

July 25, 2016

TO: White Bluff Property Owners  
FROM: Your Board of Directors  
Leonard Critcher, President  
RE: Questions asked of Fred Molsen, General Manager

At the regular, quarterly Board of Directors meeting held on July 18, 2016 Fred Molsen responded to questions from property owners that had been emailed to the POA as well as questions posed from property owners in attendance at the meeting. The following is a detailed rendering of the answers to the questions. The answers are being presented without the questions.

### **Golf Course Operations**

DD (Double Diamond) is financially responsible for golf shop operations.

There are nine "front of the house" staff, one PGA golf professional and eight hourly staff (two full-time and six part-time.)

DD pays the Cart Guys.

All golf course employees receive complimentary golf. The cost of \$34/round is charged to the POA. In 2015 this totaled approximately \$7000.

DD leases the golf carts on a four year agreement but usually replace the fleet every three years. DD is responsible for costs associated with the golf carts.

DD receives the revenue from green fees and purchases and receives the revenue from the sale of pro shop merchandise.

The cost of carts for PO comp rounds used for guests increased because the cost of providing the carts increased, and DD decided to leave the cost the same for POs using comp rounds but shift the increase to guests using PO comp rounds.

Regarding reciprocity of golf between WB and The Retreat, it should be understood that WB is open to the public and The Retreat is a private facility. While greens were being replaced Retreat "unlimited" golfers were allowed to play at WB for \$20; others paid \$55. WB POs may play at The Retreat on Wednesdays for \$55 or any other time when tee times are available.

### **Legal Matters**

The POA pays a proportionate share of liability insurance costs determined by the relative valuation of properties owned by the POA and those owned by DD.

The POA has incurred approximately \$2,176,000 of legal fees as a result of being named a defendant along with POA Board members.

### **Administration**

Approximately 20% of billed maintenance fees are not paid on time each year. UEMC, a DD company, attempts to collect delinquent fees. This entity receives 20-25% of the collected amounts.

The collection process for delinquent accounts begins approximately 60 days after the initial billing. Monthly billings continue with a \$10 late fee added each month. When the late fees or any other fees such as fines add up to \$50, UEMC takes over with additional letters, phone calls and as a last resort judgments and foreclosures on in-state properties. The cost of pursuing out of state delinquent accounts is cost prohibited.

The cost of having services provided by a third party management company will probably be higher than having those services performed by DD, but this has yet to be determined.

There is no scheduled announcement from Mike Ward regarding his plan for WB after negotiations ceased between DD and the POA on acquiring the assets.

The POA maintains and receives the revenue from the Rustic Pool. This totaled \$29,150 for the period 2011-2015. DD still owns the pool and facilities but will deed this property to the POA soon.

The POA owns the other three pools. The Highlands Pool is owned by the Highland's POA, which pays for its maintenance.

Property taxes on POA property are relatively low.

The POA Board elected to continue the maintenance fees at the same level after the Food & Beverage Credits program ceased. The resulting increase in revenue to the POA was determined to be needed for meeting pending litigation costs.

Violations of the Rules & Regulations are reported to management by Security or by POs. Initially, a courtesy call is made to the PO. If the PO is unresponsive a registered letter is sent giving the PO ten days to correct the situation. If the situation has gone unresolved after ten days a fine is placed on the property and added to the next semi-annual maintenance fees billing.

Land Sales is required by federal law to inform prospective buyers about pending lawsuits as well as any other adverse issues. Licensed Real Estate agents as well as sellers of real estate have the same requirement.

Between 2011 and 2015 a total of 986 DD owned lots were cleared by the POA. The POA incurred total LABOR costs of \$93,667.50 and realized revenue of \$197,200 for a positive difference of \$103,532.50. Between 2011 and 2015 road maintenance costs totaled \$1,467,741. An additional \$173,987 was spent for the replacement of the bridge on WB Drive in 2014.

The cost of replacing all WB roads is yet to be determined, but a committee chaired by Milt Bergman has made this effort a priority. The roads are owned by the POA.

DD is in the process of platting other property it owns and is assumed to have the intention of developing the land.

POs with delinquent accounts may still vote at POA meetings; however, they are on "Z Status," which does restrict use of some WB amenities until such time their accounts are made current.

When a property is foreclosed on and there is an amount owed to the POA, the POA receives this amount from DD before the property goes back to DD for resale.

The Board does not receive an age listing of delinquent accounts.

It was recommended that the POA notify POs of WB property that goes into default and subject to foreclosure.