# Golf club asks for $4.2M to pause development

**Tracy Loew**
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Houses are seen as golfers play golf at Creekside Golf Club in Salem. BRIAN HAYES/STATESMAN JOURNAL

Creekside Golf Club is again asking an adjoining neighborhood to prop up its bottom line.

In return for an estimated $4.2 million, the club's owners will pause plans to develop the property into housing for five years, according to a proposal sent to homeowners last week.

During the first year, 65% of the money raised would go toward deferred maintenance and infrastructure improvements at the golf club, such as replacing pond liners, upgrading the irrigation system and deferred pool maintenance. The remaining 35% would support salary increases for club employees. That funding allocation could vary in future years.

The 588 members of the Creekside Homeowners Association will vote on the plan on June 29.

### Club has struggled for years

The plan is the latest in a series of controversial proposals to keep the struggling golf course open.

Creekside Golf Club and the Creekside Estates neighborhood were created by the same developer, but otherwise have no legal or financial connection.

But many club members live in the neighborhood, and those with golf course views have an interest in preventing development. Some residents said they bought their homes believing the golf course would always be there.

The private club is owned by Creekside Golf Course, LLC. That company's owners are Larry Tokarski's Mountain West Investment Corp. and Terry Kelly, a former partner in Pence/Kelly Construction.

In February 2016, the owners sent a letter to neighborhood homeowners saying the club had been losing money for years.

The club threatened to sell the golf course to a housing developer unless neighbors agreed to raise their association dues from $30 to $90 per month in exchange for limited memberships in the club, raising about $400,000 per year.

When that failed, club leaders asked the city of Salem to reduce the rate it charges for water, potentially saving the business $140,000 per year. Creekside is the only Salem golf course that irrigates with tap water. That proposal, which would have raised residential water rates an average of $8 per year, also failed.

Meanwhile, club leaders asked club members to kick in more than $1,000 each, and increased golf dues by $65 per month.

In April 2016, the homeowners association filed a lawsuit asking a judge to stop any closure or development of the golf course. They argued that the course was a key selling point for housing lots within the community, amounting to a contractual promise to maintain its operation.

In May, Tokarski filed a pre-development application with the city of Salem for a 156-acre, 354-unit planned development. At the time, city officials said stormwater and wetland concerns could prevent some of that development.

In 2017, a judge ruled in favor of the club. Homeowners appealed, and the case is still open.

A judge also ruled that Creekside Homeowners Association must pay the club owners $422,789 for legal fees spent fighting the lawsuit.

Tokarski's Mountain West Investment Corp. did not respond to an interview request.

The Creekside Homeowners Association board referred questions to Community Management Inc., a Portland homeowners association management company. It declined to comment.

### What homeowners will decide

The latest proposal comes from the Creekside Preservation Committee, a two-month-old group that includes representatives of the homeowners association board and the golf club.

Homeowners will be asked to vote on two separate provisions.

The first provision creates a 5-year, fixed assessment of $90 per month, or $1,080 per year, per household. The fee is in addition to the $47 per month association dues homeowners already pay, and does not come with a club membership.

The fee would raise about $635,000 per year. After five years, the fee could increase.

Two-thirds of members present for voting must approve the monthly fee for it to pass.

The second provision creates a transfer fee of 1% of the sale price of any home sold in Creekside Estates.

Because the transfer fee requires an amendment to the CC&R's, it would require the approval of 75% of all householders.

It is expected to raise about $200,000 per year for the club.

If the club owners decide to close the course after five years, both provisions would be canceled.

The proposal also contains some additional items, which would be enacted if either provision is approved:

- During the 5-year term, Creekside Homeowners Association will have the right of first refusal on any sale of the golf course.
- The golf course owners will defer payments on $211,767 owed by the HOA as part of the previous lawsuits over development of the golf course. Any money collected as part of the proposal that is over the expected $835,040 per year would go to pay down that amount.
- If the golf course is closed and developed, future homeowners will be required to join the homeowners association. However, development won't have to adhere to the HOA's architectural guidelines.
- The homeowners association will not oppose the development of three lots opposite the 14th green, or the development of condominiums to be built along Creekside Drive.

The 153-acre, 18-hole golf course was built in 1993. It was designed by touring golf professional Peter Jacobsen.

*Tracy Loew is a reporter at the Statesman Journal. She can be reached at tloew@statesmanjournal.com, 503-399-6779 or on Twitter at @Tracy_Loew.*