



2019 PGA WEST MASTER ASSOCIATION ANNUAL BUDGET REPORT

The following message is the latest in an on-going series of e-mails from the PGA West Master Association Board, describing the Board's decisions, challenges and priorities. This message is being sent on behalf of the Master Association Board of Directors.

Dear PGA WEST Member,

The PGA WEST Master Association is pleased to share with you our "2019 Annual Budget Report and Policy Statement" - a compilation of important information regarding the Association's financial health; policies and procedures; and other disclosures. While this cover letter is intended to highlight some of the most significant information, we encourage you to review the entire packet; and since the material is so lengthy, we have included a summary of attachments to help with your review. I hope that you find all of this information to be useful.

No Increase in Monthly Assessments: After a thorough review and evaluation, the Master Association Board of Directors has approved a balanced operating budget for the fiscal year beginning on January 1, 2019; with revenues and expenses of \$4,088,325; which includes a significant allocation of \$652,809 to the Reserve Account. The Board believes that the budget is both reasonable and prudent to meet both the current operational needs of the Association as well as maintaining adequate capital reserves. The budget calls for no change in the current assessment structure of \$78.00 per month (and \$156.00 per month for homes inside the Norman Gate). A summary of the 2019 Annual Budget is attached in Appendix I.

Your respective Association will communicate your full monthly assessment to you. That assessment will include the Master Association assessment plus your Association's assessment.

Reserves Funded at 84.96 Percent: The Board again contracted with SCT Reserve Consultants to perform its annual reserve study for all capital amenities within the Master Association. At the end of 2018, the Association's reserves are projected to be funded at a healthy 84.96 percent, despite the aggressive investments recently completed - including the repaving PGA Boulevard, PGA Boulevard entrance improvements, new gatehouse and monument signage and renovated gatehouse lighting. The Board continues to annually fund the reserve allocation - and in 2019, will again contribute \$652,809 into the Reserve Fund for future capital investments.

At this time, the Board does not anticipate the need to apply any special assessment to repair, replace or restore any major component; however, the Board reserves the right to approve a special assessment to repair, replace or restore any major component, if deemed necessary.

A summary of the reserve report is presented in Attachment III; along with the reserve funding plan adopted by the Board. A copy of the full reserve study is available for review, upon request.

Insurance Disclosure: As required by California Civil Code, we are enclosing a summary of the Association's property and general liability insurance policies (See Attachment IV).

Audited Financial Statements: An annual review of the Association's financial statement shall be prepared in accordance with generally accepted accounting

principles by a licensee of the California Board of Accountancy for any fiscal year in which gross income to the Association exceeds \$75,000. Property owners are entitled to receive a copy of the Association's annual audited financial report. This report, which is prepared each Spring, will be sent to property owners in April of 2019 to the mailing address on file with the Association. Please note that it is the Member's responsibility to notify the Master Association of any changes in mailing address or contact information.

Outstanding Loans: The Master Association does not have any outstanding loans with an original term of more than one year.

Three Year Proxy: Included with this packet is a three (3) year proxy that property owners may sign and return (See Attachment V). The proxy is used to help establish a quorum at Master Association Member meetings. Signing a proxy authorizes the Master Association Board of Directors to represent you for purposes of establishing a quorum only - it does not authorize the Board to vote for you. You may rescind a proxy at any time - by written notice; or by attendance at a Master Association member meeting. We encourage you to complete and return your signed proxy.

Master Association Board Meetings: Homeowners are invited to attend the monthly meetings of the Master Association Board of Directors. These meetings are generally held on the first Thursday of each month; at 2:00 PM; at either the Private Clubhouse or the Tournament Clubhouse.

"GO GREEN": Property owners that have received this Annual Budget Report via conventional mail can elect to receive all future mailings from the Master Association via email by completing, and returning, the "E-Mail Distribution" form that is found in Attachment X.

Master Association Communications: The Master Association is constantly striving to improve its communications with Members. In addition to the Board's monthly public meeting, important information is also available on our website at: www.pgawest-ma.com; and through periodic E-Blasts. This year, the Association began distributing meeting notices and proposed agendas prior to each Board meeting. Property owners interested in being included on the email list should contact the Master Association via the contact information below.

Please feel free to contact me personally with any questions or comments.

Very truly yours,

Scott Randall, General Manager
PGA West Master Association
(760)564-3858
Scott.Randall@managementtrust.com