Memo
To: Hot Springs Village Board of Directors
From: Lesley Nalley, Chief Executive Officer
Date: July 18, 2018
Re: Monthly Board Meeting Updates

Financial Review
This month’s financials include a quarterly dive into departmental details (See pages 13 & 14). Pages 4 and 5 of the packet include key highlights from the 75 departments.

Overall, Cash and Member Equity continue their strong position. We are 50% into the year and have earned 45% of budgeted total revenue and spent 47% of budgeted total expense.

Total revenue is $1.3mil higher than at this point in 2017. As budgeted, total operating expense is $1.5mil higher than 2017. You will notice additional spending in Public Works for recent roadway projects and in the Sales & Development Division for the CMP completion.

While weather has been a factor this golf season, the department’s subsidy is currently lower than 2017 due in large part to golf cart trade ins and a strong tournament focus. You may recall that cash flow improvements were made by leasing golf carts and those costs are now showing in the Statement of Revenue & Expense over the life of the lease rather than in the Statement of Capital Additions. Additionally, I’ve invited Troon to review their marketing and consulting agreement performance and representatives will be on site next week for those discussions. Overall, the golf team is to be commended for their professional execution of and dedication to not only our tournaments, but the golf program in general.

The Food & Beverage program is continuing to show improvements in its tracked metrics (see page 11). While the division is not currently tracking to plan, this team’s efforts are stabilizing two of our most used venues, Granada & DeSoto. Director, Magdy Hussein, is currently working with the chefs in both locations to update menus and is continuing his strong focus on customer service improvements.

Real Estate Sales
Through the end of June 2018, 36 new home permits have been approved and 45 have been purchased. Year to date, Village Homes & Land had the following activity:

- 2 existing home closings; 1 under contract
• 1 spec house closed, 1 under construction, 1 working through design & ACC approval
• 23 lots closed and 2 under contract
• 710 leads have been generated by print, digital and radio advertising
• 64 referrals to other realtors
• 1 new builder joined the guild with coverage in state and local newspapers
• Satisfaction score of Village Homes & Land remains high

**ISN Gate Software Project**
As reported last week, the gate software project with ISN was terminated due to their failure to timely complete the project specifications. At the point of termination, HSV had made the 50% down payment and purchased RFID tags. We are taking all steps to recover money for any equipment or services that cannot be used in the future.

A new RFP is going out later this week to bring this project to completion. Until then, our gate hardware, software and member cards continue to function as they have.

**Comprehensive Master Plan**
Within the past month, I’ve met with three potential CMP development partners, including making a day trip with Director of Placemaking & Development, Stephanie Heffer, to Fort Worth earlier this week to tour residential, commercial and retail project sites.

While some are continuing to float false narratives that the POA is attempting to pile debt on the backs of property owners, the reality is anything but. The management team is working diligently to recruit development partners that share our goal of creating and protecting value for our property owners. Because of the CMP’s multifaceted approach to protecting current value, addressing service gaps, and creating new value, we are seeing strong interest in our controlled growth vision, both inside the state and elsewhere.

**Declaration & Articles of Incorporation Vote**
The team has been working with Ghidotti Communications to complete the Declaration & Articles of Incorporation Whitepaper. Property owners should have copies of the final document in their mailboxes late next week. This initial communication piece details, from a non-editorial basis, the specific language being proposed and the goals of each amendment.

From August to November several resident townhalls, out of state non-resident meetings and small group presentations will be held. A web page on explorethevillage.com is currently being built to share details of this campaign. And, we will begin forming a speaker’s bureau in the next few weeks. All of these details will be forthcoming following the whitepaper mailing.