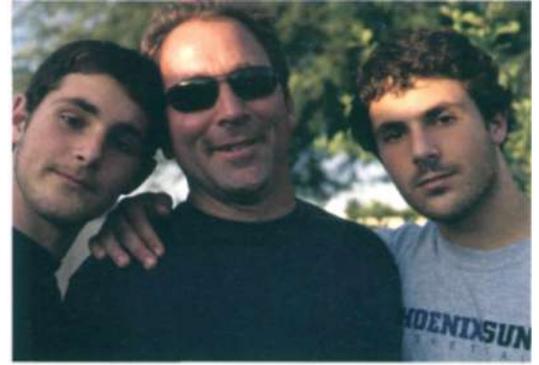




Opposite: Mike Meldman and family
This Page: Mike Meldman

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VOYAGE OF DISCOVERY

If great ideas can truly come from any situation, then golfers everywhere should be really happy that golf course developer Mike Meldman started in the business as a single dad, says Art Stricklin.

When Mike Meldman first went out to inspect golf projects in the 1990s, he would sometimes take his young sons along with him. The pre-teens would get plenty restless, so Meldman was smart enough to stock the golf comfort stations with plenty of soft drinks, cookies and candy to keep his kids happy for another couple of holes.

"That way they could have a treat every couple of holes. My members liked it so much we extended it to full bars. When you're a member out with a guest, everything should be a treat, just like it was for my kids," he said.

In a nutshell, that's how Meldman, 47, became hugely successful as the CEO of Scottsdale, Arizona based Discovery Land Company. Take a simple idea, make it fun and a continual treat. Appeal to the highest end of the real estate market, a limited, but constantly affluent sector, and make the people with the largest available net worth feel special and treated well enough to want to buy in your pricey development as much as possible.

"We want the wow factor," Meldman explains about his high-end private developments spread all over North America, Mexico and the Bahamas. "What stands out to the members and their guests when they come here? You never know. It is the car wash, the great food, the golf. We wanted to create a high level of service," he says. "A resort you never have to leave," adds VP-Operations Mike Abbott.

Since starting his developmental success story with his Estancia project in Scottsdale, Arizona in 1994, Meldman has applied enough luck, guts, hard work and fortitude to emerge as the leading provider of the upper income, luxury family lifestyle.

