2005	2001	2005	2001
Amount of time available for open member play	3%	3%	80%	61%	17%	36%
Amount of time permitted for guest use	5%	11%	68%	62%	27%	27%
Number of member scheduled events/tournaments	24%	23%	66%	64%	10%	13%
Amount of interclub play	22%	19%	73%	71%	5%	10%

Majorities of respondents (66% to 80%) feel the time available or permitted for each of the various uses of the course is adequate. Respondents do feel that the amount of time available for open Member play has improved from 2001 to 2005. In 2001, 36% of respondents were of the opinion that there was not enough time available for open Member play, and that percentage is down to 17% in 2005. (Table 58)

SECTION VI. TENNIS

(Approximate number of respondents to questions in this section: 115)

Question 23. How often do you play tennis at the Club?

<u>Tennis Frequency</u>	<u>2005</u>	<u>2001</u>
Not at all	75%	70%
Once a month or less	9%	12%
Once a week	6%	8%
Several times a week	10%	9%
Daily	0%	1%

Question 24. Which tennis courts do you use at the Club?

<u>Tennis Courts</u>	<u>2005</u>	<u>2001</u>
Racquet Club – clay courts	19%	19%
Racquet Club – grass courts	13%	12%
Exterior – hard courts	7%	9%
Exterior – grass courts	7%	5%
Exterior – Nova Pro Bounce courts	8%	N/A

Play frequency and court usage have not changed substantially from 2001 to 2005. (Tables 59 and 60)



Question 25. Respondents were asked to rate their satisfaction with these aspects of the tennis facilities and operations: (5=Very Satisfied/1=Very Dissatisfied)

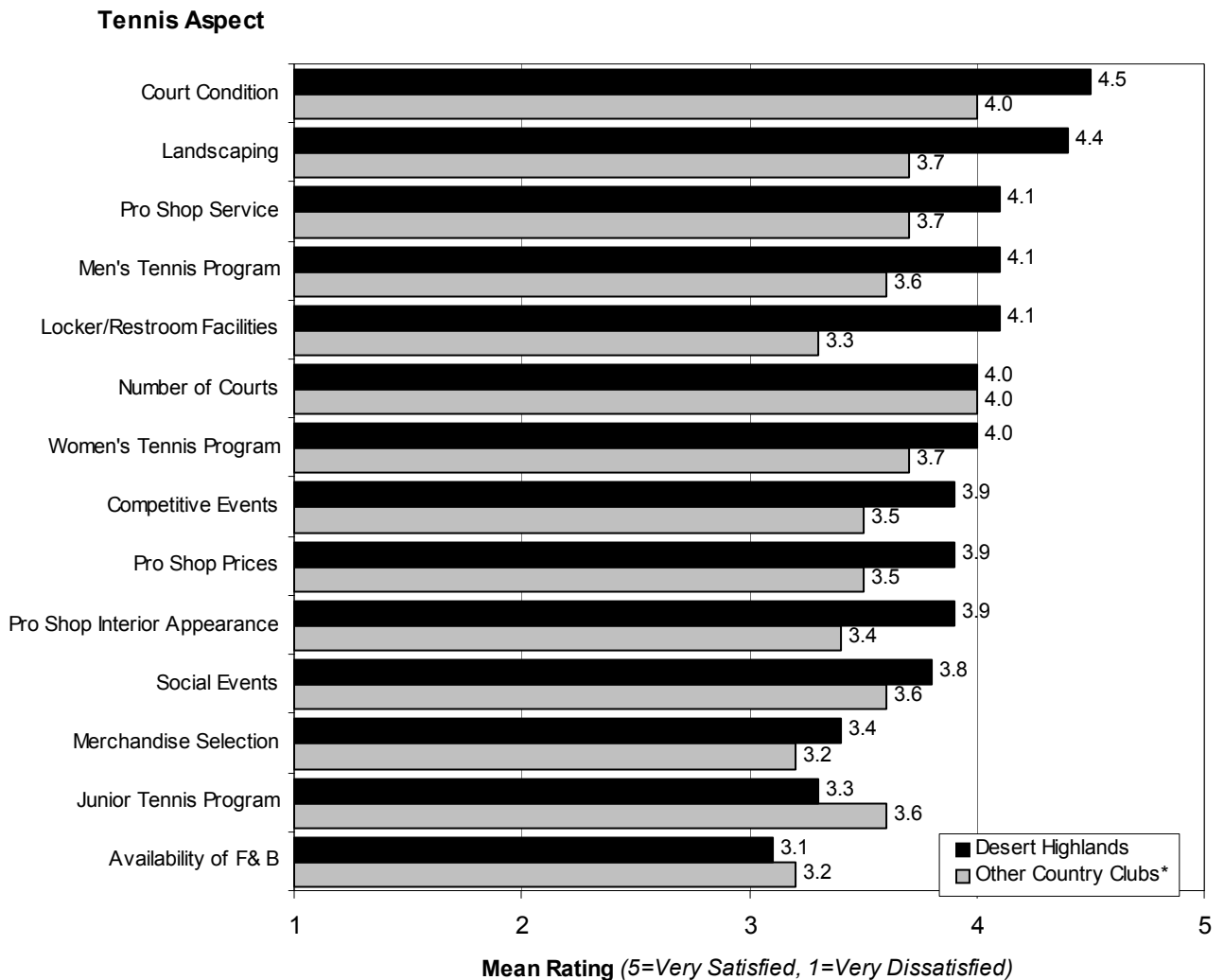
Tennis Aspect	Mean Rating		% Dissatisfied	
	2005	2001	2005	2001
Racquet Club Courts				
Condition of clay courts	4.5	4.3	0%	0%
Condition of grass courts	4.4	4.3	0%	0%
Number of grass courts	4.2	3.9	6%	14%
Number of clay courts	4.0	3.8	12%	17%
Exterior Courts				
Condition of grass courts	4.3	3.9	0%	4%
Number of grass courts	4.2	3.9	3%	9%
Number of hard courts	4.1	4.0	4%	5%
Condition of hard courts	3.7	3.9	19%	6%
Racquet Club				
Landscaping of tennis area	4.4	4.4	2%	2%
Quality of professional instruction	4.4	4.3	3%	3%
Men's program	4.1	3.9	4%	7%
Locker/Restroom facilities	4.1	4.2	8%	4%
Women's program	4.0	4.0	5%	2%
Tennis team play	3.9	4.0	2%	4%
Competitive events	3.9	3.9	3%	9%
Social events	3.8	3.9	4%	7%
Racquet Club hours of operation	3.8	3.2	8%	27%
Junior tennis program	3.3	3.4	24%	17%
Availability of food and beverages	3.1	2.9	33%	34%
Tennis Pro Shop				
Pro Shop service	4.1	4.1	2%	3%
Interior appearance	3.9	4.0	6%	5%
Pro Shop prices	3.9	3.6	6%	13%
Merchandise selection	3.4	3.6	15%	17%

