



Food For Thought – Committees & Board

Description

By Tom Blakeman, April 29, 2020

Overview

There are many changes coming already from our new Board of Directors. Rightly so and sorely needed. A clean sweep with a new broom. Two public working sessions per month is a truly refreshing reintroduction of former standard practice. This is one of many ideas which our new leaders apparently have in mind. In their first public Board meeting, they scrapped the infamous Governance Committee. (more on this below)

They have a lot more work ahead to clean up carnage left by their recent predecessor Boards. But after that, what's next? What other changes might our new Board consider? How about changing the concept of how we staff and operate our principal governing and advisory bodies – the Committees and the Board itself? Re-invent the system which Hot Springs Village has been utilizing, more or less, since it's inception.

One key problem appears to be the composition of our Board and Committees. The same people tend to be involved over and over. Rinse and repeat. You might call them “retreads”. They rotate between serving on past Boards and then join one or more Committees. Or vice-versa. Hardly opportunistic for fresh thinking or new ideas.

Mr. Cunningham previously served on both the Appeals and Public Works Committees, then he became a Board member and now is “back in the saddle again” on the Public Services Committee. OK? Maybe, maybe not.

Mr. Dixon previously served years and years on the Architectural Control Committee. Then he convinced us to elect him to the Board. The result? He supported the ill-conceived CMP and ridiculous new 120 page Protective Covenants. Fooled me. Did he fool you?

The “retread” issue is problematic – kind of like career politicians in DC. There are other problems too.

Should the Committees remain as they are? Who should they really report to? Could they be improved? How should the Board be set up? How many Members do we really need? Despite the good intentions and efforts of many who have served, the results of Board decisions and actions have not always been favorable. How can that be improved? Committee recommendations, good, bad or otherwise, often get forgotten or fall on deaf ears. How do we fix these many concerns?

A Little History (1)

1970: Only John A. Cooper employees and close business associates were available (allowed) to serve on the POA Board until 1974.

1973: By the year 1973, all members selected to serve on Standing Committees were residents.

1974: In December 1974, Article XII (Articles of Incorporation) was amended to increase the number of Directors to seven (7). Since that time consideration has been given to increasing the number of Board Members to nine (9), but action has never occurred.

1975: The terms of office of the Board of Directors was changed from four and six years to three-year staggered terms. This is where we are – more or less – today.

2000: In the middle nineties to 2000 the Board of Directors deliberately and aggressively took steps to move totally away from administrative functions and to focus only on policymaking.

(1) Taken from 'A History of Hot Springs Village 1970 through 2006'

Committees

Definition of Camel: "A racehorse designed by a Committee".

Committees are usually filled with competent, dedicated people, all with good intentions. They meet regularly, work hard, and often prepare solid recommendations. Sometimes though, their work is simply ignored or swept under the rug. Worse, their work and recommendations may also be suppressed by the Board and/or POA.

The recent marketing sub-committee fiasco is an example where suppression came into play. Luckily, the cover-up was exposed, and the sub-committee's work was brought to light and recognized. How many other similar studies and recommendations were not?

*In 2012, the RASP Committee (long since disbanded) recommended strongly against the Two-Tier scheme. What did the Board do with the RASP results? Simple, they ignored it. In 2013, the Board President (Mr. Keck) formed a task force (FFT) who met – **in secret** – for nine months and then endorsed the Two-Tier. That was apparently what the misguided BOD of the time wanted all along.*

Used and chartered correctly, Committees should be of great benefit to an organization. On the other hand Committees may be of little value or may need to be repurposed. As an example, some questions might be worth asking about the HSV Golf Committee.

- What role does it play in stemming the ever growing golf losses? Maybe that isn't in the Committee 'Charter'. If not, it should be.
- Do Committee members generally support the idea of attracting outside players to help pay the bills? Or do they oppose it?
- Given the financial magnitude of our Golf Program, should the Committee report directly to the Board? Currently, it reports to POA staff.
- What has it achieved towards fixing the chronic drainage problems present on every course? Were Committee requests submitted but not listened to?
- What was the Committee's position on hiring Troon or implementing the "Flex Pricing" scheme? Two big failures. Were they even consulted?
- What is the Committee composition? Is it all "Annual" players? Are there "Daily Pay" players as well? What about non-residents? What about non-golfer property owners? Think about it. "Annuals" view golf differently than others. And, many non-golfer Property Owners seem to think we have too many courses and should close a few.

