

PGA WEST RESIDENTIAL ASSOCIATION, INC.

Special Board of Directors' Meeting FEBRUARY 12, 2009 2:00 PM

Board Member(s) Present:

- Richard Moore, President
- Carl Brooks, Vice President
- Russ Long, Treasurer
- Nancy Aprile, Secretary
- Ray Shaffer, Director
- David Sari, Director
- Richard Sparks, Director

Also Present:

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- Michael Walker, General Manager
- Kelly McGalliard, Operations Manager
- David M. Peters, Esquire

Richard Moore called the meeting to order at 2:37 PM in the PGA WEST Residential Association Customer Service Center Meeting Room. The purpose of the Special Board of Directors' Meeting was to discuss the repair options and funding plan for Lake SRP 2. Also discussed was the summer planting. Two homeowners were present for the meeting; John Clay from 55-060 Firestone and Stephanie Gebert from 54-649 Tanglewood. Though there was not an open forum, the Board of Directors' welcomed their comments.

David Peters stated there are several repair options for Lake SRP 2; aesthetic option, minimizing the risk option, and further minimizing the risk option.

Option one is the aesthetic option which is repairing the lake to its original condition at an approximate cost of \$100,000.00 but possibly having to repair it again in two, five or ten years down the road. However, the cost for this option is a lot less than the options to follow. Every unit in the Greens will have a disclosure issue. This disclosure document will be provided by the Homeowners' Association at the request of Greens' Owners. It will state that there are soils issues affecting the lake and Greens' Owners, as they are 75% responsible for the lake expenses.

Option two is to redesign Lake SRP 2. This will cost \$600,000.00 to \$800,000.00 which is \$2,380 to \$3,175 per Greens unit. David Peters stated most people will not consider this option a benefit, but will consider it a diminution of the amenity. Michael Walker gave a brief presentation of what the lake would look like and stated there are no guarantees this option will work. David Peters stated this is a

better, more permanent prognosis than option number one but the aesthetics may be impaired as the Lake will lose some valuable features.

Option three will cost each Greens homeowner \$2,000 to \$3,000 and has a greater opportunity that this problem will not happen again. The concept of this option is to move the lake as far away from the fissure as possible. Michael Walker gave a brief presentation of what the lake would be like with option number three.

David Peters stated that the Board of Directors is gravitating towards option number one. A notice will be sent out to all the Greens' homeowners informing them of a special meeting to update them on Lake SRP 2 on Saturday, March 14th following the Annual Meeting. David Peters asked if there were any questions or comments.

John Clay from 55-060 Firestone stated that if nothing is going to be done at the lake from now until after March 14th, members will be aggravated, irritated and angry. Mr. Clay commented that Greens' Owners are frustrated with the lack of communication from the Board regarding the Lake SRP 2 repair.

David Peters responded to Mr. Clay stating that the Board was in the process of obtaining information relative to these options as recently as an hour before the meeting. The problem with soils issues is that no one has x-ray vision. David Peters asked Mr. Clay if he thinks the Board should decide on option number one right now and tell the homeowners what the Board did and why they did it, as opposed to the Board waiting until after the annual meeting where there would be more of an opportunity to get the Greens' Owners input.

Richard Moore also replied to Mr. Clay stating the Board became aware of this issue in the early part of January. As they investigated the problem, they kept finding more situations that needed further exploration. The Board is concerned about getting information out to the homeowners but had no definitive information to share. The Board was waiting to receive preliminary repair estimates from three different contractors. As of this morning they finally got some estimated figures in. Richard Moore apologized for the lack of communication.

Stephanie Gebert from 54-649 Tanglewood asked for clarification on the special assessment for the Greens units.

David Peters replied to Ms. Gebert stating a cost center was to be set up in the early stages of development and each of the 189 Greens' Unit Owners, pays an equal portion of 75% of the costs associated with Lake SRP 2.

Stephanie Gebert stated she understands the disclosure issue as she is in the real estate business. She asked if the dues can just be raised for the Greens unit to include \$35 a month and do it on a continual basis if the problem is going to happen again.

David Peters stated that the Association will not likely inflate Greens' assessments unless there are actual anticipated costs to do so. To budget for the unknown is very difficult.

Richard Moore stated the Association is faced with an unanticipated cost regarding the lake and the Association looks to save approximately \$60,000 by not planting summer flowers. Nancy Aprile made a motion to not plant summer flowers in 2009. Seconded by Russ Long; passed unanimously. Carl Brooks stated he supported the vote; however requests that the water be left on in the flowerbeds so homeowners can plant their own flowers. David Sari suggested that we leave the fall flowers in the beds until they die as opposed to pulling them as typically scheduled in mid spring.

Richard Moore asked the Board if they are in a position to make a determination and vote on a determination to move forward with the lake repairs given options one, two or three. Ray Shaffer made a motion to proceed with repairing the lake in accordance with option 1 at an approximate cost of \$100,000. Further to pass a special assessment with payment options pursuant to 1366B2 of the Civil Code. Finally Legal Council in conjunction with management, shall draft a disclosure document and letter of explanation the members in preparation for March 14, 2009 Annual Meeting. Seconded by Nancy Aprile; passed unanimously.

David Sari made a motion to adjourn the meeting at 3:14 PM. Seconded by Nancy Aprile; passed unanimously.

SPECIAL EXECUTIVE SESSION

A Special Executive Session of the Board of Directors was conducted immediately following the Special Board of Directors' Meeting with the Board of Directors, General Manager, Operations Manager and David Peters.

Respectfully submitted,

Nancy Aprile, Secretary
PGA WEST Residential Association, Inc. Board of Directors