Most of the 2005 tennis satisfaction ratings are similar to the 2001 ratings, and respondents remain very satisfied with most aspects of tennis. The lowest ratings are for the condition of the exterior hard courts (19% dissatisfied), the junior tennis program (24% dissatisfied), the availability of food and beverages (33% dissatisfied), and the Pro Shop merchandise selection (22% of women dissatisfied, 10% of men dissatisfied).



As shown in the following chart, most of the Desert Highlands tennis satisfaction ratings are well above average compared to other clubs, and the only below average ratings are for the junior tennis program and the availability of food and beverages at the courts.

Tennis Satisfaction



*121 other clubs surveyed by McMahon, 2001-2004

(Tables 61-65)



SECTION VII. FITNESS

(Approximate number of respondents to questions in this section: 320)

Question 26. How often do you use the fitness facilities at the Club?

<u>Fitness Use</u>	<u>2005</u>	<u>2001</u>
Not at all	33%	39%
Once a month or less	18%	15%
Once a week	14%	16%
Several times a week	32%	29%
Daily	3%	1%

Fitness facility usage has increased slightly from 2001 to 2005. In 2005, 33% of respondents do not use the facilities at all, compared to 39% in 2001. Thirty-five percent (35%) of respondents use the facilities several times a week or more often today, compared to 30% of respondents in 2001. (Table 66)

Question 27. Respondents were asked to rate their satisfaction with these aspects of the fitness facilities: (5=Very Satisfied/1=Very Dissatisfied)

