

Board Resignations

Like the PPOA Discussion Forum, the movement for reform in PPOA's governance was clearly silenced by the recent Board election outcome. PPOA President John McComas was hand delivered a Resignation Letter, shown below, from Mike Robinius, Tom Roman and Cissy Wilson. In this "open letter", the three cite very specific and alarming reasons for their departure.

One thing is very sure, the good people of Pecan Plantation have now lost the voice of three hard working and fiscally conservative Directors, that were dedicated to the goal of representing the best interests of all PPOA members, not just special "country clubber" interests, focused on big spending. These three former Directors were focused on far more than simply the removal of a PPOA President as was the case with others; they were genuinely focused on positive improvements in Pecan's governance. PPCMA would like to thank each of these three for their service and assure them that the greater community knows they tried their best to bring positive changes to PPOA. Their efforts do not go unappreciated!

"An Open Letter from Mike Robinius, Tom Roman and Cissy Wilson"

"When we were elected to the PPOA Board of Directors, we made a commitment to represent the entire membership and bring much needed change to our Association's governance. We did just that! We are proud to have been instrumental in bringing transparency to Board actions, opening the Monday board work session, insisting on the adoption of a line item budget available to the entire membership, implementing a competitive bidding process for purchases and establishing effective coordination with appropriate County Agencies. In serving our community, we never made a vote that we did not consider to be in the best interest of Pecan Plantation and its members nor have we allowed any special interest group to influence the votes we made. We made every effort to ensure that the democratic process was alive and well in Pecan Plantation.

As members of the Board of Directors and the Audit Committee we are aware of a number of very serious issues that must be addressed.

We believe there are serious issues as a result of the lack of effective Administrative/Management oversight. The regulatory and legal environment has provided significant challenges to the current management. Examples of these management issues include:

PPCC was not in good standing with the State of Texas due to non-payment of franchise taxes.

The 4 million dollar road-resurfacing program was carried out without a signed copy of the vendor contract.

A sales tax payment of \$159,000, relating to the roads resurfacing project, was made in error and subsequently all or part of it was unrecoverable due to poor administrative oversight.

There is potential back income tax liability due to non-payment of taxes on interest income and perhaps non-member revenue.

Management had no understanding of PPOA's Federal Income Tax status (profit vs. non-profit) and had made no attempt to obtain this information prior to the most recent audit.

The Land Swap Agreement was signed by only two board officers without full board consideration and approval. This agreement may not be in the best interest of the Association.

We believe there may be serious issues with the administration of Human Resource management.

The compensation agreement, with an escalating severance clause, pertaining to the employment of our General Manager was agreed to and signed by a former President of the Board of Directors without review and approval by the full Board.

The General Manager prepared and signed employment agreements for each of his direct reports without review and approval of the Board of Directors. These contracts exceed the GM's contracting authority.

The recent General Manager Performance Reviews have not had approval from the full Board of Directors.

We believe that there should be an annual review of highly compensated employees which uses external industry data from PPOA's immediate geographic area to determine fair compensation. PPOA should avoid making compensation decisions based upon Country Club data from across the nation. All components of compensation (cell phones, free food and lodging, and other imputed compensation) must be identified and compared to the

fair value of the service. Failure to do so may result in future tax liability issues.

We believe these issues pose a significant liability issue to the board members as they may be considered a violation of directors' fiduciary responsibility.

We believe there is a need to restructure our executive management.

Our community of over 6,000 people has grown far beyond the "Country Club" status. Management is needed that is trained in the discipline of "City Management" and understands the complexities of managing a community the size of Pecan Plantation.

We believe that there is a need for an audit of internal controls.

The several errors in management oversight listed in this letter indicate that PPOA's internal controls may be outdated and misunderstood. The Audit Committee requested that our independent audit firm provide the President of our Board of Directors with an outline of such an audit together with an estimated cost. Much to our dismay, at the Monday, March 8th work session, the President, upon the advice of the General Manger, decided to remove this subject from the March Board of Directors meeting agenda. We cannot understand why they would not want this audit to be conducted. The membership must be assured that the association monies are not being misappropriated.

In light of the issues we have identified in this letter and others we have elected not to reveal, we do not wish to expose ourselves to liabilities incurred as board members of this organization. Therefore, we hereby resign from the PPOA Board of Directors effectively immediately. We wish the continuing directors Godspeed as they tackle the issues before them."

