

June 15, 2018

TO: White Bluff Property Owners

FROM: Your Board of Directors

RE: POA President's Remarks Regarding Details of the Acquisition

The following is the transcript from remarks made at today's Special Called Board Meeting by POA President Leonard Critcher.

Status of Acquisition of the WB Amenities  
06/15/2018

Last Friday Double Diamond forwarded signed copies of the following three agreements:

Asset Purchase Agreement- APA

Interim Operating Agreement- IOA

Comprehensive Settlement Agreement- CSA

The signatures on all agreements were those of Double Diamond President, Mike Ward.

The Board discussed the various agreements with POA counsel Chad Robinson. There had been a few resolved issues that had not been a part of the documents previously provided to each Board member for review. These were reviewed in detail, and all Board members were comfortable with the way the resolution was incorporated into the agreements.

It was decided that all Board members would review the documents one additional time over the weekend. The POA's acquisition attorney, Randy Addison and the POA's association attorney, Chad Robinson would also review the documents to make certain that the final drafts coincided with what had previously been agreed to.

The Board agreed to wait until I had received a communication from each attorney verifying that all agreed-to issues and provisions were properly expressed in the three documents. Once I had received

verification I was to email each Board member and ask for approving or disapproving my signing the documents on behalf of the POA.

Over the weekend I found that in one of the documents a provision had been added. This provision was totally unacceptable and had never been discussed. I informed attorney Chad Robinson to tell Double Diamond of this fact and that the POA would not accept the provision.

This issue was ultimately resolved on Wednesday. Double Diamond effectively struck the added provision and altered the remaining language to our mutual agreement.

The Board approved the final documents and directed me to sign all three of the documents on behalf of the POA. This I did on Wednesday in the offices of our attorney, Chad Robinson. These documents were the APA, the IOA, and the CSA. The CSA will go into effect five days after closing.

In anticipation of both parties coming to an agreement on all items, I called a Special Board Meeting for this morning so that the Board could formally ratify the agreements and our property owners could be apprised of the salient details of the amenities acquisition. This has been a long journey, and we are now closer to realizing what we all want.

Now that the agreements have been signed we start the Due Diligence Period. During the following few weeks we will be verifying ancillary documents, deeds, outside agreements and a variety of other items all related to making certain that what we think we are buying is actually what we will be buying.

The Due Diligence Period is set at 45 days unless extended by mutual agreement. We hope this goes smoothly so we can implement the plans for bringing back the physical amenities we all miss.

Your Board has already done an assessment of the physical condition of each property we will be acquiring. Double Diamond gave us permission to inspect each property, make notes and take pictures. This cooperation is what we anticipate will carry forward as we all move on

to the future. The Board spent almost 4 hours in this inspection/assessment process.

That's where we are today. We have anticipated tomorrow, and you will receive some details about what will start happening immediately. But first I would like to give you a review of our agreement.

The POA will be acquiring the following amenities:

Both golf courses

Both Pro Shops

Both cart barns and maintenance facilities

The lease for the golf carts

Any furnishings remaining in the pro shops and other golf facilities

The Trophy Grill and all furnishings and equipment

The Lighthouse Restaurant and all furnishings and equipment

The Conference Center

The Spa

The Fitness Center

The Hotel

The 4 Bluff Point Condos

The Rustic Pool

The 3 log cabins

The Rustic Pavilion

The pavilion at the Old Course

The grill at the Old Course

All furnishings at the 19<sup>th</sup> Hole at the Old Course

All remaining chemicals

All golf maintenance equipment on site at WB or that, which was taken to other DD facilities

The Administration Building

The Golf Drive Mail Center

The Marina Store

The Marina

The lease with the Corps of Engineers for the Marina

The pro-rata share of slip rentals for the current year

The baseball field

The Laundry Center at the Trailwood Condos

The Playground

Various storage facilities

## Burn Pit

The agreed-to purchase price for the amenities is \$4,800,000. At this point Double Diamond is financing the purchase. The POA is free to pre-pay any balance due at any time with no pre-payment penalty. The POA will be making an initial down payment of \$1,250,000 and financing the balance of \$3,550,000. Property owners should recall that Double Diamond had laid claim to \$1,125,000, citing an indebtedness from the POA to Double Diamond. Whether there was actually an indebtedness may never be known, but the simple fact is that we received \$1,125,000 free and clear, and this approximate amount is being used for the bulk of the down payment.