Committees can be used as weapons also. The ill-conceived and infamous Governance Committee noted earlier was a prime example. This small, secretly operating group, which came to be known as a 'Board within a Board', operated autonomously. It essentially controlled what the official Board could do. If there was something the "ceo" wanted or didn't like? Bingo! Her Praetorian Guard would fix it. Gone with the wind now – thankfully.

A conversation should be going on for all the Committees. Are their 'Charters' appropriate? Do they have a tangible and measurable set of goals and responsibilities? What are they really accomplishing? Are they effective? Are they listened to? Other similar questions should be asked – and answered. No changes needed? Fine. Otherwise, changes need to be made. The Village cannot continue to keep on going on "like we've always done". It's not been working.

Board of Directors

Much of our Boards' time over the last 10 or 15 years has revolved solely around changing all or most of our governing documents – or trying to. Rearranging deck chairs while the Titanic was sinking. Remember the big Declarations Vote? What a waste of everyone's time and resources that was! How much Committee time, not to mention Board Member time, and cost (a total we'll never know) was wasted on that?

Now we have a situation where our new Board of Directors must spend even more time reversing all of the mistakes and bad policy decisions of the recent past. Our various governing documents must be changed back to a sensible form. Dreamers' follies such as the CMP must be repealed. Luckily the property owners voted not to allow the frequency of Declarations changes to be reduced from seven years. Had that happened there would now be even more mess to repair.

Boards of the last 10+ years or so were also greatly consumed with trivia. If you don't believe that just

go back and read all the old Board Minutes. They are loaded with recognitions, awards, citations, commendations, birthday greetings, proclamations, parliamentarianism, 'pomp and circumstance'. And then there were all those unanimous votes. Unanimous on almost everything! Where was the diversity of thought, the independent convictions, the alternative ideas, and the real debate? It's hard to find.

We often hear about how we have a "small Board" with little time and too much to do. Our Directors are not paid. But, we are told they often work 30 and 40+ hour weeks. Nobody, especially retired people, needs or wants to be overworked. Directors don't even get a discount on Golf or the Fitness Center. We are told they do get all the grief, complaints, and harassment they can handle and then some. All pain and little reward have to be a big factor why most people are not interested in serving. There have been cases where no one stepped up to run in an election for a Board seat.

Mr. Medica just completed two Board tours of duty. He volunteered and was appointed to his second tour in 2017, with no election. Wasn't anyone else interested? Apathy at work? The "retread" syndrome? Maybe he had been doing such a fantastic job that no one dared oppose. Could be. He was Board President when Ms. Nalley was made "ceo" in 2016.

Property owner apathy has been a big problem. The party line is we just can't get volunteers to run for office. It's a thankless job they say. But what if the workload was different? What if Directors could actually control some (no, not all) of the day to day workings of the POA? What else could make a difference? Just dreaming up Policy changes – most of which in the last few years weren't needed – that gets old. Reading red-lined documents is tedious and tiring. No one enjoys endless meetings with fluff and busywork like those proclamations.

Our current "corporate" model (some would say dictatorship) has been a huge mistake. We don't need a "ceo", unnecessary layers of management, and fancy titles. We don't need a stifled Board. Our Directors should all have the freedom to publically voice dissent on Board actions or call out management errors outside of a "Closed Executive Session". Few people want responsibility with little voice or control or influence, not to mention the potential liability that comes with serving.

Ideas & Solutions

Revitalize the Committees: Our Committees should have more power. A Board Member should also be the Chair Person on the key Committees instead of just being a "liaison" or a "member". That Board Member should take ownership of their Committee. Or, maybe we don't even need Committees at all, or at least only very few of them. On the other hand, if we don't have Committees, then how is all the 'work' to be spread around? Let's take a long, hard look at all of our Committees and then decide.

