

REGULAR MEETING OF THE
HOT SPRINGS VILLAGE
PROPERTY OWNERS' ASSOCIATION
BOARD OF DIRECTORS
9:00 A.M., WED., JANUARY 19, 2011
OUACHITA BUILDING

A regular meeting of the Hot Springs Village Property Owners' Association Board of Directors was held at 9:00 a.m., Wednesday, January 19, 2011 at the Ouachita Building of the Ponce de Leon Center.

Board members attending were: President Bill Linam, V.P. Mike Misch, Jeff Atkins, Bob Brandt, Katie Feather, Jerry Kosoglow and Jim Owens.

Attending from staff were: General Manager Scott Randall, Treasurer Wayne Copeland, Asst. to the General Manager Linda Mayhood, Attorney Don Schnipper, Dir. of Public Safety Laroy Cornett, Dir. of Planning & Inspections Steve White, Dir. of Golf, Recreation & Club Services John Paul, Asst. Dir. of Golf, Recreation and Club Services Stephanie Stone, Dir. of Public Works David Whitlow, Interim Human Resources Manager Layne Wagoner, Communications Specialist Stacy Hoover and Administrative Asst. to the General Manager Suzette Tadlock.

Also attending: Holly Daste, Village Voice and Jeff Smith, Sentinel Record.

Approximately 40 people were in the audience.

- Call to Order: President Linam called the meeting to order at 9:00 a.m.
- Prayer/Pledge: Director Bob Brandt gave the prayer followed by the pledge of allegiance led by Lee Ann Branch.
- Introduction of Guests: President Linam introduced new General Manager Scott Randall.
- Order of Business: The order of business was approved as submitted.
- Minutes/Notes: The December 15, 2010 regular meeting minutes and January 5, 2011 work session were approved as submitted.
- President's Comments: V.P. Misch welcomed new General Manager Scott Randall. He advised the Governmental Affairs Committee had met with the legislative representatives at the State Capitol yesterday and the event was very successful.
- Director Owens praised the Public Works and Public Safety Dept. employees for their successful handling of the recent ice storm.
- Director Brandt gave a quote from Martin Luther King Jr.
- Director Feather commended Stephanie Stone, the Recreation Committee and the Recreation Dept. employees for a successful open house of the Coronado Fitness Center.

Gen. Mgr.'s Report:

Board Director and formerly Acting General Manager Jerry Kosoglow gave the General Manager's Report (see attached). He advised the Strategic Plan Priority 1 items are being incorporated into the goals and objectives for each of the staff members and their departments in 2011 with quarterly reviews.

New General Manager Scott Randall thanked the Board and community for the warm welcome he has received since his arrival. He advised his family continues to reside in Boulder and they would be joining him in June. He will be meeting with Lacey Ekberg tomorrow and attending the HSV Chamber Retreat on Saturday. Mr. Randall stated he would be meeting with the Department Directors during the week and would like to schedule one-on-one meetings with each Board member within the next week. He will develop a 90 day action plan. One of his main objectives will be to fill the key department director openings.

Treasurer's Report:

Wayne Copeland gave his last Treasurer's Report (see attached). He thanked the Board, staff and property owners for their support over the past twenty years he has served as Treasurer.

Board Director and former Acting General Manager Jerry Kosoglow gave his General Manager's Comments on Financials as follows:

General Manager's Comments on Financials

Reference "Year to Date Financial Notes – 12/31/2010" and "Statement of Revenue, Expense, & Capital"

- 2010 Uncollected Assessments were \$2,456,900. This difference versus November (we were at \$3.5 million), and improvement versus the budget reviews in November, is due to the difficulties with estimating payments for prepaids, prior years, and delinquencies that occur in December. (See the attached "Estimated Ending Assessment Cash" to note that the trends for the December "changes" and the percent of assessment revenue collected is still downward.) Note that this level of uncollected assessments is still over \$1,000,000 higher than 2009. While some may assume the estimate for 2011 at \$3.5 million is too high; 2010 versus 2009, and the number of lots >60 days in arrears, now at 6,022, still represent a concern. Keeping this number high will force better decisions related to budget during 2011.
- "Fees for Services" does show us well below 2010 budget, but, as you know we were managing against a lower year end estimate, which we in fact beat by about \$36,000. Golf and Public Works ended 2010 higher than 2009. Golf rounds came in very close to 2009, at 293,651 versus 295,127, somewhat

stemming a declining trend over previous years. Golf revenue was \$168,700 higher in 2010. We do believe 2011 will be improved by activities like the Membership Program, golf consolidators, and a much improved relationship with Hot Springs CVB, which will bring more rounds to HSV. No impact of these programs is budgeted in 2011.