The POA will be paying interest of 5% on the note. We will be paying interest only for the first two years. The payments of interest and principle beginning in the third year will be based on a twenty-year amortization. There is a balloon payment due at the end of ten years; however, we fully anticipate we will have either paid off the entire amount of indebtedness by then or we have moved the note to an outside lender. The note can only be called by Double Diamond in the event of non-payment of interest, principle, taxes and insurance. Said another way, foreclosure can only occur if we do not make the monetary payments as agreed to.

The purchase price is higher than the appraisal we received earlier this year. However, it is reflective of a compromise between the appraisal we received and a Double Diamond appraisal. The Board has felt from the beginning of the negotiations that we were going to have to pay a premium for the amenities so we could all get on with our lives. That figure was approximately \$3,000,000. It should be noted while we were negotiating in the first voluntary mediation we calculated that the present value of the structured transaction was slightly less than \$3,000,000. Another way to look at the purchase price is from an individual property owner viewpoint. We have approximately 6,500 property owners. This TOTAL purchase price amount equals \$740 per property owner. Whereas we have no intention of assessing all property owners \$740 to get the amenities free and clear, it is important

to note that the benefits to each property owner far, far exceed \$740. In fact, I would bet that if you took a poll and asked property owners if they would be willing to pay \$740 to get this behind us, acquire all the amenities, control our own future and end the lawsuits there would be a resounding, YES.

Where do we go from here? Well, thanks to Lou Storm's storm troopers we already have a head start. Mow Day was a huge success, and even non-golfer POA Vice President, John Bass got out on his mower and mowed #16 on the Old Course!

Our first priority is the golf courses. Three assessments have been made under the direction of Jay Elder. Of paramount importance is getting water to the tee boxes and fairways to preserve what we have. In the Interim Operating Agreement we are given the right to hit the ground running, and we are already heading toward second with our eyes on home plate. Marshall Snyder will give you an update later on what has been done and what will be done with respect to the courses.

It will be natural for some armchair quarterbacks to second guess certain aspects of this agreement. That's only natural. But as you look at what I detailed previously remember that there were literally dozens and dozens of items that these men had to consider as we reached a final agreement to acquire what will be our future.

Here are the three documents we had to review, negotiate and agree to—all 300 pages. Contrary to some of the overly simplified buzz on Nextdoor and not an insignificant number of emails, this process was much more complex than agreeing to a price and signing some papers. Your Board spent countless hours, sent and received literally thousands of emails, participated in numerous conference calls, met in mediation several times, and spent many a morning or afternoon in work sessions. Gentlemen, I thank you for your diligence and especially thank you for making certain that the agreements we formulated will have a positive effect on future Boards but especially future Whit Bluff generations. It has often been said that any negotiated settlement is a good settlement if both parties walk away thinking they got the short end. This is a good deal for the POA and our community inclusive of our wonderful lot owners who will once again be able to enjoy the dream

we all bought into. After the balance of the discussion by the Board has been completed, I will open the floor up for Q&A now that you have information previously not presented to you.

But before we move on I want to stress that the future is not dependent on this Board. It is dependent on you. It is dependent on you for many reasons. This project will take talent, involvement and resolve. We all have something we can contribute, and your doing so is an absolute necessity.

I will be creating a Business Development Advisory Committee composed primarily of property owners with a strong business background, executive experience and a business vision for the future. This committee will not conflict with the Long Term Planning Committee, whose charge is to create a vision for what White Bluff should become. The Business Development Advisory Committee will be charged with analyzing each potential profit center within the amenities and determining viable alternatives to maximize the monetary potential of each profit center. If there are property owners who meet the qualifications above and are interested in being considered to serve on this vital committee, please contact me directly. There will be innumerable other opportunities of absolute necessity for property owners to be involved. Please send the Board your areas of interest and background for helping.

I will now call on Road Committee Chairman, Milt Bergman, for a report.

This is a momentous occasion for White Bluff. Many property owners have chosen to not fulfill their commitments in paying their maintenance fees. That must cease. I say simply to all property owners that you wanted to control your future, we have assured that. You wanted the amenities under our control and ownership, we have assured that. You want a first class facility, we will assure that. However, it will require money, money to not only meet our on-going obligations, but also to refurbish what will soon be our properties.

This Board has taken a massive step and our efforts need to be supported monetarily as well as with tangible involvement.

I will now open the floor to questions.