

## Peacock Gap Management Update: September 15, 2010

*From Bill Braznell*

CEO Jack Rose's comments and responses in red.

Bill:

Here is the latest on the Peacock Gap bankruptcy. As you know, we filed our plan of reorganization and disclosure statement last month. I assume that you received those documents from Kathy. In response, the lender, Nara Bank out of Los Angeles, filed a "Motion for Relief from Stay" in an attempt to pull the golf course out of bankruptcy. One of our main claims is that the Bank failed to fund the clubhouse improvement and new construction loan that they had promised, thereby causing damages to the club. The Judge refused to grant the bank's relief from stay motion and scheduled a trial on our lender liability claims for the end of October. We believe that we will prevail on our claims against the bank, which will enable us to reorganize and emerge from bankruptcy.

Jack

Thanks for the update, Jack. I received copies of the disclosure documents and plan of reorganization from Ms. Robinson yesterday and have just finished reading them. (My goodness, all that boilerplate! Do lawyers get paid by the word?) With respect to your blessedly succinct note: Forgive my ignorance, but does "relief from stay" mean what I think it means?

Basically, it means that the bank is trying to get the real estate and the club released from the bankruptcy so that they can foreclose.

How has the court's refusal to grant the bank's motion affected your standing with regard to Nara and other creditors?

It has helped us by creating additional leverage. The judge wouldn't be holding a trial if he didn't think there is some merit in our claims.

Is the "hearing to consider approval of the disclosure statement " scheduled for September 20 of major consequence?

This hearing has been delayed until after the trial.

The issue we're all concerned about is the implication, in this letter and in your filings that the Club's prospects for emerging from bankruptcy are almost solely dependent on the successful prosecution of your "Adversary Proceeding" against Nara Bank. You have told us that litigation of the suit could take a long time--maybe years? Growing numbers of Peacock Gap employees, service providers, and members, myself included, seriously question whether the Club can hold out that long. The Gap needs cash, a decent clubhouse, a dynamic, forward-looking management team, an unclouded future, and a plan to grow revenues and profits from operations.

Agreed. The judge made it clear that this trial in October is pretty much the "showdown at OK Corral." Whoever wins the trial is going to prevail. I think our

chances are very good. If we win, I think the property will be reorganized within 120 days. If we lose, the bank takes over and the property is sold.

So I guess the question is, "What is Plan B?"

Plan A is to win the litigation. Plan B would probably involve a sale of the club.

I know you're very busy these days and appreciate the trouble you've already gone to in the cause of member, employee and community communications. But if you and Mr. Lee could somehow find time to convoke a meeting here at the Gap--something on the order of our meeting at the club last February--this would be warmly and universally appreciated. Sometime in early October, at the kick off of the 2011 membership drive would be ideal.

Good idea. That makes sense to me. As always, we appreciate your thoughts.

### **The Old Rumor Mill**

Guess it's only natural at times like this, but we can't recall a time when the buzz around Peacock Gap has been so intense. Every day, a new tale.

One of the most persistent rumors—we've heard it from several sources—is that the Club is about to lose all those top o' the line electric golf carts it's been leasing for the past year or so. "Repossession." Not so, according to Adam Eisner, who gets it straight from the top. Lease payments since the Club went into bankruptcy are current, says Adam. End of story.

I've been sucked in by a few of these rumors. Most likely you have, too. Suggestion: Rather than spread the latest hot gossip indiscriminately, check it out with someone in authority—Adam, or George Lee, or Jack Rose. And if you're reluctant to take up their time, drop me an [e-mail—w.braznell@yahoo.com](mailto:w.braznell@yahoo.com)-- and I'll do the legwork. The times are confusing enough. Let's not add to the hubbub.

### **2011 Member Dues**

Here's a rumor you can bank on: Honoring a commitment made to the membership last spring. Management does not plan to increase annual dues from the "promotional" prices you and I and other returning members paid in February 2010. Moreover, Former Peacock Gap members who, by January 2010, were already locked into annual membership fee payments at other clubs *will be eligible for the same low rates*: \$2500 for an individual five day per week membership, \$3500 for an individual seven day membership, and so on. Full details and price breakdowns will be available in early October. Tell a friend. Tell several.

Adam tells us he's hoping to kick off the 2011 Membership Drive with another club-sponsored Member-Guest "Invitational" in October—just before the greens get their annual fall aeration. Stay tuned.

### **Hannah**

Course Super John Rader reports that Hannah is on the mend, though it will probably be at least another month before she's fit for Goose Patrol duties. Thanks again for the good wishes and contributions to Hannah's medical fund—and to Dean Taylor and new PGG&CC member, Dr. Rich Schwach, for helping to make her recovery possible.

## **September PGMS Tournament**

And, finally, a reminder to make your reservations for our monthly PGMS golf tournament, Saturday, September 25 (first tee time 8:10 a.m.) *without delay*. For individual or team reservations, call the pro shop, 453-4940, Ext. 18. We call it "Keep it Simple" golf because of the relatively easy contest format—two best balls out of four—and the fact that it's open to all comers—ladies, gents, members, guests, and "friends of the Gap." All skill levels welcome, as well. Tees assigned according to handicap.

Guests and "friends" pay special discounted weekend green fees. All players contribute \$10 apiece to the prize kitty, with an optional \$10 wager on our usual individual skins contest. This is fun golf, fashioned for your entertainment. Hope you can make it.

Bill Braznell

Secretary, PGMS