Sincerely,

Mike Robinius
Tom Roman
Cissy Wilson

Board Runner Ups Decline to Serve on PPOA Board

President John McComas was unsuccessful in his approach to runners up Bev Hayes and Chester Howard, to obtain their agreement to serve on the PPOA Board, in light of the resignations of Mike Robinius, Tom Roman and Cissy Wilson. Bob Kent has agreed to serve.

Bev Hayes and Chester Howard asked that we forward the letters shown below, which explain why each of them, in their own words, declined Board service in light of the current environment.

Bev Hayes Letter

I want my supporters to know that this afternoon I declined an opening on the BOD which resulted from the resignations of Cissy Wilson, Tom Roman and Mike Robinius. I also want members to know why I declined to this BOD position.

I gave a great deal of thought to my decision but, given the make up of the new BOD plus management's carte blanche, I, as a solitary vote, firmly believe it will be impossible to usher in the improvements which are necessary for the financial well being of Pecan and its membership. Watching last night's BOD meeting further confirmed my concerns of how the association's business will now be managed.

My standards of professionalism and business ethics would be constantly challenged and often compromised with decisions I could not, and would not, support. Every issue could be a frustrating battle, ending as exercises in futility. I will not subject myself to constant stress without the hope of success because I would be a minority voter. I will also not expose myself to, nor would I for one minute tolerate, the type of treatment we have witnessed towards the three resigning directors - belittlement, harassment, threats and political maneuvering.

As a BOD member, being a good steward of members' money is critical and I do not see spending money on discretionary things when we may have a large tax liability as good stewardship. Yet, every expenditure in last night's meeting passed unanimously.

Additionally, I am concerned about personal financial exposure and without the ability to affect that exposure, I am unwilling to take that risk. I am very concerned the membership still has not seen the outside audit report. I am concerned about whether the

auditor was charged with the task of performing internal control audits. I am concerned as to why the lawyer is involved in the release of the audit report. We keep asking but we get no answers. Why?

Finally, I am concerned that hard-won progress made in the last few months for openness with the membership will quickly disappear and the secrecy about the BOD and management operations will become even more secret than before.

If I thought for one minute that I had even a prayer of making a difference, I would accept this position in a heartbeat. I cannot see this happening. It is not my intention to let people down but it is useless to fight a battle with no chance of winning.

Bev Hayes

Chester Howard Letter

To all of you who voted for me,

I was contacted today by John McComas regarding the BOD positions vacated by Cissy, Tom, and Mike. As you, I felt very badly for the threesome and all that they have endured recently, especially considering that they backed me as a candidate. However, I refused the position after attending last night's BOD meeting. If I had been elected, I was committed to getting our spending under control, governing according to the community's wishes, and governing according to the rules that are in place.

During the meeting, I observed unanimous votes on the spending issues brought before the BOD, a total disregard for the PPOA rules regarding new vs. replacement capital, and the elimination of the Community's only avenue for personal expression - The Forum. The job of Board Rep. is taxing to say the least and to willingly walk into a mess that is out of control and deteriorating rapidly is not the way I would like to spend my days. I feel that the BOD should have a greater concern for the money of the PPOA members and should include them in any large decision, hence the \$50K annual spending limit. Also, the Tax liability issues that have surfaced are of a concern to me as a member, and any potential personal liabilities that might result from being a BOD member are simply not acceptable.

I truly believe that if I had been elected along with another like minded candidate and the departing three, we could have positively affected the operation of PPOA. However, the fact that only one-third of the membership bothered to vote begs the question - Do the members even want change? All of the above and much more led to my decision, and I hope that those of you who voted for me are able to understand my actions. This is a great place to live and in my heart I know that it can be even better with proper management.

Chester Howard

Board Appointments

In light of the three recent Board member resignations, which as shown above, cited serious issues and concerns “as a result of a lack of effective administrative & management oversight”, along with the unwillingness of two other candidates to step into the situation in light of these major issues, the Board has “appointed” two individuals to fill temporary one year terms on the PPOA Board of Directors. Those Board appointees are Gary Bailey, who had previously resigned last month from the Board following a brief six month stint, and Don Fairweather, who has previously served as Golf Committee Chairman.