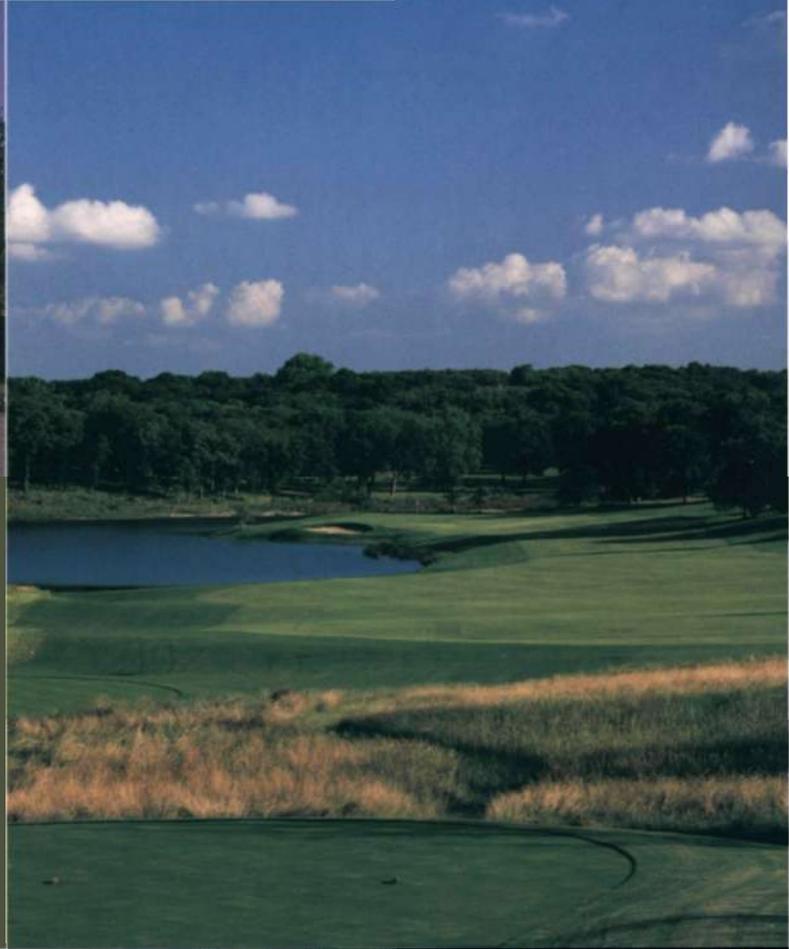


" MANY OF THE PROJECTS ARE SOLD OUT BEFORE THEY EVEN OPEN - A TESTAMENT TO THE MELDMAN TRACK RECORD "

Above: Vaquero House

Right: Vaquero golf course

Bottom: Clubhouse at Hideaway



That hasn't come without bold action and risk, like blowing up a Greg Norman golf course in Scottsdale that had never opened and turning it into a new Tom Fazio-designed golf project called Mirabel.

He's taken over distressed projects like Country Club of the Desert in La Quinta, California and the underperforming Spanish Oaks project in Austin, Texas and turned them into The Hideaway, a luxury development and the totally renovated Spanish Oaks, which reopened this spring.

You have to be able to move millions of acres of land to build the "club of clubs", like Meldman did with the soon-to-open Madison Club in La Quinta, California or shift five Jack Nicklaus seaside holes away from the ocean at El Dorado outside of Cabo San Lucas, Mexico, to create luxury ocean homesites selling for \$3-14 million with Villas and Casitas ranging from \$2-4 million.

"You have to be willing to take some risks, but I remain very bullish on the upper end family market. I don't see a bubble or collapse because people want to be together with their friends and family and they want security and service," the still boyish looking CEO says.

Running an expanding, highly successful golf development brand is a never-ending job, the always-active Meldman says. He took his first vacation in years last summer to Lake Como, Italy, but still had his ever-present Blackberry by his side to send a flurry of business e-mails.

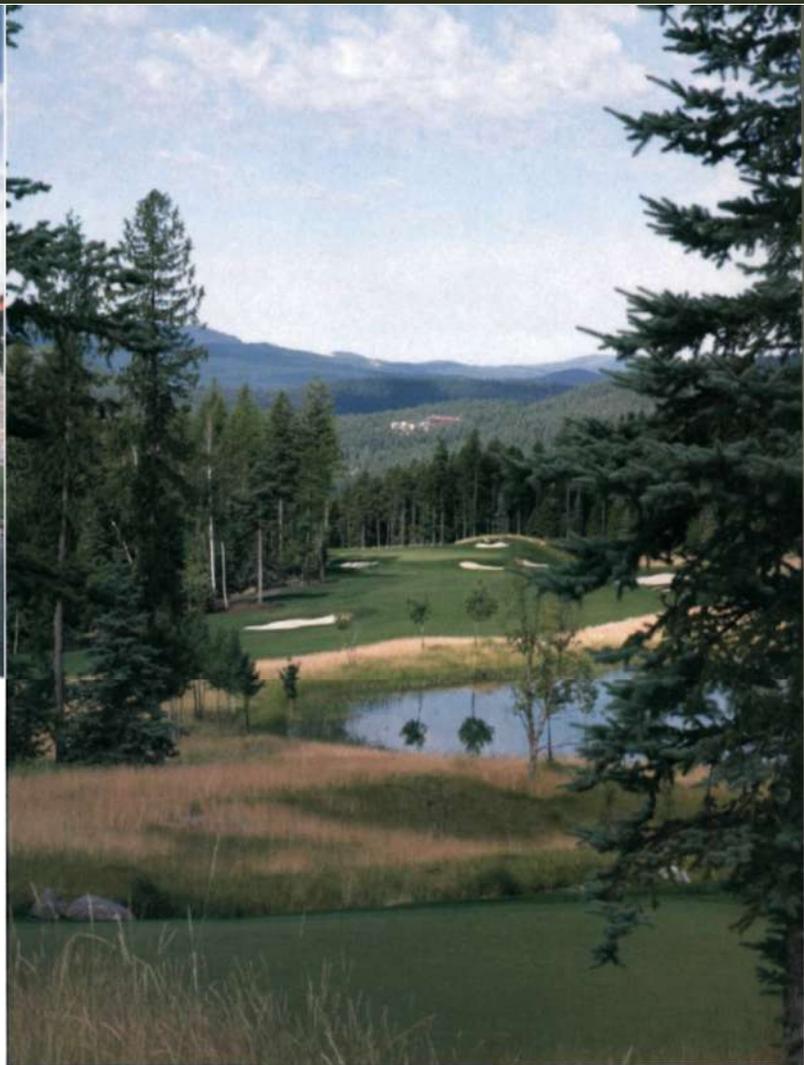
As a private company, Meldman and his partners are not required to release any financial information on their properties, but the numbers they are willing to disclose are stunning.

