



HORSESHOE BAY RESORT.

Media Contact

Nicole Ruggiero/Jennifer Romer
Quinn & Co. Public Relations
212.868.1900 x248/x245
nruggiero@quinnandco.com/jromer@quinnandco.com

HORSESHOE BAY RESORT: HISTORY

From its initial conception, Horseshoe Bay and Horseshoe Bay Resort were destined to become Texas' premier lakeside hill country development and acclaimed destination of choice.

THE FABLED HILL COUNTRY

The Texas Hill Country was first inhabited by the Tonkawa Indian tribes, followed by the Lipan Apache and Comanche. Spanish influence in the Hill Country is minimal now due to the destruction of the missions by the Comanche in 1752. The Anglos (English and Scottish) were particularly influential in the 1820s followed by a larger group of Germans in 1842. Settlement of the area was delayed because many of the English, Scottish and German immigrants did not survive due to the harshness of the land. Despite the challenges encountered, the Germans signed a treaty with the Comanche that allowed for the German people to settle the area. The final Anglo/German Indian battle was in 1874 atop the mountain that serves as the backdrop of today's Horseshoe Bay - Packsaddle Mountain.

EARLY LAND DEVELOPMENT

The initial vision of Horseshoe Bay was not to simply develop, but to transform the land. Early coverage of the area proclaimed, "From goat country to tropical paradise emerges Horseshoe Bay." Early developers of the area set out to transform Texas into a major golf destination matching that of the west and east coasts.

Land, water and sky became the foundation of what was destined to be called Texas' finest recreational development and only destination resort. The vision appealed to both investors as well as those seeking a premium lifestyle.

The challenge for developers was to transform the culture of the Highland Lakes area of the Hill Country from mom-and-pop fishing camps and marina facilities to the exquisite resort in existence today. Up until this point, the Highland Lakes area was developed without property restrictions, building codes, architectural guidelines or landscape design standards.

PAVING THE WAY

In 1968, Norman Hurd, native Texan and the force behind the creation of Horseshoe Bay, purchased a tract of ranch land referred to by the locals as the "Coke Ranch." The original owners, the Lupton family, were Coca-Cola bottlers in Fort Worth. In 1969, Norman Hurd contacted his cousin, Wayne Hurd, and proposed a partnership in developing the lakefront ranch. Wayne agreed and the two set forward developing a first-class destination resort and members club unlike anything in Texas.

Shortly thereafter, in September of 1970, the Lower Colorado River Authority (LCRA) lowered the lake level surrounding the future development allowing a rare opportunity to transport earth-moving equipment to the site to deepen and reshape the waters edge. This unusual

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situation allowed for the creation of miles of new shoreline and lakefront property on the land that was to become Horseshoe Bay. As a result, millions of dollars in additional property value and luxury waterfront home sites were added to the area upon which Horseshoe Bay would grow and flourish.

HORSESHOE BAY RESORT'S BEGINNINGS

The initial Horseshoe Bay Resort loan occurred in 1970 and allowed for construction of the new development's infrastructure and phase one amenity package, including the Slick Rock golf course, the private airstrip and the Yacht Club. Land sales began in 1971 and the main clubhouse (now the Yacht Club) opened with Texas society in attendance in December of that year. In 1972, additional land was purchased and the Lake LBJ Municipal Utility District was created in 1973 (note: Lake LBJ M.U.D. merged with the newly-created City of Horseshoe Bay in 2006).

Horseshoe Bay Resort and Members Club, Inc. was founded on November 20, 1973. The Horseshoe Bay Property Owners Association and Lake LBJ Investment Corp. were founded on June 27, 1974 (now Horseshoe Bay Resort, Ltd.) for the purpose of development, ownership and operation of Horseshoe Bay Resort and its various properties. In 1974, National Resort Communities (National Homes) signed a deal to market land sales and operate the amenities through an unprecedented guaranteed land sales agreement. Shortly thereafter, Club Corporation of America was contracted to manage the country club operations of the resort in 1975.

In 1977, Norman Hurd took over the management of the resort and members club with the intention of setting a new, elevated standard of membership and member services. Catering to the oil-rich West Texas residents as well as an international market, Hurd's efforts paid off. At one time, more than 60% of the Club's membership was comprised of recruits from these two target demographics.

In 1977, the Hurd cousins divided their interest into land sales and resort ownership and operations. From 1977 until 1995, the Resort grew with the addition of two Robert Trent Jones, Sr. championship golf courses, a marina, a tennis center, the Cap Rock Golf Clubhouse, an 18-hole par 72 Dwarf Bermuda grass putting course and expansion of existing amenities. The Horseshoe Bay Inn and Beach House opened during this time as well as a conference center and nightly condo rental program. The opening of these amenities led to the creation of the Horseshoe Bay Resort Management Company. (note: The Horseshoe Bay Inn is now closed and the Beach House burned down in 1989.)