Fitness Aspect	Mean Rating		% Dissatisfied	
	2005	2001	2005	2001
<u>Fitness Area</u>				
Appearance of facility	4.5	4.6	1%	0%
Lighting	4.4	4.5	1%	1%
Hours of operation	4.4	4.4	2%	2%
Fitness locker rooms	4.4	4.4	2%	3%
Spacing between equipment	4.3	4.4	2%	3%
Ventilation	4.2	4.4	7%	3%
Massage rooms	4.1	4.2	2%	2%
Fitness staff	4.0	4.3	4%	3%
Massage services	3.9	4.2	8%	3%
<u>Cardiovascular Equipment</u>				
Availability	4.2	4.4	3%	1%
Condition	4.2	4.4	5%	0%
<u>Strength Training Equipment</u>				
Condition	4.4	4.4	1%	0%
Availability	4.3	4.3	0%	2%
<u>Free Weights</u>				
Condition	4.4	4.4	0%	2%
Availability	4.3	4.3	0%	4%

(continued)



Fitness Aspect	Mean Rating		% Dissatisfied	
	2005	2001	2005	2001
Group Training Room				
Appearance of facility	4.3	4.4	0%	0%
Lighting	4.3	4.3	1%	1%
Ventilation	4.1	4.2	4%	5%
Classes/Programming				
Quality of instruction	4.0	4.0	2%	3%
Number of classes	3.7	3.8	9%	9%
Variety of classes	3.7	3.7	10%	11%
Hours of classes offered	3.5	3.5	19%	14%

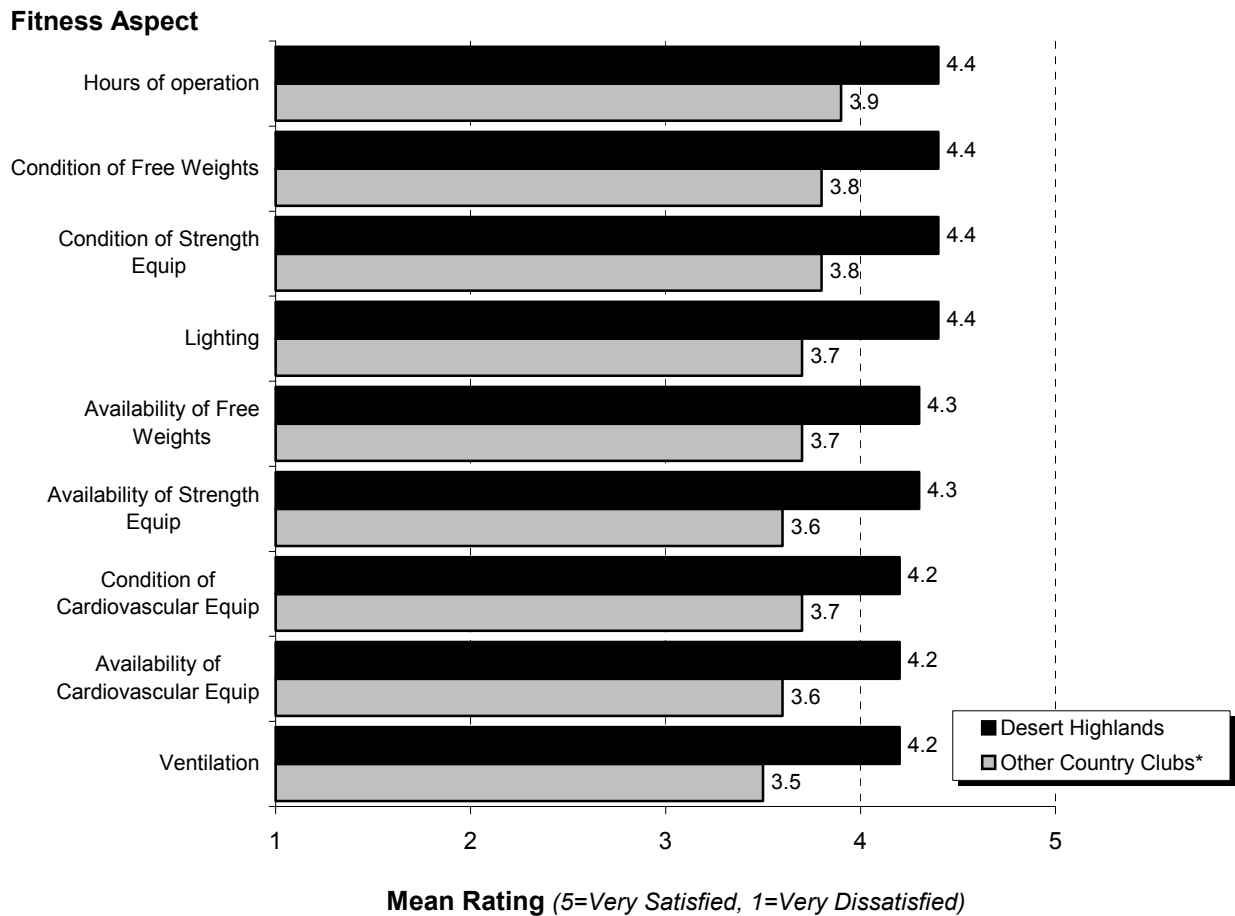
As in 2001, respondents remain exceptionally satisfied with almost all aspects of the fitness facilities and operations, providing ratings of 4.2 or higher for most fitness aspects.

