A regular meeting of the Hot Springs Village Property Owners’ Association Board of Directors was held at 9:00 a.m., Wednesday, January 20, 2016 at the Ouachita Building of the Ponce de Leon Center.

Board members attending were: President Harv Shelton, Vice President Mike Medica, Directors Jeff Atkins, Marcy Mermel and John Weidert. Director Parker was absent.

Attending from staff were: David Twiggs, COO/General Manager; Linda Mayhood, Asst. General Manager; Lesley Nalley, CFO; Rick Middleton, Police Chief; Jason Temple, Director of Public Works; Nicole Good, Business Development Coordinator and Ella Scotty, Administrative Assistant.

Also attending: Lewis Delavan, Village Voice; Lorien Dahl, Sentinel-Record; Diane Upchurch, KVRE. The meeting audio was recorded by staff.

Approximately 100 people were in the audience.

Call to Order: President Shelton called the meeting to order at 9:00 a.m.

Prayer/Pledge: President Shelton gave the prayer and the pledge of allegiance was led by Keith Salisbury.

Introduction of Guests: None.

Order of Business: MOTION to approve the Order of Business as presented was made by Director Weidert, SECONDED by Director Mermel and unanimously APPROVED.

Minutes/Notes: The minutes of December 16, 2015 board meeting were unanimously APPROVED upon MOTION by Director Weidert, SECONDED by Director Mermel.

President’s Remarks: On January 19, President Shelton and a group from HSV and media attended the Arkansas Public Service Commission hearing regarding Entergy’s request for a rate increase. President Shelton and three others testified on the lack of reliability of Entergy’s service to customers in the Garland County side of the village and businesses along Highway 7. The Commission and Entergy CEO and COO were all concerned of reliability issues. Entergy CEO and COO offered to talk with HSV in the spring.

President Shelton commented that the Development Contribution Fee withdrawn from the agenda for further analysis and public comment was previously referred to as Capital Buy-in fee. This was first discussed when the Future Financial Task Force presented the three-pronged plan. The first
prong was the two-tier assessment. The second prong was manage the revenues and expenses of amenities and magnitude of subsidies required. The third prong is growth- effort to bring new development to HSV. Marketing HSV and attracting new development requires funds. The Development Contribution Fee was to be the source of growth funds. President Shelton encouraged public comment and input of alternate funding sources for growth.

Director Comments:

President Shelton called on Board Members for their remarks.

Director Weidert thanked everyone for attending the meeting, thanked the media for their support.

Via Director Weidert, Director Parker sincerely thanked everyone for their many prayers, emails, personal visits and phone calls during his hospital stay. “It really helped my recovery time”.

Director Weidert also commented that the Lakes Committee will have two vacant slots in April and encouraged members to apply.

Director Mermel commented on the Village Values kick off meeting set for February 4th. Presentation will be given by the Lakes Committee.

Director Atkins thanked the board candidates for taking the time and interest to run. Atkins also commented on a Capital Buy-in Fee being discussed in the past. He said the proposed Development Contribution Fee, which would be eliminated upon implementation of the Development Contribution Fee, is lower than the current transfer fee for properties sold under $14,000.

Vice President Medica commented that the proposed Paron emergency water agreement was delayed and will probably be discussed at next month’s meeting.

Vice President Medica also commented that POA received a First Electric check for $29k.

Fleet Manager, Tom Hasselstrom’s negotiations for a new fuel contract will save the POA $60-70k in annual fuel costs.

Review of Board Corres:

President Shelton received emails regarding debt usage, DeSoto Club renovation and a variety of other topics. The majority of correspondence was on debt usage. Although not recognized by the State of Arkansas as such, HSV is functionally a
municipality with police, fire, water and sewer, trash collection, road maintenance public works departments etc. all of which require capital costs often too large to be handled with cash on hand. As an example, sewer repairs are not a choice, but an environmental regulatory responsibility. As we do not have the cash on hand, bonds are an affordable and responsible method of funding these high cost expenditures.

General Manager’s Report: In addition to the written General Manager’s Report, David Twiggs commented on the following:

Cooper may be demolishing two vacated buildings at the west gate.

The Heat/Air at the Balboa Club must be repaired and/or replaced. This will be on the February agenda

Twiggs presented an update of the Business Transition Model, which focuses on seven areas essential to move to sustainable growth: Growth, Monetizing Opportunity, Customer Experience, Placemaking, Accountability, Quality Control and Innovation.