Jonathan Cove, Applehead, Applehead Island, Bay Country and Pecan Creek were developed into upscale residential communities and the Resort's membership grew from 125 to more than 1,700 memberships and 5,000 members.

In 1987, Wayne Hurd sold his interest in Horseshoe Bay Resort to Morris Douglas Jaffe, Sr. and Morris Douglas Jaffe, Jr. In 1996, Norman Hurd followed with the sale of his interest and control of Horseshoe Bay Resort to The Jaffe Group as well.

VALUE ACCELERATED

The new ownership sought to elevate the amenities of Horseshoe Bay Resort. In 1997, millions of dollars were invested in the area as the Jaffe ownership strove to become the premier destination resort in Texas. The Jaffe approach was two-fold. The first task was the immediate upgrade of existing amenities followed by the construction of new amenities.

Soon thereafter, a master plan was developed with goals of revitalizing Horseshoe Bay and

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making it one of the premier golf recreation destinations. The Jaffe Group allocated significant funds to rebuild all three golf courses. The Adventure Inn (now closed) debuted along with 99 condo-style units (now part of the Marriott) into the Resort's nightly rental program. The marina was completely renovated and Horseshoe Bay Resort Spa and Fitness Club debuted as, adding value to membership and complementing golf. The Waterfront Pub and Eatery and Skippers Hook Ships Store (now La Bahía and the Palm Boutique) were also constructed and the 7,000 square foot Slick Rock Golf Clubhouse was renovated.

During the summer of 2003, Horseshoe Bay Resort and Sarofim Realty Advisors formed a partnership to construct a luxury seven-story hotel tower with 20,000 square feet of meeting and banquet space. Shortly following, Marriott International was hired to manage the new tower as well as the adjoining 99-unit condo-style lodging complex. The new hotel was the first Marriott Resort Hotel in Texas. Construction began in July 2003 and the hotel opened on October 7, 2004.

In 2004, Centex Destination Properties (CDP) purchased prime resort waterfront real estate to develop a series of upscale mid-rise condominiums. "The Waters at Horseshoe Bay Resort" project brought to the table the highest waterfront values in Horseshoe Bay.

Following the arrival of CDP, a neighboring 1,600-acre ranch with a master-planned 18-hole Jack Nicklaus Signature Golf Course, to be known as Summit Rock, was sold to developers seeking to build a community surrounding the future fourth Resort course. *Skywater*, the new community, is designed to raise the bar in real estate lifestyle options, add to the Resort's amenity holdings and serve as the gateway to the Resort from Texas Highway 71.

As the development of *Skywater* occurs, Horseshoe Bay Resort is also in the process of a multi-million dollar expansion of the Horseshoe Bay Resort Airport and Jet Center. Complementing the renovation, the Resort concurrently launched a fleet of Dornier 328 passenger jets for private and public charter service. The new Airport and Jet Center will debut in 2008 and will serve as the entryway and departure gate for the Resort's flying community.

An updated five-year master plan was finalized in 2007. The plan outlines renovations to include complete transformation of the Yacht Club, Cap Rock Golf Clubhouse and construction of a new state-of-the-art spa and fitness club.

Effective March 13, 2008, Horseshoe Bay Resort Marriott became a franchise property managed by Horseshoe Bay Resort.

Founded in 1971 and purchased by the Jaffe Group in 1996, Horseshoe Bay Resort is Texas' original lakeside resort. Located in the exquisite Hill Country, the 7,000-acre Resort offers three championship Robert Trent Jones, Sr. golf courses, and scheduled to open in 2009, a highly anticipated Jack Nicklaus Signature Golf Course, Summit Rock. Horseshoe Bay Resort also offers a made-to-scale, 18-hole par 72 Bermuda grass putting course, four swimming pools, a spa and fitness facility, a full-service marina, seven dining facilities, 12 adult tennis courts, and three USTA-sponsored kids' tennis courts. Accommodations include hotel rooms and suites (385 bedrooms) within the Horseshoe Bay Resort Marriott Hotel and adjacent Paseo villas and in addition 50 luxury lakefront condominiums available for rent at The Waters at Horseshoe Bay Resort. The resort also features a jet center with a 6,000-foot runway and private charter jet service via Air Horseshoe.

For more information on Horseshoe Bay Resort, please call 830-598-2511 or visit www.hsbresort.com.

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