

1. What is the market value for the 475 acres of golf course land we are supposed to buy for \$ 3.3M plus over \$1M in interest? The Letter of Intent (LOI) does not include a purchase contingency based on a current assessment of the property's value. Homeowners are expected to pay more for 475 acres than the FOA paid for 545 acres that also included the assets of the club house and other buildings/ facilities. Will you, Mr. Steele, Mr. McDonald, and Mr. Kirtley look into the option of negotiating a better purchase price for homeowners?

We, as candidates for the Board, would reopen the Committee recommendation to purchase the land. Our stated concern is there is a lack of any independent valuation or appraisal of the real property. The appraisal would give us transparency to the value of the land and correspondingly, the value of the assets retained by the FOA. The FOA has only been in business 1 year so any purchase price has to reflect the risk that the golf course would not succeed. The ACHOA is not being asked to buy a portion of a profitable golf course; rather land that best case has a value similar to the empty county land surrounding Arrowcreek, and quite likely lower value, due to restrictions placed on this specific 475 acres by governing county and HOA documents.

2. Homeowners will have no control over the FOA's golf course business, nor will they have any control over when the FOA decides to downsize or declare bankruptcy. However, if the HOA ends up owning the golf course land, the failure of the Golf Club will directly increase homeowners' financial liabilities in those cases. Is there a possibility of renegotiating the related terms of the purchase proposal?

At this juncture, the terms of the Purchase Agreement have not been circulated by the Board. It is our opinion that if the Board executes a binding Purchase Agreement with the FOA, the terms will be binding on all parties. The FOA gets the \$3.3 million to dispose of as they please and the ACHOA is bound to maintain the purchased acreage, and inherit the total risk if the FOA business is not successful. We have no way to tell at this time the likelihood of future negotiations.

3. What are the cost estimates for maintenance and replacement of the golf cart paths, bridges, viaducts and, most importantly, the base irrigation system we homeowners will be assessed for on top of the initial \$31/m for the loan/reserve fund/property tax?

We do not have any additional data outside of the Reserve study. One of our concerns is that the current Reserve study is very uncertain because it was completed without site visit and physical review of assets by HOAs vendor. Another concern would be changes in environmental regulations that impact either the watering system or fire mitigation requirements.

4. What is the basis of the recurring argument that we homeowners need to buy the golf course land to preserve our fire prevention zones? Is the FOA not responsible for that as the current owner of the land?

The FOA currently is responsible for meeting fuels mitigation requirement for their 545 acres just as the HOA is responsible for its currently owned common area.

5. What is the basis of the recurring argument that homeowners need to buy the golf course land to prevent development? There are many obstacles to rezoning and development: <http://arrowcreek411.com/2015/11/07/debunking-the-myth-of-developing-new-homes/>. Would another obstacle not be the fact that the FOA LLC would have to decide who of its own shareholders, or who of

its AC golf club members would accept having houses built on the golf course which they see directly from their homes, and accept the purported loss in home values? Would the HOA have any control over possible lawsuits that could once again taint the image of the AC community? Incidentally, Paul Burkett and Mark Toomey (the third candidate endorsed on arrowcreektruth by Mr. Gary Pestello, FOA chairman) were among the former litigants in 2006 as was Mr. Pestello.

The article referenced by Mr. Hsu reflects our collective opinion on the possibility of development. The FOA members who own homes facing new development would have to consider the impact on the value of their homes. As you noted, homeowners could litigate potential development and the ACHOA and Arrowcreek would be impacted again by the turmoil of the litigation. FOA has stated in the past that they need no more than 300 members to be successful operating their 36 holes of golf. We have seen no data to either support or disprove this assertion. We also have seen no business plan from FOA, no financial results and therefor have no idea what the likelihood is of their success or failure.

6. What is the basis of the recurring argument that we homeowners need to buy the golf course land to prevent the courses from going brown? Would that not reduce the resale value of the golf course land for its current owners, the FOA LLC? The FOA's chairman, Gary Pestello, did say that the FOA is prepared to do it on their own. This statement quoted in the RGJ has not been retracted to my knowledge. Will you Mr. Steele, Mr. McDonald, and Mr. Kirtley look into the option of taking Mr. Pestello up on his word and let the FOA own and manage the golf club like the golf club members in Montreux?

As Board members, we would cooperate with the management of the golf club. There is a risk that the FOA will not meet its financial plans. The course has a history of not being self- sustaining and the trends for the amount of golf being played our down. We have also stated that we work for all the ACHOA members, the majority of whom are not members of the golf course.

7. What is the basis of the recurring argument that we homeowners need to buy the golf course land to preserve property values? Month after month, the Washoe County Assessor reports have indicated that homes off the golf course trend to market price.

From the New York Times of November 24th :“There are about four million fewer players in the United States than there were a decade ago, according to the National Golf Foundation. Almost 650 18-hole golf courses have closed since 2006, the group says. In 2013 alone, 158 golf courses closed and just 14 opened, the eighth consecutive year that closures outpaced openings. Between 130 and 160 courses are closing every 12 months, a trend that the foundation predicts will continue “for the next few years.” We don't see the impact of a golf course materially improving property values.

Secondly, proximity to open space, not necessarily golf courses, appears to be of increasing value these days (<http://www.wsj.com/articles/luxury-home-developers-latest-pitch-unspoiled-nature-1446734336>). However, the positive effect of golf courses or other kinds of green or open space diminishes very quickly, as “rapidly as 100 feet” (see: Do and Grudnitski (1995), referenced in the [UNR Literature Review of Home Values](#)). Buying and maintaining the golf course land is costly to homeowners. If we end up owning the land, what other options of nonprofit use do you see that would limit the financial burden of repurposing, and improve quality of life for all homeowners?

The original Arrowcreek development consisted of roughly 3400 acres. As noted in the minutes of the

Washoe County Commission minutes of July 27, 2004, 1400 acres were deeded to the County and exist in their natural state and provide a buffer around Arrowcreek. Additionally, much of the golf course has natural vegetation. If there is a bad ending for the FOA and we have an opportunity to buy the land, our contention would be to practice land management in a similar fashion to the County. This would be the lowest cost alternative. We would repurpose the existing infrastructure for walkways and the like. Any improvements would be done with the support of the homeowners and in a way that allows the largest participation, recognizing that any repurposing entails significant cost that would have to be approved by the majority of owners of lots. The clubhouse and other infrastructure would require much more review.

8. Why would allowing free enterprise to prevail not be the best option?

We strongly support that the Board should take a position allowing free enterprise to take its course. Any transaction proposed by the Board that materially impacts the financials of the ACHOA should be vetted, not unilaterally approved. The Board has entered into 2 LOI's with vastly different terms. We challenge the review process that approved both agreements with no independent support. The FOA has reported strong membership growth. We see no need for the ACHOA to subsidize their operation.

Mr. Steele, Mr. McDonald, Mr. Kirtley: We hope you will be elected to the HOA board. We hope the upcoming informational meetings will allow you three gentlemen to provide homeowners with some much needed answers.

Donna, Ellie, and a team of neighbors