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Date: March 10, 2015

**ACCC UPDATE**

Dear ACHOA Members:

Numerous comments and comparisons have been made to other operating "Community Club" arrangements currently being managed by Arnold Palmer Golf Management (APGM). As part of the ACHOA Board's due diligence efforts, the comment below was forwarded to Arnold Palmer Golf Management (APGM) to gather a response and additional information. The specific statement made by ACHOA member(s) follows:

*"In the Skyline Golf Community in AZ, APMG's managing fee is scheduled to increase from about \$165K to about \$600K in year three. In the Skyline community this increase of \$435K in management fees of the Skyline Club required homeowners' annual fees to be increased by 20% each year for three years and remain at the heightened level for the following 22 years. Applied to our situation that would mean that our \$317 monthly fee would increase to about \$547 a month by year three."*

**Arnold Palmer Golf Management (APGM) Response:**

"First, the structure between the Skyline Community HOA and Skyline Country Club is not relevant to the ArrowCreek Community. In Skyline's model the HOA chose to enter into a "Services Agreement" with the Club in exchange for a wide range of services and benefits provided by the Club to the residents. The residents voted in favor of increasing their HOA dues for three years and having the HOA enter into a 25 year contract with the Club as the benefits to the community are substantial. The Services Agreement structure and increased annual HOA fees utilized at Skyline are not being contemplated by the ArrowCreek HOA or Club. "

"Secondly, the resident's annual HOA fee increase at Skyline is paid by the HOA to the Club. Again, it is paid to the Club in exchange for a wide range of services and benefits that each resident receives. These benefits expand each year in exchange for the increased payment to the Club. The HOA payment to the Club is not for APGM's management fee, it is for value received through club benefits."

"Lastly, the ACHOA, "The Club At ArrowCreek", and APGM are still evaluating potential relationship structures, benefits, and costs. No decisions have been made as to what type of structure will work best for the ArrowCreek residents and all related parties."

**ACHOA Board Response:**

Please note that ultimately, any final decision concerning the purchase of the 545 acres, operational structure, relationship structures, negotiated ACHOA member benefits, and related costs, will be decided by the homeowners in a community wide vote. The ACHOA Board has requested that APGM provide more details concerning the additional services and benefits being provided to the Skyline homeowners for review by ACHOA members.

The ACHOA member(s) have provided an example of what might occur if we were to increase assessments by \$99 from current levels and then increase assessments by a further 20% per year thereafter. While a hypothetical \$99 increase was previously discussed, there has never been any discussion of further planned increases similar to the situation at "Skyline Golf." The ACHOA Board will continue to strive to provide factual information as it is developed and it will be published for your review and comment.

ACHOA Board of Directors