Memo

To: Hot Springs Village Board of Directors
From: Lesley Nalley, Chief Executive Officer
Date: June 20, 2018
Re: Monthly Board Meeting Updates

Financial Review
Please review Liz’s full financial package. Highlights this month include:

- YTD Member Equity increased by $703k from 2017, which is a result of cash gained from operational efficiencies (contributed to $784k addition to reserves), unspent capital funds, bad debt collections, paying off $547k of existing debt, increased property holdings, and impact of assets reaching their useful life.
- We have $1.59mil more in cash than at this point last year, as a result of $277k in YTD improved operating results and carryover capital funds not yet spent for the pool and pickleball projects.
- We are 41% into the year, with revenues, operating expenses, and capital expenditures at 34%, 38% and 15.4%, respectively.
- The budgeted and unspent capital expenditures currently equal $5.1mil

Real Estate Sales
Note there are two places where new home permits are discussed in the Financial Package’s Executive Summary – page 3 (Property Dashboard) and page 4 (Permitting & Inspections). The first communicates YTD permits approved (26), while the latter communicates YTD permits purchased but not necessarily approved at this time (40). The 2018 improved property goal is 60. We continue to track ahead of previous years and within reach of this enterprise goal.

As of May, Village Homes & Land had the following activity:
- 2 existing home closings
- 1 spec house closed, construction started on second spec, lot closed on 3rd spec house
- 22 lots closed and 1 under contract–goal is 30
- Buyers came from Arkansas, Texas, Louisiana, Canada and Wisconsin
- 594 leads have been generated by print, digital and radio advertising
- 3,417 personal contacts made
- 54 referrals to other realtors
These results represent $71k of one-time sales revenue, annual recurring assessment revenue of $12k+ and are a major contributor to permitting and inspection’s 44% year over year increase in revenue, as well as yet to be determined amenity and utility revenues.

**Phase I CMP Implementation Plan**

Today I will take everyone through the basis and process that shaped the CMP’s 30+ year vision and led to the development of this Phase I Implementation Plan. Phase I will focus our attention on the next three years, while building momentum on the multi-year steps needed to achieve the CMP’s longer-term goals.

Our Articles of Incorporation lay out our purpose, which is **to preserve the value of and to promote the health, safety and welfare of the residents and commercial owners.** In fulfilling our purpose and as detailed throughout the CMP, we must become experts at balancing three things:

- Protecting Current Value (Existing Infrastructure) – See Section 6 of the CMP for the 3-year O&M discussion. Please also note Element 2 & 3 of Section 3 which discusses revenue gaps and economic development.
- Building New Value (Innovation & Development) – See Section 4 of the CMP called Interventions. Please also note Element 2 & 3 of Section 3 which discusses revenue gaps and economic development.
- Meeting Day to Day Service Needs (Service Gaps) – See Section 7 of the CMP for a collection of identified service gaps.

These three pillars provide the foundation for achieving the full potential of our stated purpose and vision. I hope today’s discussion leaves you optimistic about the future of “America’s premiere active lifestyle community”.

**Note:** The Powerpoint slides used today will be available at www.hsypoa.org/governance/board-of-directors/meeting-packet and at www.explorethevillage.com/vision/comprehensive-master-plan