

ARROWCREEK



ArrowCreek Community Club Committee

Status Update

Change in Club Business Model

- The FOA and Arnold Palmer announced a change to their business model in January
 - Moving forward as private membership only
 - Offering very attractive rates for golf memberships in order to quickly grow membership, including AC resident discount
- Implications for HOA initiative
 - Cannot evaluate either the details or financial implications of a potential joint venture until the success or failure of the new business model becomes apparent (2-3 months)
 - Committee will continue with other fact-finding but a full presentation to homeowners is clearly delayed
 - If brought to homeowner vote, voting seems unlikely to occur until this coming Fall



Activities in Progress

- Re-evaluating cost of alternative uses for golf course property
 - Jeff Anderson is working with course management to verify and expand the prior work on the “brown” and “green” scenarios
- Clarification of voting requirements
 - Have verified that changes to By-Laws and CC&R’s are governed by a 50% plus 1 requirement
 - Changes to Articles of Incorporation require a 2/3’s majority. This would be necessary if we determine that the HOA needs to convert to a for-profit corporation. Research is underway.

Determination of Property Tax Impact

- Washoe County has provided a written opinion regarding how property taxes would be assessed if the HOA acquired the Club
 - The Club would be treated as Common Area. The HOA would not be directly taxed, as is the case for all HOA common area.
 - Improvements (the Clubhouse and other structures) would be added to the tax rolls and each homeowner would see these additions to their assessment on a pro-rata basis. A recent example of this was the HOA's new maintenance building, where each homeowner saw a "New to Roll" amount added to their assessment.
 - Given the current property tax on the Club (approximately \$40,000) the average increase in property taxes would be slightly less than \$40 per year per homeowner. However, this will vary depending on the change in your property's assessed value, change in County tax rates and where you sit relative to the 3% cap.
 - HOA may apply for re-valuation after the acquisition based on replacement cost/depreciation method.



Thanks to the Communications Committee

- They have done substantial work to put together a comprehensive set of “FAQ’s”, as well as developing a number of recommendations to improve information gathering and communication of the proposed initiative.