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February 2, 2017

Via E-Service jschmidt@ddresorts.com

R. Jeffrey Schmidt, Esq.
Senior Vice President/General Counsel
Double Diamond Companies
5495 Belt Line Rd., Suite 200
Dallas, TX 75254

Re: *White Bluff Property Owners Association, Inc. (the "Association") v. Double Diamond, Inc. ("Double Diamond"); Cause No. 53310 in the 66th Judicial Court of Hill County, Texas (the "Lawsuit"); DDI call for special meeting to remove directors on February 15, 2017 (the "matter")*

Dear Mr. Schmidt:

I am writing this letter on behalf of the Association in connection with the above-referenced matter.

On January 31, 2017, one of the Association's board members, and presumably, all members of the Association, received an email communication stating the following:

Notice of Special Meeting

There will be a special meeting of White Bluff Owners on Wednesday, February 15th, 2017 at the New Course Clubhouse. The meeting will be held at 10:00 a.m. Central time.

Purposes for the meeting are numerous and include electing a new slate of directors from nominations received at the meeting and in response to this email and other communications. Any person interested in putting their name in consideration for a director position must notify the General Manager of White Bluff within 10 days of the date of this notice.

This meeting is being called by a holder of proxies representing more than 20% of the eligible voters. All other proxies (to be eligible to be voted at the meeting) must be presented to the General Manager of White Bluff, Fred Molsen, on or before February 10th, 2017.

Double Diamond.

I have enclosed a courtesy copy of the email, which was sent from a Double Diamond email address.

I am surprised to be ambushed by this notice during a time where I thought we were making progress towards transitioning management of the Association to an independent management company. Moreover, as you know there is an election scheduled in May 2017, making a move to remove directors at this time a seemingly unnecessary waste of Association resources. Lastly, as a matter of due process, directors are entitled to know the charges for removal being made against them so they have an opportunity to defend themselves before the membership. The "notice" does not provide any basis for removal. Please provide me with the reasons for removal for each director Double Diamond seeks to remove.

Notwithstanding the foregoing concerns, there are a number of problems with the purported meeting notice. First, Double Diamond has not provided any evidence that it holds the votes necessary to obligate the Association to call a special meeting. Double Diamond purports to call the meeting "as a holder of proxies representing more than 20% of the eligible voters." Article Eleven, Section 3 of the Bylaws provides, in pertinent part, that:

Special meetings of the Members shall be held when called by . . . (iii) by written request of Members holding twenty (20%) percent of the votes entitled to be cast, represented in person or by proxy.

Normally, homeowners who want to call a special meeting obtain a petition signed by the required percentage of members and then present that to the homeowners association as evidence that the thresh hold has been satisfied. Double Diamond has not presented any evidence to the Association that it holds twenty percent of the votes entitled to be cast. Please provide all proxies and votes Double Diamond purports to hold so the Association can verify whether a special meeting should be called. I also want to provide you with a copy of proxy guidelines promulgated by the Board of Directors of the Association on January 27, 2017.

Second, *assuming arguendo*, that Double Diamond does hold 20% of the votes entitled to be cast, it is the Association, not Double Diamond that calls and notices a special meeting. Article Nine, Section 8 of the Bylaws provides, in pertinent part, that the Secretary "shall give, or cause to be given, notice of all meetings of the Members." It is the Association, not Double Diamond, that decides when and where a special meeting is called and it is the Association that is charged with providing notice to the membership.

Third, Article Twelve, Section 2 of the Bylaws provides, in pertinent part, that "Notices to . . . Members shall be in writing, shall specify the time and place of the meeting and shall be delivered *personally or mailed* to the . . . Members at their address appearing on the books of the

Association.”(*emphasis added*). Notably, Article Twelve, Section 2 continues by stating that “Notice to *directors* may also be given by telegram *or email*.”(*emphasis added*). The Bylaws do not expressly provide that notice of a special meeting may be given by email. In light of this provision, the Association believes that email notice is not sufficient.

Based on the foregoing, the meeting Double Diamond called for February 15, 2017 at 10 a.m. is null and void. Please confirm in writing to me by **5 p.m. on Friday, February 3, 2017** that the meeting is canceled and that you have provided email notice to all members who received the enclosed message of the cancellation. If I do not receive confirmation of these items by the deadline, the Association intends to seek a temporary restraining order in the Lawsuit to stop the illegal meeting. In that event, the Association will seek recovery of its attorney’s fees, expenses and damages.

Sincerely,



Chad E. Robinson

Enclosure

cc: Doug Lukasik (via email)

From: White Bluff Resort <adservice@ddresorts.com>
Date: January 31, 2017 at 3:35:42 PM CST
To: blcritcher@gmail.com
Subject: Notice of Special Meeting
Reply-To: adservice@ddresorts.com

Notice of Special Meeting

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Double Diamond

Double Diamond Companies, 5495 Belt Line Road, Suite 200, Dallas, TX 75254

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White Bluff Property Owners Association Proxy Standards

All proxies must include the name of the property owner written or printed legibly and a signature by the owner or the owner's attorney-in-fact. Texas state law requires that all proxies must include a signature.

All proxies must include one of the following for each property owner submitting a proxy: (1) the section and lot number, (2) the street address, (3) the Hill County Central Appraisal District's parcel number, or (4) the account billing number for White Bluff.

If an owner submits a proxy for at least one property that person owns, the proxy shall apply for all properties owned by that person.

All proxies must be submitted to the White Bluff Property Owners Association Board of Directors or FirstService Residential, the management company for WBPOA, at least ten (10) business days prior to any meeting for which proxies will be used for voting.