Below Left: Iron Horse club house

Middle Top: Iron Horse golf course

Middle Bottom: Mirabel games room

Far Right: Kukio golf course



Meldman says "Discovery did almost \$800 million in total land sales in 2005, and are projected to top the \$1 billion level in sales this year". Many of the projects are sold out before they even open - a testament to the Meldman track record. A Discovery spokesperson says the real estate revenues are expected to top \$2 billion in the coming years.

While each project requires massive infrastructure - \$150 to \$200 million alone at the Madison Club - Meldman doesn't dip out of one success to fund a new development. He and Discovery take on a new financial partner for each project.

With their recent success rate, partners have lined up to see a return on their investment. Dallas-based Hillwood Development led by Ross Perot, Jr, the son of the former U.S. Presidential candidate, was involved in both the Vaquero and Spanish Oaks projects. Nationwide Realty Investors financed The Hideaway in La Quinta, California and is now involved with The Madison Club, which is just down the street.

Many of his Discovery equity club members invest in several different properties and there has even become a market in speculators flipping Discovery Land Company properties, buying them at a premium and selling them quickly for an even higher mark-up. It's a practice Meldman doesn't encourage, but doesn't see as an unwise business move.

Even his land competitors are purchasing in Discovery Land Company projects. "I bought property at El Dorado (Los Cabos, Mexico) because I was impressed with what Mike has done with the high-end market," said Lyle Anderson, CEO of the Anderson companies in Scottsdale, Arizona and developer of the massive Desert Mountain project in Scottsdale, almost directly across the street from Meldman's Arizona development.







With over a dozen projects built or currently in the works, Meldman is always looking for the next challenge. He says Europe, especially the warmer southern sectors, is certainly a possibility. "I looked at some property in 2005. This (Discovery Land Company concept) would certainly go down well over there because Europe doesn't have this type of club or service. It has to be right, but it could be suitable for the next one."

For now he has plenty to keep him busy in the North American region with new developments being built and ready to open all the time. One of the longest term projects is Baker's Bay Golf & Ocean Club in the Bahamas, just off the U.S. coast. He acquired the thousands of island acres from a German individual in 2005 and Meldman has persisted against some local opposition according to media reports. A marina big enough to accommodate 200-foot boats will open in early 2008 and a Tom Fazio designed golf course will open after that. Marketing and development has already begun and luxury tents capable of a weekend stay are in place. Lots will sell from \$900,000 to \$12 million with homes going for \$1.8 to \$15 million.

Not bad for a law school drop-out who was dealing blackjack in a Lake Tahoe, California casino before starting in real estate in the late 1980s with zero land sales experience.

"I was dealing in the casino when I met a guy who said I could make more money selling land in a week than in a month at the casino," Meldman says.

"I had gone to Stanford (University) convinced I was going to be a lawyer, that's all I wanted to be. I bombed the LSAT (law school entrance exam) so that was out and I didn't know what I wanted to do."

The son of an insurance salesman, who had never sold any real estate, Meldman found himself in Northern California just before the late 20th century real estate boom with a new boss who only gave him the briefest of instructions.

"He told me to put up a lot of big signs and advertise it. I got to know the farmers

and ranchers and sold almost all of Fremont (California) while it was still ranch land." He returned home to Scottsdale to do his first solo, upper-end development, Estancia, in 1994 and introduced architect Tom Fazio to the market. Fazio was one of many who was impressed with Meldman's drive and creativity in the tough real estate market.

