From: B Waite
To: "Robert Wallace"
Subject: RE: LVPOA BOD questions
Date: Thursday, September 30, 2010 12:08:00 PM

Ok on the handle. I just wanted to let you know in case you didn't know.

On the Point Venture lady, yes, wow! Terri and I flipped when we saw it in the paper.

You made exact sense! You hit it on the head with expectations! Yes! As you compared, our POA is like our back yard! Exactly! Unlike Aquapalloza there are other fun events like the 4th of July and Christmas where members are welcoming the public in a community setting. . The common thread is so it feels like sharing, not being taken over, or being used. I agree with you. I simply wanted to add examples where I think we'd both agree profits are made, and the public is invited, while maintaining a member/community focus unlike an event like Aquapalloza. Also, if the sense of entitlement doesn't change soon, it might make sense for the BOD to consider establishing boundaries by dialing back on events for a while until we reestablish we're a private sector company bringing voluntary gifts. Alternatively, perhaps the gift receivers could be asked to assist us by writing letters to the editor in reply to letters like the Point Venture lady's. That way we'd not be alone. But those last two are ideas for another day. Back to today. We're on the same page!

I'm glad I wrote. Thanks for responding. It is so refreshing to speak with a professional! We're on the exact same page!

Brad

From: Robert Wallace [mailto:lvpoa.kwallace@yahoo.com]
Sent: Thursday, September 30, 2010 8:53 AM
To: B Waite
Subject: Re: LVPOA BOD questions

I know it says Robert Wallace. I couldn't set up another yahoo account under my name or maybe I just don't know the secret. So, I used my husband's name. :)

I think the lady from Point Venture that wrote the article is missing it! Why should our private property be open to the public? Does she want to open her back yard for public events? I see a huge difference between events like the Aquapalooza where it was advertised and open to the public (and "benefits" Lago Vista commercial businesses such as Super S, etc.) and an expo or arts event at K-Oaks that's benefits some very small home business owners that are LVPOA members (that provide cultural experiences and entertainment to members). Does that make sense? KW

From: B Waite <bwaite2@austin.rr.com>
To: Robert Wallace <lvpoa.kwallace@yahoo.com>
Sent: Thu, September 30, 2010 1:46:27 AM
Subject: RE: LVPOA BOD questions

Karen,

Thanks! I am glad I wrote and your answers were very informative! You asked questions of me. Your

inserts worked perfectly, but mine is a reply to a reply. I tried but it became confusing. So, I'll use snippets with bullets. (Side note your handle says Robert Wallace.) Again, thanks for your time.

1. Snippet from below - *You asked what I meant by "you hadn't decided the role of business vs. personal, public vs. private".*
    a. On candidates night there were a couple of questions you'd said you needed more input (or words to that effect). All I meant was I came away unsure where you stood on those. I had (and have) a positive attitude towards your candidacy. I appreciate your experiences and qualifications. That is why I was asking you a LOT of questions here. I wanted to get your input as a professional on a lot of things that troubled me about the POA, not about you, but about the way some things are going around the POA. I really liked your answers.

2. Snippet from below – *you mentioned some being rhetorical. The "POA structure purpose" is the one you probably thought was rhetorical*.
    a. Honestly, some people don't know that. Since you thought that was rhetorical, that tells me you DO understand. Which is a super major plus, since I keep having to explain it to people that don't get it. Some think our POA is a freebie to non-members and some believe it is responsible for some surprising things. I hoped you knew the purpose of a POA, but since some don't, so I've learned to ask. You did answer by thinking it rhetorical.

3. Snippet from below - *How is it rational for us to pay a fee to keep up amenities which pushes buyers away from our lots to several competing developers lots? Are you saying if we allowed amenities to be used by the public?*
    a. Yes, two examples from candidates night, you gave a good answer then but I'd wanted to clarify for myself that I'd understood your position correctly.
        i. A person asked on candidates night "*What's all this about public vs private?* " Then she said "*I think it should be public*". She thought our POA - with us paying - should act as a public utility!
        ii. The person who asked "*What do you think is our POAs role in the Arts*?" is an ex LVPOA board member! That should speak volumes!
        iii. Basically people are so accustomed to freebies that guests think they own our POA. It has gotten to the point some members will stand up, agree with them, and try to get more freebies too!
    b. And there is a contingent that thinks we're a freebie for the entire area including other cities.
        i. See this link. Notice she is lives in Point Venture, she doesn't say whether she has a lot in our POA or not. It is worth reading and explains a lot -
        ii. http://northlaketravislog.com/2010/09/23/letters-to-the-editor-8/
    c. Basically some people think we have a community burden for everywhere. But some think we bought into a POA for personal use, that having guests is fine, some events are fine too, but enough is enough and maybe we should dial it back a notch. Personally, I bought for privacy. I also accept and enjoy some of the limited uses such as you described. But when it goes from being invited guests to becoming an expected

entitlement for non-members we've got an issue, in my opinion.

d. I think you answered this one in the "greater good" part, but similar things come up all the time. You asked what I meant so I clarified.