Project Updates:
Status Update Total E: CFO Lesley Nalley reported on TotalE: Training of utility billing is taking place this week. The objective is to process February utility bills using Total E.

Nalley also reported that the ADP payroll conversion is complete. We are currently working on the employee portal.

DeSoto Club: Nicole Good, Business Development Coordinator, reported on the DeSoto Club renovation: All demolition phase is complete. We are currently in the rough-in stage, which includes electrical, heat and air, plumbing and fire prevention systems, and are on schedule to sheet rock the end of February. The project is on track to budget.

Citizen Academy Alumni: Rick Middleton, Police Chief and Mike Kuehn reported on the success of the Citizen’s Police Academy and formation of the 501c (3) Citizen’s Academy Alumni organization. The Alumni charter is to support efforts of the HSV Police Department. To date, the organization’s fundraising efforts provided fingerprint kits for children, and has made kits for adults to be used in nursing homes, and provided glow bracelets and necklaces for “Be Safe and Illuminate” program on July 4th and Halloween.

Standing Com. Reports: None.

Com. Reports Recvd.: The following standing committee minutes were received: ACC 12-03-15, 12-17-15, 01-07-16; CPFC 01-04-16, Golf 12-17-15; GAC 12-04-15, Lakes 12-09-15, Public Safety 12-10-15, Public Works 11-17-15, Recreation 12-14-15; Trails 12-15-15

Questions from Audience: A member commented on profit and advertising costs and marketing program.

A member commented on current agenda items and on DeSoto Club financing.

A member commented on Development Contribution Fee and complimented the board for their work.

A member commented on bond vs direct financing for the water plant and DeSoto Club.

A member suggested amenity development of the Glazier Peau area.

A member commented on cleanup of Lake DeSoto, sewage overflow, and thanked the board for their service.

A member commented on DeSoto Club having a dance floor and road repairs.

OLD BUSINESS:

Debt Usage and Mgmt Policy: Vice President Medica MOVED to approve the revision and expansion of Chapter 1, Article 6, (currently, entitled “Issuance of bonds”). The revised document will be Chapter 1, Article 8, entitle “Debt Usage and Management”. Director Mermel SECONDED the MOTION. Discussion followed. The MOTION was unanimously APPROVED.

CURRENT BUSINESS:

Desoto Club Financing: Vice President Medica MOVED to borrow $1.5mil from Arvest Bank to fund DeSoto Club renovation costs, with said loan secured by general revenues, under a 60 month term, a fixed interest rate of 200 basis points over the current Federal Home Loan Bank rate, and estimated fees of $2,500. Director Weidert SECONDED the MOTION. Discussion followed. Vice President Medica and Director Weidert voted in favor and Directors Atkins and Mermel voted against, President Shelton voted in favor breaking the tie, however, as quorum was not met the MOTION failed. Subsequently, Director Mermel MOVED to borrow $1.5mil from Arvest Bank and fund DeSoto Club renovation costs, with said loan
secured by general revenues, under a 60 month term, a fixed interest rate of 200 basis points over the current Federal Home Loan Bank rate, and estimated fees of $2,500. Director Weidert SECONDED. The MOTION was APPROVED with Vice President Medica, Directors Mermel and Weidert voting in favor, Director Atkins voting against, and President Shelton voting in favor, to reach quorum.

Liquor Indemnity Agreement: Vice President Medica MOVED to approve an indemnification agreement for Linda Mayhood, Stephanie Heffer and Ray Metz, who hold HSV alcoholic beverage permits. Director Weidert SECONDED the motion. Discussion followed. The MOTION was unanimously APPROVED.

Granada Restaurant Lease: Vice President Medica MOVED to ratify and confirm, the approved lease agreement between HSVPOA and E&M Ventures, LLC to lease and operate the restaurant at Granada Golf Club beginning February 15, 2016 for an initial term of three years. Director Weidert SECONDED the MOTION. The MOTION was unanimously APPROVED.

NEW BUSINESS

Revisions to Recreation Charter: Stephanie Heffer presented proposed revisions to the Recreation Committee Charter.

Comments from Audience: A member commented on landscape dumping.
A member commented on construction debris dumping.

Adjournment: Director Weidert MOVED to adjourn, Vice President Medica SECONDED and the MOTION was unanimously approved. The meeting was adjourned at 11:22 a.m.

__________________________________ ___________________________________
President   Secretary