"I think Mike's one of the brightest guys in the market today. He truly understands the upper end market," Fazio says. Meldman and Fazio followed with a highly successful club at Iron Horse in Montana in 1998 where the business model shifted to family-oriented, recreational communities that include golf.

CordeValle in San Jose, California, including a Robert Trent Jones Course, was next, followed by the 36-hole Hideaway in La Quinta, California, with Kukio Beach Club on the big island of Hawaii, a late 1990s project, being a huge family-friendly hit.

The first Meldman-Fazio joint project under the Discovery Land Company name was Vaquero Golf Club in Westlake, Texas between Dallas and Fort Worth. This early 21st century property was impressive enough to attract more than a dozen American PGA Tour pros, including Open Championship winners Justin Leonard and Todd Hamilton and runner-up Brian Watts to actually build their own homes there.

"We're not reinventing service, but it's the little things done right," says Abbott, who served as general manager at Vaquero.

But then most of the Discovery signature services were already in place. Every top private club had new range balls and most had caddies, but who had chefs carving hot meats at the turn and club employees saying "yes" to almost any request as long as it's not illegal or immoral?

It's not to say Meldman's projects have been problem-free; in fact he faced one of his biggest challenges in late 2000 near his hometown of Scottsdale.

Discovery was part of a new project titled Stonehaven Golf Club with a brand new Greg Norman designed course.



Top Left: Mountaintop

Top Middle: Main entry at Hideaway

Top Right: Mike Meldman and family

Below: El Dorado golf course





Above: View of Mirabel

"I knew we were in trouble when my friend, who is a good player, hit a lot of great shots there and lost a bunch of balls," Meldman says. "They only had 40 acres for the golf course and I knew that wouldn't work."

So, Meldman says, he did the only thing the truly committed developer could do. He paid Norman for the course and the land and then brought out bulldozers to totally destroy it before the course could officially even open. Then he brought in Fazio to build a new private layout titled Mirabel. While Norman's design VP called Meldman "crazy" and said he had more dollars than sense, Mirabel has become the huge success Meldman predicted.

The second big crisis came less than a year later when the 9/11 terrorist attacks dealt a hard body blow to the U.S. economy.

"When 9/11 happened, I was thinking, 'our business is done' but actually it's turned out our business is bigger and better now. People want a piece that is secure and we provide that," Meldman says.

While \$1 million is usually the minimum cost to purchase the land and build a house in a Discovery development (there is no golf membership without a land purchase and the membership is almost always extra), Meldman reckons there is plenty of market for his type of development.

"At Vaquero, we only had 325 members and North Texas has a population of four million, so you can see it's a very small percentage we're looking to crawl from. There are no slowdowns in our demographics."

With each new development opened or underway, Meldman says he and his team learned more about keeping perfection as their business model. One thing he is particularly proud of is the Outdoor Pursuits program which introduces whole families to a wide variety of non-golf activities.

"We created a family camp atmosphere on a club level. It's like coming to

Disneyland inside the gates. Maybe it's because I didn't come from a strict golf background, but if the kids love it then the parents will love it. As a single dad, I understand that very well."

To make sure his staff understand their role very well, he still has his managers e-mail him the daily golf tee sheets to see who's playing his courses and if there are any celebrities or VIPs in for that day. In fact, the joke among Discovery facilities is that if you eat lunch at the club, Meldman's likely to know what you ordered by that evening.

"I've actually had people (managers) come to me and say they can save money by cutting the maintenance budget here or cutting corners there. I've said, 'you don't understand, we don't want to do that here, we want to raise the service.'"

He is even quick to point out and learn from his own mistakes.

"I remember one time we cut the maintenance budget by 10 percent at Estancia and it turned out to be a bad move because at the end of the year, it looked like we had cut it by 50 percent. We've learned from that." So when you visit the latest Meldman/Discovery success story, don't count on them cutting anything.

The treats are all there, the answer is almost always "yes" and the pricey property you just purchased is highly likely to be worth even more by your next visit.

"My kids think I'm fun," Meldman says. "They think I have the best job ever."

With his golf development wow factor spread all over North America, who wouldn't agree?

Art Stricklin is an award-winning U.S. golf writer who contributes to dozens of national and international magazines and newspapers and is a regular contributor to this magazine.