4. Snippet from below - *I get it that some members are also businesses. Every one of them has the same access as any homeowners/lot owners. But they want more. Winning that would make business shareholders more equal than home/lot owners shareholders since they'd be getting additional privileges. Agree or disagree?. Are you saying that someone who owns a home and operates it as a rental (i.e. a business) is getting additional priveleges? I'm not sure what you are referring to. Remember, I've not been on the board before, so I'm not aware of everything that has happened in the past.*

   a. At Lagopalloza businesses were saying they are members too. That is true. But as lot owners any business owner already gets the exact same privileges and access that I do. Locking the park down for them, takes away from private usage and adds to theirs. Lagopallooza is done and over but there are continuing statements there will be an increasing "community burden" and talk of "for the common good" .

   b. Being good neighbors, allowing some community events, some charity events, and allowing reservations for personal family events is different than us shouldering some perceived community burden for the common good.

   c. Taken as a whole, it's getting to the point where amenities designed as an attraction to our lots, ones that we paid for, are becoming a nuisance. Some want it to happen more, to help business. Since everyone already has equal access on a personal level - doing more for business because they are a business does give those shareholders additional privileges over the other shareholders. It also acclimates people into thinking private parks are public utilities. It also converts our private equities into their cash flow. That's what I meant.

   d. Like above, I think you answered this one in the "greater good" part, but similar things also come up all the time. You asked what I meant so I clarified.

Also, we focused on problem issues but I love the amenities and overall the board does a good job or the amenities wouldn't be there to enjoy. Several of us have told them so.

Thanks for all your answers. You'd answered them all, but asked some of me. I'm satisfied with all you told me, but anything I replied to wasn't clear, if you have any questions call or email and I'd be glad to clarify. It is so refreshing to speak with a professional! I learned a lot and for me this was a productive discussion. I hope it was productive for you. Thanks a lot!

Sincerely,
Brad Waite
Cell 512-699-9122

From: Robert Wallace [mailto:lvpoa.kwallace@yahoo.com]
Sent: Wednesday, September 29, 2010 9:01 PM
To: B Waite
Subject: Re: LVPOA BOD questions

See below. I hope this helps. Wasn't sure what you were asking in a couple of the questions and I think some may be rhetorical questions. :) KW

From: B Waite <bwaite2@austin.rr.com>
To: lvpoa.kwallace@yahoo.com
Sent: Wed, September 29, 2010 6:36:54 AM
Subject: LVPOA BOD questions

Hi Karen,

I was trying to decide who to vote for. I really like the idea of a CPA but you hadn't decided the role of business vs. personal, public vs. private. I'm not sure what you mean. Could you explain? I think my experience as a CPA with many non-profits including POA's and the fact that I've been on a POA and other boards before, is experience that I think few of the other candidates can offer, if any. I've also owned my own businesses (as I do now). I also think that the Board needs a "fresh" person on the board; a person without an agenda. Also, I'm a bit younger than the current board members and still out there in the business world. I'd like to lay out some of my points and get your opinion on some questions as a professional CPA and as a board candidate.

Our POA is supposed to be a structure left in place by the developer to allow them to cash out while providing attractions to attract buyers to maintain an after market for our lots within the POA footprint. If that is not true, then what are we paying for?.

Non-LVPOA (outside) developments are competing with buyers for our LVPOA footprint lots. If LVPOA amenities are private, except for limited advertising, goodwill, and social lubrication usages, then that forms an attraction for buyers to purchase our lots. If they are public, buyers can purchase anywhere then just use our facilities. Many buyers want to live away from a public facilities Many buyers are attracted to private ones. Going public takes something normally attractive and turns it into a negative. That pushes potential buyers away from our lots. By making our lots less attractive it makes competitor's lots are more attractive.

Many shareholders bought near private amenities thinking that proximity enhanced their lots value. If amenities are taken public, then this situation is reversed. It becomes more attractive to live away from the amenities. This reduces those shareholders home or lot equity as their value decreases. How is this fair to shareholders near an amenity? I'm not saying I'm in favor of selling lots or parks. I definitely wouldn't sell one that is in the middle of lots owned by LVPOA members such as Arrowhead Park , Cody Park, etc. The only way it might be okay to sell a park or lot for the City to use for a public park would be a lot that is on the outer edges of LVPOA members' property. But, with that said, it would have to make sense economically to the LVPOA and to the members. LVPOA has no obligation to the City. It's only obligation is to its members and to follow its own bylaws and guidelines. I don't think we need to sell a park to the City - see comments below.

How is it rational for us to pay a fee to keep up amenities which pushes buyers away from our lots to several competing developers lots? Are you saying if we allowed amenities to be used by the public?

