

January 3, 2017

TO: All White Bluff Property Owners  
FROM: Your Board of Directors  
Leonard Critcher, President  
RE: The Facts

The latest communication from Double Diamond VP of Hospitality, Stack Bowers, purported to provide a “list of facts relating to the past and ongoing operation of White Bluff.” This communication will address the real facts.

There is one thing that all property owners, and especially lot owners, should understand. If Double Diamond/Mike Ward is promising you a DECREASE in your annual outlay (combined country club dues & POA maintenance fees) they are doing so without any authority to set assessments. Our governing documents specifically give the Property Owners Association Board of Directors the SOLE authority to set POA assessments. Don't be duped into expressing support for something that may look good on the surface but can't be delivered. It's much like someone running for President on a platform of eliminating income taxes. It sounds good so you vote for him until you realize that it's Congress that determines taxes, not the guy who made the promise.

And, while we are on politicians let's turn to Nancy Pelosi, who infamously stated why Congress should vote for Obamacare- “We have to vote for it so we can see what's in it!” While none of us really knows “what's in” the country club proposal, we do have a “list of facts” we can address- all straight from Mr. Bower's email.

(Double Diamond's) “letter outlines in very simple terms a very clear and simple path for the future of White Bluff.” “Outlines” is indeed all it does.

“A path which will see your fees immediately decrease...”

This could not be further from the truth. For some the overall fees are projected to INCREASE, for some the fees are projected to stay relatively the same, and for some the overall fees are projected to decrease. Why would someone make a statement that insinuates that EVERYONE will see a projected decrease in (overall) fees? Ask the author. He knows full well that the POA Board sets assessments, not Double Diamond/Mike Ward.

“The Board has resisted raising homeowner's (sic) fees to a fair level...”  
Again, not true. Homeowners pay fees higher than lot owners.

“(lowering lot owner fees) (sic) a situation Double Diamond has been trying to remedy for the past six years.”

Mr. Bowers conveniently ignores the fact that Mike Ward, President of Double Diamond, was a sitting Board member from the inception of White Bluff 26 years ago until May, 2016. Mike Ward and his Double Diamond appointed Board established property owner maintenance fees the same for lot owners and homeowners when he first started selling lots in White Bluff. If Double Diamond did indeed start trying to remedy this six years ago (which I doubt) then Mike Ward kept lot and homeowner maintenance fees the same for twenty years and is now trying to blame the POA. While I have served on the Board, Mike Ward has never made any motion or recommendation for a reduction in the fees for lot owners. The differential in fees was implemented without his involvement and totally by non-DD Board members.

“Historically the Board has been made up of Homeowners with very little if any lot owner representation.”

Historically the Board has been made up of Double Diamond executives/employees. It was not until May, 2016 that the Board is, for the first time ever, composed of non-Double Diamond members with lot owner member representation.

After the non-DD Board took over, one of our first orders of business was establishing a long-needed system for greater lot owner involvement. We began an ongoing Communication Campaign, getting information out consistently to ALL property owners. How much information did you receive when DD controlled the Board? Second, we established an official Board Nomination Process that dictated pursuing involvement from lot owners. To quote- The Nominating Committee shall consist of a Chairperson, who is a serving member of the Board, and not less than three not more than six homeowners and not less than three not more than six property owners who do not own homes. The number of homeowners and the number of property owners, who do not own homes, shall be of an equal number.

RE: Resort Credit Fees- “the program ended and they left the fee the same- effectively taking away a benefit and leaving the Maintenance fee the same as it was when the benefit was in place.”

Before answering the question posed by Mr. Bowers, let's turn back the pages and see why the Board (when Mike Ward was on the Board) initiated the Resort Credit Fee. Quite simply, it was a way to force all property owners to utilize deteriorating resort

amenities owned by Mike Ward/DD. Who benefited most- homeowners. Who benefited least- lot owners. Who voted in favor of implementing a program that would benefit him and not benefit the vast majority of lot owners- Mike Ward.

Now to answer the question posed. The fee was left the same because of mounting legal bills associated with defending the POA and the Board (at the time the program was implemented). The legal bills were, are and will be partially due to this program having been installed.

