

**Annual Report of the
Hot Springs Village Property Owners' Association
Research and Special Projects Committee
Year Ending February 28, 2006**

During the past twelve months the Research and Special Projects Committee Accomplishments were as follows:

Collaborated with POA General Manager Dave Johnston and Finance Director Wayne Copeland in developing a balanced budget based on existing assessment income, and excluding new debt obligations, for presentation to the Village Board of Directors for 2006.

Prepared and presented the first annual update of the Five Year Financial Forecast.

Conducted a detailed analysis of twelve recommendations made by Mr. James Ray regarding the Hot Springs Village Property Owners' Association system of financial management, amenities fee structure, subsidy from assessments, and changing the method of depreciation currently in use.

Prepared and delivered a narrative presentation accompanied by charts and graphs, to the Village Board of Directors, interested Village Property Owners, members of the Press, and the General Public, of our analysis, conclusions and recommendations regarding Mr. Ray's proposals.

Have begun a review of the study and recommendations of the amount village amenities are subsidized in terms of assessment dollars completed by this committee in 2002.

Respectfully Submitted,

Donald E. Hendricks, Chairman
Research & Special Projects Committee