How is it good business for the POA itself to push buyers to seek lots outside its footprint? It's not

I get it that some members are also businesses. Every one of them has the same access as any homeowners/lot owners. But they want more. Winning that would make business shareholders more equal than home/lot owners shareholders since they'd be getting additional privileges. Agree or disagree?. Are you saying that someone who owns a home and operates it as a rental (i.e. a business) is getting additional priveleges? I'm not sure what you are referring to. Remember, I've not been on the board before, so I'm not aware of everything that has happened in the past.

Our POA periodically talks about things like "the greater good" with the intent of using our facilities for business purposes. First that reduces the available use time available for individuals. Second, as stated above, making them public access will likely reduce some shareholders equity in an attempt to

increase traffic and generate cash for businesses owned by other shareholders. So what? Well, that is forcibly converting some people's equity in their homes and lots, along with their ownership interest in the POA itself, into cash flow for another shareholders business! And doing it with out compensation!

I do not agree with allowing the use of LVPOA property for business purposes, such as the Aquapalooza. I do think that use by Lago Vista Players, 4th of July committee and entities like that is fine, because it provides entertainment for primarily LVPOA members and their families. I also think it's okay to have the fall and spring expos where POA members are allowed to sell their products. Again, that benefits those members and allows other members to come and shop. It's not something that's advertised to a large group of people like the Aquapalooza was. The board needs to worry about the good of the LVPOA and its members, not the "greater good".

If I exchange equity, or drive cash flow, I expect a piece of the action in the receiving business. That's pretty standard. I get either a percentage of the profits (dividends), or an ownership stake (equity), in the receiving business. Making one absorb costs to allow another to profit is forcing one into a charity, that's not a business, right?

Think about that. Will shareholders that lose out get a piece of the businesses action from those shareholders who win? If our equity is being traded off for their cash flow to grow their enterprise shouldn't we get a percentage of sales revenue from the winners or perhaps an ownership stake in them? Or is it to be a one-way transaction taking resources from homeowners/lot owners to local business? See above

Some members think our POA can determine winners and losers. In essence, some say they can vote to reduce my equity in two ways, then use my money for their business without my permission.

How is that legal? Does that sound like normal POA business to you? Where would this authority come from?

Finally, about selling or leasing the park. What other shareholder owned company would even discuss selling, or leasing, a unique and an irreplaceable asset, such as a park, unless they had no choice? Tony stated, and the candidates agreed with him that night, that is not a financial requirement. We do have clear title right? I believe we have clear title. I haven't been on the board before. See my note above - I don't think we ought to sell anything that's in the middle of POA members' property.

So why is the POA PUSHING a sale or lease? We're a shareholder owned company. That is a financially valuable shareholder owned asset of the organization. In aggregate its presence increases the value of all our individual lots, and selling it will decrease our equity in the organization. It will also push potential buyers away from lots near it, damaging those shareholders. The City has been a City for 25 years without that park. The City is a separate entity from the POA. The City contains competitors so selling, or leasing the park is providing an attraction for our competitors at our expense in several ways. I don't think the POA is pushing a sale or lease. The City wants the POA to sell a park to them for nothing basically. From what I've heard it sounds like the City has no money and/or property available to purchase for a park.

What shareholder owned company sells or leases an irreplaceable asset for sentiment? That is reducing ALL our shareholder equity in the POA itself, it reduces the long term viability of the enterprise by reducing unique assets, AND it likely will decrease lot values for the shareholders in the area around the park sold. This is another case of taking shareholder equity to profit another shareholders business.

If the park is sold and since it is irreplaceable and making it public has adverse long term consequences for the owners, shouldn't the proceeds be disbursed directly to the shareholders? I don't think there's provision in the by-laws for disbursing funds directly to the shareholders. If the POA did sell a park, I would think they would need to put the money back into making improvements to existing parks or buying additional property to replace it.

If the park is leased and since it is irreplaceable and making it public has adverse long term

consequences for the owners, shouldn't the proceeds be disbursed directly to the shareholders? See above

If there is some reason other than sentiment for selling it, please let me know as I've not heard one. See above

Is it legitimate in your view to push to sell or lease this park, why or why not? I don't think anyone on the board is pushing (just the City) and no, I don't see any reason to sell the park. The City needs to address their financial situation and buy their own park. I understand that there are people that are not members of the LVPOA that have no public park to go to, but I don't see that as the POA's problem quite frankly.

Who in your view is doing the pushing, is it the LVPOA, the City, or other? City

Are there any adverse conditions for the shareholders or the LVPOA in keeping the park private as it is now? I don't think so. I think it's in our best interest to keep the parks private. I can understand the City wanting a public park, but again, that's not our problem.

I'd argue that these are business principles that limit what a POA can do or should do. Right or wrong? The POA is certainly limited to what it can do per the bylaws and its first priority should be serving the members of the POA, not Lago Vista. We should only make sound decisions that support the POA members - economically, practically, etc.

Thanks in advance.

Sincerely,
Brad Waite