The lowest ratings, and highest levels of dissatisfaction, are for the group training classes and programming. Among female respondents (to whom these classes are typically most important), 14% are dissatisfied with the number of classes, 23% are dissatisfied with the variety of classes, and 41% are dissatisfied with the hours classes are offered.

As shown in the chart on the following page, all of the fitness satisfaction ratings are above average compared to other clubs recently surveyed by the McMahon Group.



Fitness Satisfaction



* 121 other clubs surveyed by McMahon 2001-2004

Tables 67-71)



SECTION VIII. SWIMMING

(Approximate number of respondents to questions in this section: 250)

Question 28. Approximately how often do you or members of your family use the swimming pool?

<u>Pool Use</u>	<u>2005</u>	<u>2001</u>
Not at all	58%	65%
1 – 2 times per year	17%	N/A
3 – 6 times per year	10%	N/A
7 – 12 times per year	7%	N/A
More than 12 times per year	8%	N/A

(Table 72)

Question 29. Respondents were asked to rate their satisfaction with these aspects of the swimming facilities and operations: (5=Very Satisfied/1=Very Dissatisfied)

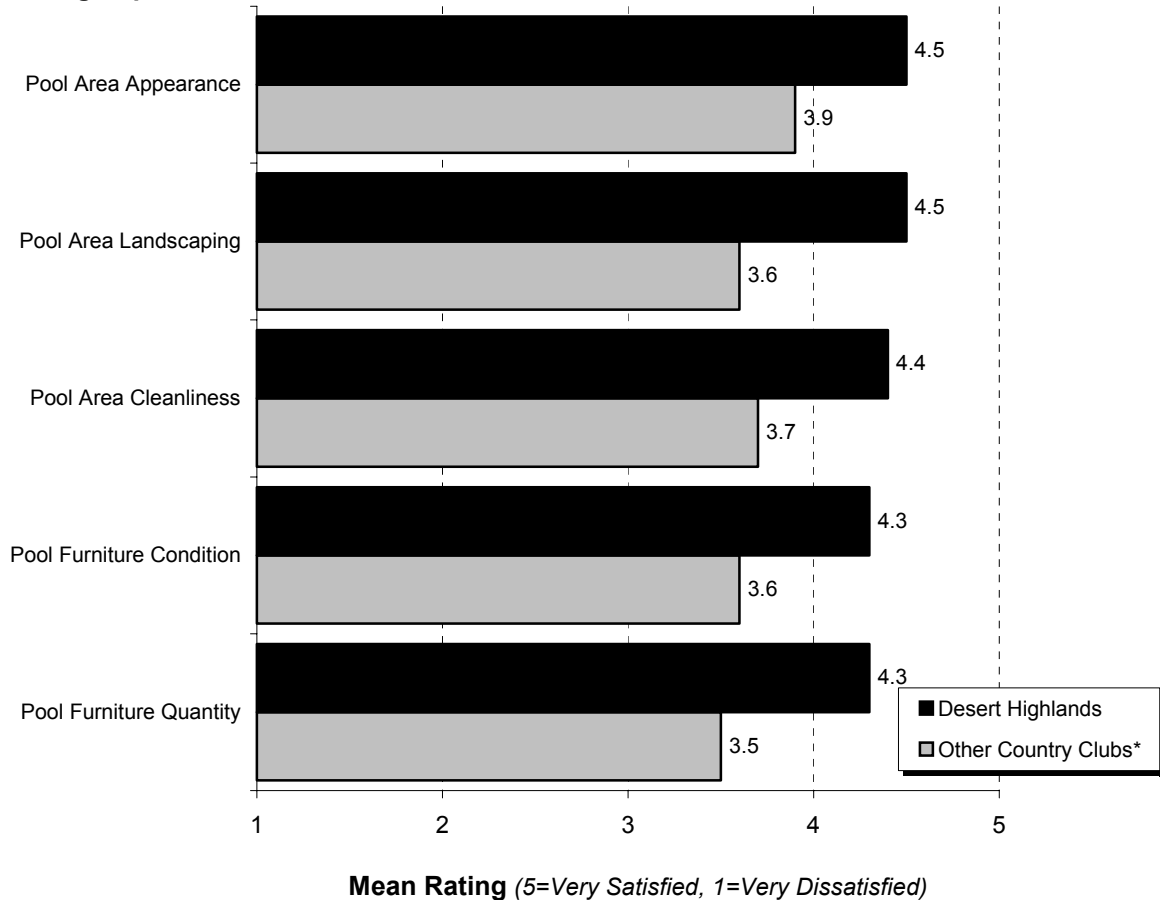
Swimming Aspect	Mean Rating		% Dissatisfied	
	2005	2001	2005	2001
Pool area landscaping	4.5	4.2	0%	3%
Pool area appearance	4.5	4.3	2%	2%
Pool area cleanliness	4.4	4.2	1%	4%
Pool furniture condition	4.3	4.0	3%	6%
Pool furniture quantity	4.3	4.0	4%	7%

