

To: Gainey Ranch Homeowner  
From: Gainey Ranch Board of Directors  
Re: April 1, 2019  
RE: Gainey Ranch Estate Club Planning

During the GRCA 2019 annual meeting; GRCA management discussed Estate Club Planning. In spring 2018 GRCA management provided a survey to all GRCA homeowners asking for feedback on current Estate Club activities. Over 95% of homeowners who responded to the survey use the Club. **Many good comments came from that survey, the overriding theme was the fact the club is too small, dated, and does not meet the expectations of our homeowners.**

Armed with the survey information the GRCA Board of Directors created a small committee to visit other Community Clubs in Phoenix/Scottsdale and compare to the Estate Club. All Clubs visited were much larger and newer. In spite of this, all communities are planning for assessments to expand and improve their Club within the next year. The overriding theme is new **Lifestyle Activities are critical to remain viable not only attracting new homeowners, but would benefit current homeowners.** To achieve this goal the **Estate Club must be rebuilt into a modern spacious facility that provides adequate fitness class, weight room, cardio room space, provide a modern social space with more opportunity for a variety of new events, provide dedicated space for card games, and add pickle ball to Gainey Ranch.** The current Estate Club is a total of 5000 sq. ft. and would be expanded to approximately 20,000 sq. ft.

The GRCA Board has discussed how to fund the new building with **minimum financial impact** to the Gainey Ranch Community. At the January 24, 2019 GRCA Board meeting the GRCA Directors determined that a **special assessment** to fund the new building was **not an acceptable alternative, and further that *substantially* increasing member monthly fee to build a new Club was unacceptable as well.**

An in-depth discussion on the Gainey Ranch Real Estate Sale Enhancement fee occurred with the following information. The current Enhancement fee requires that ½% of the gross property sale price be paid into the capital fund for each property sale. In 2017 this resulted in \$ 305,000 funding to the Capital fund. Additionally each member pays \$10 per month into the capital fund results annually \$ 166,000 to the Capital Fund. **These two funding sources resulted in \$471,000 deposited into the Capital Fund in 2017. The majority of these funds are used to pay off improvements loans of \$ 2,800,000 which currently has of balance \$ 1,400,000. It should be noted at a recent meeting between Gainey Ranch real estate brokers and GRCA Board of Directors; the brokers stated the Enhancement fee does not affect property sales.**

The GRCA Board is requesting members to vote to raise the Enhancement fee from ½% to ¾%. This ¼% change if it had been enacted in 2017 would have resulted in total capital fund of approximately \$ 623,500 in 2017. The current improvement loan balance would be rolled into the larger loan, providing construction funds for a new Estate Club and the ability to service the loan over a 20 year period. It should be noted a recent survey of large associations found that most communities have a ½% to 1% Enhancement fee for capital improvements.

As described the GRCA Board has been diligently working to find the right solution to create improvements to the Estate Club. The GRCA Board believes **strongly** the proposed improvements will not only **further property values in a market of newer properties competing with our community, but** also as important create a Gainey Ranch Club that provides **Lifestyle Activities** and a location for **high quality social events for current members**. It is GRCA Board's intention as this project moves forward to be transparent in the planning so that **members' voices may be heard**.

In the upcoming month each member can expect to receive a description of the project and **ballot** to vote to raise the Enhancement fee from ½ % to ¾%. This change in the fee would become effective January 2020 to allow for the start of construction early summer 2020. Should the ballot measure pass, the GRCA Board will move into the phase of design of the new Club. It is the GRCA's commitment that all members will be given the opportunity to comment on the new design prior to start to any construction.

The GRCA Board encourages all homeowners to participate in the process of creating a new Estate Club that the community can be proud of.

Thank you for your attention to this important improvement for Gainey Ranch.

GRCA Board of Directors