Memo

To: Hot Springs Village Board of Directors
From: Lesley Nalley, Chief Executive Officer
Date: May 17, 2017
Re: Monthly Board Meeting Updates

Financial Review

The financial package is attached. Please note Lakes Management has been separated out, highlighting its importance to Hot Springs Village enterprise goals.

On the “things to watch” side, both Administration and Public Works revenues are tracking behind budget. However, the Administration variance is mainly a result of the real estate program just getting kicked off mid-April. This division was budgeted as a just over break even for the partial 2017 year and, according to projected spending levels, will need a minimum of $275k in revenue to do so.

We continue to await the appeals court decision. Oral arguments have not yet been scheduled.

On the “positive outcomes” side, existing home sales continue outpacing the previous four years. Additionally, both golf revenue and golf rounds have now exceeded 2016 levels. We continue monitoring gross revenue per playable day to maximize results (see attached golf report). Year to date, 10 new home permits have been issued and the POA has secured 80 additional lots as part of our acquisition strategy to prevent “cherry picking” and devaluation.

Financial Health Enterprise Goal: Monetizing Community Growth

➢ Property Sales: 2017 minimum sales target of 22 lots
➢ Developed property growth: A net of 60 additional improved properties

Year to date, there are 15 more residential neighbors, as compared to December 2016, which is 25% of the enterprise goal. Six POA lots have been either sold or are currently awaiting closing, which is 27% of the enterprise goal.
Protecting Value & Lifestyle Enterprise Goal

Enterprise Goal: Protect access to water through MAWA investment
➢ MAWA agreement signed on May 8th for 2 MGD.

Enterprise Goal: Provide current and ongoing details of marketing efforts
➢ 17% of the $475k budgeted has been spent year to date, which includes a digital billboard on I30, ads in Ideal Living, HSV Life, AY, Little Rock Guest Guide, DFW Links, Hot Springs Guest Guide, and others. Also, attended Ideal Living expo in Illinois.
➢ 248 visitors to the Discovery center thus far. 21% of the $103k budget spent YTD.
➢ Have been chosen for various non-paid coverage including Arkansas Democrat Gazette, Prosperere Magazine, and Arkansas Parks & Tourism.
➢ Currently sourcing 29,000 leads through survey questionnaire

Building Property Owner Trust & Support Enterprise Goal

Execute a PR plan focused on communicating with and educating individual stakeholders
➢ Added 130 new Facebook followers in April and reached over 37,000 with the first member testimonial.
➢ Board members facilitated golf round tables and the Golf Committee and Ad Hoc Fees Committee are finalizing related white papers.

Joint review of committee, board, and staff activities to eliminate duplicate efforts while ensuring message accuracy and consistency
➢ Updated bylaws with Board duties, responsibilities, and authority
➢ Board retreat planning under way
➢ Various presentations have been delivered to community groups by the Board and CEO, as well as weekly Take 5’s on KVRE. So far this year, I’ve spoken to the Interfaith Council of Churches, Republican Women, National Active & Retired Federal Employees, American Association of University Women, Rotary, 50 for the Future, and MetroPlan
• **ROUNDS**: 2017 April Rounds were up slightly but took a hit with 5.5” of rain in the last 5 days of the month. Desoto, Cortez, Ponce, Magellan, and Granada showed an increase from 2016, while Isabella, Balboa and Coronado showed a slight decrease from 2016.

• **VILLAGE VALUES**: The Fees committee in cooperation with the Golf committee hosted 2 Roundtable discussions for the April Village Values. The committee received a great deal of feedback from the members sitting on the roundtables and the Fees Ad-Hoc committee will sort through all of the information and create a white page document.

• **“BIG HOLE” GOLF**: We had our first weekend of “big hole golf” which started April 21 and will continue through May.

• **TOURNAMENTS**: We started the tournament season in the Village in April. April 1 & 2nd we hosted the Golf Channel Arkansas Amateur Tour at Magellan & Desoto. Next, Granada hosted The Arkansas Department of Housing on April 19th. Also at Granada,
the Executive Women’s Golf Association played April 28th & 29th. This was a regional team tournament and included teams from – Baton Rouge, La., Austin, Dallas, Fort Worth, Houston, San Antonio and Little Rock. The Executive Woman’s Association are also booked 3 more times this year.

- **OUTSIDE PLAY:** Golf Now rounds for April were 401 with a revenue total of $13,796.00. Package play booked so far in 2017 is 3,114 total rounds and a projected revenue of $174,328. These packages are scheduled through June with the rest of the summer and fall still to be determined.

- **COURSE MAINTENANCE:** The superintendents have finished their weed prevention spraying of pre-emergent. The heavy rain and the cooler evenings at the end of April slowed the growth of the Bermuda grasses. The courses are now in the process of fertilizing tees, greens & fairways to help the growth when the warmer temperatures return.