June 22, 2017

TO: White Bluff Property Owners
FROM: Your Board of Directors
Leonard Critcher, President
RE: Theft of Comp Golf Rounds

"Twist and Shout!" should be Mike Ward/Double Diamond's new theme song. Frankly, I prefer the theme song of the POA- "We Are Family!"

Here we go yet once again- "twisting" the truth and "shouting" insults. Let's step back and look at facts.

Every property owner at White Bluff is required to be a member of the Property Owners Association. Fact.

Every property owner at White Bluff is required to pay maintenance fees to the POA. Fact.

The POA Board of Directors sets maintenance fees. Fact.

The POA (controlled by 3 DD executives, including Mike Ward) entered into a 25-year Use & Maintenance Agreement in 1990. This agreement provided that the POA was obligated to maintain the golf courses until 12/31/2015. That agreement expired. Fact.

The POA, 5 past Board Directors, Double Diamond and several DD executives, including Mike Ward, were sued over three issues, one of which was using POA maintenance fees for maintaining the golf courses, properties not owned by the POA. Fact.

The judge in the above case issued a Summary Judgment in favor of the approximately 1,100 WB property owner plaintiffs, who brought suit. This Summary Judgment basically said that the maintenance of golf courses by the POA is illegal. Fact.

The POA continued to maintain the golf courses under the Use & Maintenance Agreement. When it expired, the POA filed suit in Hill County District Court asking the court to determine if the POA was OBLIGATED to pay for the maintenance of the golf courses. The court ruled that we were not. Fact.

Now, before we switch gears and head off into budgeting, accounting and contract stuff let's get one thing abundantly clear- **At this exact point in time the POA has a judge telling us that we shall not use POA funds to maintain properties we do not own; i.e., the golf courses. I speak for the**

Board when I say not a single one of wants to be dragged into court and stand before this judge and answer why we are maintaining properties we do not own when she has told us not to.

As is usually the case, Mike Ward has managed to take a complex situation, "twist" the facts and "shout" absurd inaccuracies, this time about budgeted maintenance fees. Let's go through another series of facts.

The Board sets a budget toward the end of every year for ANTICIPATED expenses for the coming calendar year. Maintenance Fees are set based on the ANTICIPATED expenses. Fact.

In the absence of a specific obligation to pay a specific expense (like equipment rental or **previously** golf course maintenance) all other budgeted items are anticipated expenses. Some of these anticipated expenses will be more, some will be less and some will be exactly what was anticipated. Fact.

Golf course maintenance was an ANTICIPATED expense. It was not an OBLIGATED expense. Mike Ward's contention that because we BUDGETED for golf course maintenance we are somehow OBLIGATED to do so is totally ludicrous. One court has told us we are not OBLIGATED. Another court has told us we CANNOT. So, what does he do? He steals your contracted comp golf rounds.

One or two more simple analogies. We budget every year for legal fees. If we are actually charged LESS than what we budgeted for, are we supposed to go ahead and pay the budgeted amount? No way! If we budget for maintenance on a particular piece of equipment and the actual cost of maintenance is less, are we supposed to go ahead and provide unrequired maintenance just because it was budgeted? No way. All of the unused budgeted funds are used to compensate for overruns in other budgeted items or provide a surplus for the coming fiscal year.

Twist and Shout! all you want, Mike. The POA has no more obligation to spend for budgeted items than you do in the 30+ companies you run.

Let's cut to the chase. DD's Land Sales contract states two things-

1. **Section 9- C. The Seller's (DD) "obligation" is to provide amenities that include (but not limited to) "two 18-hole golf courses.**
2. **The Property Owner Questionnaire specifies-**
    a. **Property owners will pay annual maintenance fees for the upkeep of recreational facilities and common areas.**

b. **Property owners will receive 18 rounds of free golf per semi-annual billing cycle.**

Nowhere in this contract, which is between Double Diamond and property owners, is there any indication that the POA is a party to this binding agreement.

On page 19 of the Property Report it states under Recreational Facilities-

1. **Property owners will have "free" access to both golf courses as members of the POA.**
2. **Property owners will receive 18 "complimentary greens fees" per semi-annual billing cycle.**
3. **"Normal" cart fees will apply.**

The By-Laws Mike Ward drafted and passed also state that POA members receive 36 FREE rounds of golf per year.

And one last thing, Mike.

Regarding the POA maintaining the golf courses when we are told by a court that we cannot- Section 19 of YOUR LAND SALES CONTRACT states-

"INVALIDITY OF PROVISIONS"

"If any provision of this contract is invalid or unenforceable under any law, the provision is and will be totally ineffective to the extent, but the remaining provisions will be unaffected."

Affected?
The POA maintaining golf courses YOU own.

Unaffected?
Property owners being members of the POA.
Property owners paying POA maintenance fees.
Double Diamond providing two, 18-hole golf courses.

36 Free rounds of golf per year.
Normal cart fees.
Let's just tell it like it is. It's now time for you to turn over the assets to the POA and let us restore the White Bluff Dream that you are doing everything in your "power" to destroy.

Man Up, Mike!