“Double Diamond declined the offer (from the POA to purchase the assets) when it became obvious that the Board would not accept even simple protections relating to dues charged to lot owners’ (sic) verses homeowners.”

Absolutely, totally false. The POA and DD had fully agreed to a provision in the Asset Purchase Agreement to establish maintenance fees for lot owners at an ongoing percentage of maintenance fees charged to homeowners. The above statement is yet another example of a blatant attempt to distort facts in order to secure support from lot owners for a proposal with little details.

“Double Diamond also felt certain that the Board would be unable to manage the assets.”

I ask Mr. Bowers a simple question- “If this is indeed true, then why did Mike Ward approach the POA Board and initiate negotiations for the POA to purchase the assets if he truly believed we were incapable of managing the assets?” The second round of negotiations (Yes, this last round was not the first time Mike Ward wanted to talk about the POA buying the assets) lasted two years, resulting in tens of thousands of dollars of attorney’s fees. The real question is, if Mike Ward did indeed believe this why would he waste your money?

I was personally at the last negotiating meeting attended by Mike Ward, Stack Bowers and Jeff Schmidt (DD corporate legal counsel). There were four final issues negotiated and agreed to by all parties. None of the four had anything to do with maintenance fees for lot owners. That had been agreed to long before. The meeting adjourned after reaching resolution on the four issues, our attorney was charged with drawing up the final agreement and submitting it to DD for execution. Mike Ward refused to sign.

“...fairness was not in their plan.”

Re-read #8, above.

“The idea for the White Bluff Country Club...was introduced to the Board.”

Note the key word, “introduced.” What the Board heard was indeed an “introduction”, lacking details and wrought with total, unilateral control by Mike Ward/Double Diamond. The introduction was verbal with nothing provided in writing.

“...they gave no objection to the plan.”

Neither was the plan endorsed. It was much like it is today, sketchy and void on details. The only thing for certain is that Mike Ward/Double Diamond would be in control for twelve years.

“...their response was to offer \$6.5 million dollars for the assets we were willing to give free of charge to the White Bluff Property Owner (sic) Association.”

The “introduction” of the country club concept was made well before negotiations began in earnest over 2 ½ years ago. The offer to buy the assets by the POA and the acceptance by Double Diamond to sell was made 2 ½ years after the “introduction.”

It’s news to me that Double Diamond was willing to give the POA the assets free of charge! If this is an offer, then I’ll call a special Board meeting to ratify an acceptance.

“The (POA) has over \$3 million dollars in the bank.”

It’s certainly comforting to know that Double Diamond is so closely monitoring your funds. The insinuation here is that your Board is perhaps accumulating excessive funds while overcharging lot owners. The POA annual budget approaches \$6 million. Part of the referenced money has been set aside for litigation expenses. Part of the referenced money has been set aside for anticipated road repairs. A substantial part of the money has been set aside to meet current budgetary obligations, such as the maintenance of the two golf courses, overhead, employees’ fringe benefits, equipment purchase and maintenance, etc. Also, any prudent business person knows full well that a Contingency Fund is vital in any operation but certainly one the size of ours.

“White Bluff is not in the best of shape.”

We agree. However, what’s not in the best of shape? The Double Diamond assets that have deteriorated due to excessive deferred maintenance. Since my wife and I built in 1999, we have seen a disgustingly steady decline in the facilities. Double Diamond OWNS the assets that are “not in the best of shape”- The Lighthouse Restaurant, The Trophy Grill, the Hotel, the Marina Store, the Fitness Center, the Spa, the Conference Center, etc. I ask Mr. Bowers this- “Whose fault is it that WB is not in the best

of shape, the POA or Mike Ward/Double Diamond?"

"The Board should be spending much of that money on needed repairs and updates."

Really? How can Mr. Bowers even begin to suggest that the POA should, much less legally could, spend POA money on repairing and updating Double Diamond assets? He might want to reference applicable tax law.

If you're still with me, property owners, those are the facts. I do apologize about the length of this response, but it's kind of like being asked, "When was the last time you beat your dog?" when the person asking knows you don't even own a dog!

I'll end as Mr. Bowers ended his email, "Indeed who (sic) should you trust?"