What HSV Property Owners Need to Know Before Voting

1. **The three-part plan.** This assessment increase is one part of a three-part plan to enhance the value of all Village properties. Another is increasing the use of our recreational amenities, particularly golf, setting smart prices for the amenities, and managing their costs. The final part is promoting growth. After 44 years of operations, only 25 percent of Hot Springs Village lots are developed.

Assessing $65/month on improved lots is adequate to provide us time for the other two parts of the three-part plan to start adding revenue. Improved amenity performance and population growth will substantially extend the adequacy of the increased assessment rate.

2. **Declining revenue.** Since 2006 our collection rate on billed assessments has gone from 99.8% to less than 79%. As of June 2014, 8,822 lots (25.8% of the total) were delinquent in assessment payments. That problem is still growing because more than 350 lots are being abandoned each year.

The use of almost all amenities is in decline. Golf rounds have declined an average of 5,816 rounds per year over the last 12 years. This lost revenue has forced the POA to cut staff and defer much needed maintenance projects for years. If we are to remain a high-quality community, this must be remedied.

3. **The two-tier assessment plan is legal.** If a majority of the voting membership approves the two-tier assessment, it is valid.

4. **And it is fair.** Assessment revenue pays for all the things not paid for by fees. It pays for POA staff salaries, paves the roads, repairs the water and sewer systems, puts policemen on patrol and firemen in the firehouses, clears the roads after a snow storm and does all the other things necessary for us to live here comfortably. Although all those things are vital to those property owners who live here, we pay only 32% of the assessments. The owners of unimproved properties pay 68% and receive relatively little benefit. If we approve the two-tier assessment, unimproved property owners will still be paying 54% of the assessment revenue.

5. **How will the increase be spent?** First, it will not be spent on any new projects or growth initiatives.

Our Village is now 44 years old and is showing its age in many areas, especially at the west end. The assessment increase will allow us to start reducing the long list of deferred maintenance projects and sustain the Village’s infrastructure. Our most pressing needs include fixing our sewer system, repairing our roads, bringing idle facilities back to life, and assuring enough cash
reserves for bills and emergencies. The proposed 2015 budget shows our spending plans in
detail, with and without the assessment increase.

6. **Amenity subsidies.** The business model for our Village has always assumed that recreational
amenities would be subsidized from assessment revenue. Where possible, fees cover most of
an amenity’s operating expenses, while assessments take care of a small fraction of operating
expenses and all of the capital needs. Because of the declining use of most amenities, the
portion of amenity expenses that must be subsidized is rising.

7. **The HSV assessment compares favorably with others.** The Assessment Committee
identified 228 private communities that are similar to HSV. Among those communities, our
monthly assessment was the lowest. Further, if the HSV assessment fee of $12, set in January
1971, had been adjusted for inflation, it would be over $70 today.

**Vote YES!** when your proxy arrives this week. For complete information visit [hsvpoa.org](http://hsvpoa.org) and
click the link at the top of the screen. Your vote for the assessment increase will help ensure
that the quality of our unique community remains high.