Perfecting perfection

Latest Discovery Land project raises the bar for resort development

By Rick Stedman

Why would anyone want to tamper with perfection? That's exactly what Mike Meldman and his team at Discovery Land Co. did at the El Dorado Golf and Beach Club in Los Cabos, Mexico. After operating for several years as a successful public golf resort, El Dorado is being transformed into a high-end family-oriented club community.

Arguably one of the most pristine and dramatic golf venues in the world, the original El Dorado Golf Club has attracted golfers - including Bill Gates, Tiger Woods, and Kevin Costner - since the Jack Nicklaus-designed course opened to the public in 1999. But since mid-2005, dramatic changes have taken place. The El Dorado Golf and Beach Club is being redeveloped by Discovery Land Co. for its majority owners, Rockpoint Group, an institutional real estate investment fund, and Cabo Real, a development entity owned by Mexico's prominent Sanchez-Navarro family.

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- Mike Meldman, CEO, Discovery Land Co.

During its first several years of operation, this geological gem was a successful resort course. Steve Adelson, one of Discovery Land's partners, says its annual profits each year were between $2.5 million and $4 million.

"Those are impressive numbers, but post 9/11 has taught us that it's difficult to operate a public course and turn a profit," he said. "Daily fee golf is down at most resorts, though they are slowly increasing in numbers. You have to look for profit potential from a real estate perspective. And, you must combine all of the amenities to provide a quality experience. We're in the people business and we want to create lasting memories."

And the original architect of the golf course was invited back to upgrade his work.

"Working with Jack Nicklaus on the redesign was a great experience," Meldman said. "He was a true gentleman and came up with some very intriguing holes."

Adelson said Discovery spent roughly $8 million re-doing the golf course. That includes restructuring a majority of the course, building new holes, adding irrigation, revamping the cart paths and tipping the level of customer service.

Transforming El Dorado Golf and Beach Club has been an ongoing work in progress over the last year-and-a-half. It was re-christened Nov. 17 as a private course, available exclusively to those who buy one of the 350 memberships the club offers.

Discovery's master plan calls for approximately 212 residential units, including 67 beachfront and oceanview custom estate lots; 94 beachfront, golf and ocean villas; 36 casita/condominium units; and 15 or more mountainside estate lots with golf and ocean views. The highest priced lots are going for $12 million to $14 million, according to Meldman. Though declining to share specific sales numbers, he said his company has far exceeded its real estate sales goals.

One of the leading golf and residential developers in the United States, Discovery Land Co. has built a substantial portfolio of high-profile communities in North America, Hawaii, and The Bahamas.

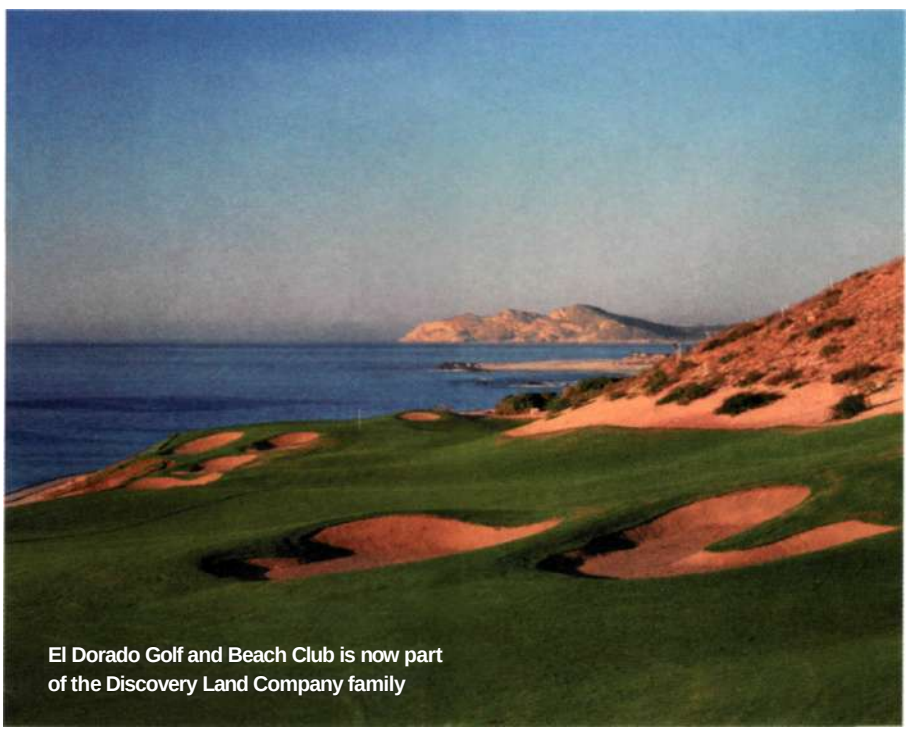
"In any development project, we believe in preserving the natural characteristics of the land," says Meldman. "Anyone can build houses, roads, and golf courses. All that takes is money. You cannot, however, recreate the natural beauty of the environment with any amount of money. The value is always the land."

As of late fall, El Dorado real estate sales were approaching $300 million. Meldman expects to eventually invest upwards of $500 million into El Dorado Golf and Beach Club, with $135 million of that earmarked for builder costs.

In transforming a public golf resort into a private golf residential community, what would Discovery officials do differently if they had the chance to do it over again?

Both Meldman and Adelson said their prior planning in this effort paid off in the long run. They feel that the business plan for the project has been followed to the letter.

"We did our homework on this project and things are on track," Meldman said. "This will be one of the great properties in the world."



El Dorado Golf and Beach Club is now part of the Discovery Land Company family