- We did miss our Year End Estimate for operational expenses by about \$97,000 (not too bad out of \$26.6 million), and as noted, we were nearly \$2 million below budget. Our major cause for the miss versus YEE was recalling the WWTP bonds. In fact, all departments, except Public Works for the reasons stated above, beat their YEE's. This took hard work and dedication to budget management. I believe no Property Owners services suffered.
- Capital spending was significantly below budget, and we focused on only the most needed expenditures. We have budgeted similarly in 2011, and will wait until late 2011, or 2012 to begin scheduling and budgeting for delayed projects for Golf and other key areas.
- Year end operational cash came in at **\$1,541,440**. This far exceeded our November budget presentation estimate of \$950,000, almost totally due to the overestimate of uncollected assessments. My contention is that this performance will allow us to get back to adequate reserve levels (over \$400,000 was put towards the Water Plant Expansion in 2010), and protect the Village's financial status.

2010 was a most important year for HSV. We have achieved budget results critical to our future. We did reverse the previous two year trend of eroding cash reserves. We also are not suffering the much reported budget woes that many cities throughout the U.S. face today. And, I believe we are much more ready to move towards the future growth of HSV, job security for all employees, maintenance of a very affordable life style for all Village residents, and improved protection of property values for all property owners. There is more work to do

V.P. Misch thanked Mr. Kosoglow and the staff for their hard work on the budget.

Standing Com. Reports: The following standing committee reports were received and filed:

Common Property & Forest 12-6-10, 1-3-11, Golf 12-9-10, Governmental Affairs 12-3-10, Public Works 11-18-10, Research & Special Projects 12-10-11, Trails 12-14-10 and Architectural Control 12-16-10 and 1-6-11.

Questions/Comments: Sam Padfield commended Wayne Copeland for his 20 years as Chief Financial Officer.

Larry Frazer asked about the update on annual sales. He was advised these would be available at the next meeting.

Bruce Hill stated Scott Randall needs a welcome to the Village for taking on the tough task of running the Village.

Donna Aylward of Summit Bank presented a gift basket for Scott Randall to welcome him and a gift basket to Jerry Kosoglow for his service as Acting General Manager.

NEW BUSINESS:

Policy Revisions:

V.P. Misch MOVED to amend Chapter Two, Article 4, Section 1 and 2 entitled Art Display Policy per the attached. Director Feather SECONDED the motion. The motion was unanimously APPROVED.

V.P. Misch MOVED to amend Chapter Two, Article 5 entitled Food & Beverage Service Policy per the attached. Director Brandt SECONDED the motion. The motion was unanimously APPROVED.

V.P. Misch MOVED to amend Chapter Three, Article 6, Section 2 entitled Traffic Control – Hot Springs Village per the attached. Director Feather SECONDED the motion. The motion was unanimously APPROVED.

Reinstatement of Medical Insurance FSA:

Director Kosoglow MOVED to approve and sign a resolution to continue our agreement with Voluntary Benefits Administration for the employee's Flex Spending Accounts. Director Brandt SECONDED the motion. The motion was unanimously APPROVED.

Military Golf Fee:

Director Brandt MOVED to allow active military or guard personnel sponsored by a property owner to be charged property owner rates. V.P. Misch SECONDED the motion. Discussion followed.

Director Atkins MOVED to amend the motion that this be in place through the end of 2011. Director Feather SECONDED the motion. Discussion followed.

Director Atkins withdrew his motion and Director withdrew her second.

Director Atkins MOVED to make a motion to do this through 2012 with a review in October/ November 2012 for consideration for

continuation. Director Feather SECONDED the motion. The motion to amend was unanimously APPROVED.

The main motion was unanimously APPROVED.

Appt. to Common Property & Forest Com. Director Owens MOVED to appoint William Wood to the Common Property & Forest Com. for a term to end April 2011. V.P. Misch SECONDED the motion. The motion was unanimously APPROVED.

Ponce Restaurant: V.P. Misch MOVED to enter into a Food and Beverage Operation for the operation and lease agreement with Troy and Renee McKee for the restaurant located at Ponce de Leon Golf Course. Director Feather SECONDED the motion. Following discussion the motion was unanimously APPROVED.

HSV Public Relations Marketing Strategy: Director Kosoglow MOVED to accept the Hot Springs Village Public Relations Marketing Strategy as presented to the Board on January 5, 2011 by Lacey Ekberg.

Major Expenditure: Bob Brandt MOVED to accept the bid of \$50,709.52 for 2011 for annual white bunker, top dressing, masonry sand and hauling. Vice President Misch SECONDED the motion. The motion was unanimously APPROVED.

Questions from Audience: A man in the audience asked if a military man comes to play golf with his children and wife what rate they would pay to play golf. He was told they would have to pay the appropriate rate.

Appreciation to Jerry & Ruth Kosoglow: President Linam presented Jerry and Ruth Kosoglow with a weekend away to Mount Magazine Lodge Resort along with a bouquet of red roses for Ruth, and three golf lessons for Jerry in appreciation for serving as Acting General Manager.

Adjournment: The meeting adjourned at 9:59 a.m.

President

Secretary