Respondents are very satisfied with all aspects of swimming, and as shown above, all of the satisfaction ratings improved from 2001 to 2005.



Swimming Satisfaction

Swimming Aspect



* 121 other clubs surveyed by McMahon 2001-2004

(Table 73)

Question 30. Respondents were asked to respond to the following statement:

“The Club should continue to heat the swimming pool year round.”

Heat Pool

Strongly Agree	36%
Agree	30%
Neutral	19%
Disagree	10%
Strongly Disagree	5%

Two-thirds of respondents agree the pool should be heated year round. (Table 74)



SECTION IX. ABOUT YOU

Question 31. What is your membership classification? (Table 75)

Membership Classification	2005	2001
Regular	95%	94%
Special	4%	6%
Honorary	1%	0%

Question 32. What is your gender? (Table 76)

Gender	Desert Highlands Respondents - 2005	Desert Highlands Respondents - 2001	Respondents at Other Clubs
Male	55%	55%	56%
Female	45%	45%	44%

Question 33. What is your age category? (Table 77)

Age Category	Desert Highlands Respondents - 2005	Desert Highlands Respondents - 2001	Respondents at Other Clubs
Under 46	13%	8%	23%
46 – 55	19%	25%	25%
56 – 65	32%	39%	25%
66 – 75	27%	25%	16%
Over 75	9%	3%	10%

Question 34. When did you first become a member of Desert Highlands? (Table 78)

Membership Tenure	
1985 or before	9%
1986 – 1992	16%
1993 – 1997	33%
1998 – 2000	22%
2001 – Present	21%



Question 35A. Do you have any children/full-time students age 25 or younger living in your home?
(Table 79)

Children in Home	Desert Highlands Respondents - 2005	Desert Highlands Respondents - 2005	Respondents at Other Clubs
Yes	14%	14%	35%
No	86%	86%	65%

Question 36B. If “yes”, in which of the following age groups do you have a child or children?

Age Group	% with Children
Under 6	16%
6 to 12	30%
13 to 18	39%
19 to 25	37%

Question 36. Which of the following best describes your status with respect to owning property in Desert Highlands? (Table 81)

Property in Desert Highland	2005	2001
Own one of more lots	93%	90%
A partner in ownership	3%	3%
Do not own property	4%	7%

Question 37. If you own property in Desert Highlands, which of the following best describes your situation? (Table 82)

Current Situation	2005	2001
Have home on lot	85%	84%
Have home under construction	7%	4%
Plan to build	3%	6%
No plans at present	5%	6%



Question 38. How many golf/country clubs are you a member of in addition to Desert Highlands?
(Table 83)

Other Club Memberships	
None	42%
One	28%
Two	18%
Three or more	12%

Question 39. Are you a member of another golf/country club in the Phoenix area? (Table 84)

Club in Phoenix Area	
Yes	17%
No	83%

Question 40. How much of the year do you reside in the Scottsdale area? (Table 85)

Reside in Area	2005	2001
Year round	36%	43%
9 to 11 months	9%	47%
5 to 8 months	39%	
2 to 4 months	10%	
Less than 2 months	6%	10%

Question 41A. Do you access and use of the Internet? (Table 86)

Internet Access	2005	2001
Yes	96%	93%
No	4%	7%

Question 41B. Would you be willing to receive your primary notification of Club events and member information via the Club's web site? (Table 87)

Club web site notification	
Yes	57%
No	43%