Expand our Board of Directors: That's right, nine (9) or eleven (11) Directors (all voting) should be implemented as was proposed in the past. We need more fiducially obligated Directors, elected by the Property Owners, operating openly at public Board meetings and working sessions. More 'heads in the game' – more hands to do the work – more accountability – less workload. An equal and important benefit would be increased input on all Board decision making – less likelihood of a 'faction' controlling decision outcomes.

Change our Directors' Duties and Limitations: Go back to a real 'Working Board' as it appears to have been prior to 1995. Revert back to doing real administration (a.k.a. management) as opposed to

only policymaking. Retrieve some of that power that our Boards have so largely ceded to POA staff over the last 20 or so years. And, let them speak out! This idea of the Board “having only one voice” needs to be scrapped.

We Should Pay Them: You got it! A stipend or honorarium – just like the directors of most public companies receive. After all, a majority of people don’t want to work for free. Directors are being asked to give up their retirement after a lifetime of working. Provide some incentive other than the altruism of serving. We could save several hundred thousand dollars if we eliminate just a few of the “glorified” “executive” staff positions which we now have. We could then pay Directors \$40K yearly each (no benefits) and still come out way ahead.

Give Them Help: Provide the Board with one or two executive assistants to help with research, run the errands, prepare ‘Motion Memos’, take and record the notes, minutes, and so forth. These assistants would report directly to the Board, have no other duties, and, of course, no Board voting rights. Having ‘Board Staff’ would also remove distractions from the operating staff. Who knows, our operating staff might then get more real and quality work done. We don’t need more failed gate projects, geothermal fiascos, or budget-busting DeSoto Club redos.

Change the Term of Service: Give our Directors each a four year term and go to an every other year election cycle. This would cure many issues: 1) saving costs on all too frequent elections, 2) wasting time gearing up for and holding those elections, 3) continuity and the turnover problem. Term limits should also be invoked. As noted earlier, over the years we have had many who have continually been on the Board or on one Committee or another, or many, for years and years. End “rinse and repeat”.

Require Expertise: We should designate certain Board seats to be filled by those with certain real qualifications such as Marketing, Engineering, Information Technology, Golf, Finance, etc. The last thing we need to repeat is having another Board Member declare in an open Board Meeting: “It’s all Greek to me!” An “expertise” based system would help foster real accountability. This is something we have apparently never had on any Board, not to mention with our paid staff. Those designated “expertise” seats should have direct access to their Staff counterparts, the Accounting Manager, and the General Manager.

To the Naysayers

These proposed solutions would help solve many of the problems we currently have. They would especially help the issue of too few Property Owners wanting to volunteer. But no doubt many readers will scream objections to all. The following is offered:

- There is no law that controls how many Board Members we may choose to have. The number can be changed by a vote of the Board. A revision to our Bylaws and Articles of Incorporation would be needed.
- There is no law (Federal, IRS or State) that prohibits paying a stipend to a Board Member, even for a Non-Profit Corporation. As above, this can be a Board decision with a revision to the Bylaws and Articles.
- If a Board Member wished they could waive or donate their stipend. Some of our wealthier Property Owners might not need it or want it. More power to them. The example cited of \$40K

annually is about twice the 2020 minimum hourly wage for a 40-hour week. Obviously, lesser (or greater) amounts could be implemented.

- There is also no law that prohibits a Board of Directors from having more day to day control. Our Boards of Directors apparently had it in the past. Why not again?
- Why would anyone want to serve on the Board if they are going to be overworked?
- Why would people serve on a Committee if their work, time and efforts are ignored or if they have little or no power?
- Why would anyone want to be on a Board if a “ceo” controls the whole show?
- Why would anyone volunteer to be ‘overworked’ or ‘ignored’ or have personal liability or feel that they had little authority, especially with no compensation?
- [Please click here to visit Inside Charity- 6 Reasons to Pay Board Members](#) for some commentary on why paying Board Members may be a good idea. The article includes the following six reasons:
 1. *Compensation promotes professionalism rather than amateurism.*
 2. *Compensation attracts the most qualified and able individuals.*
 3. *Compensation awards, in a tangible way, valuable personal time and contributions made for the cause.*
 4. *Compensation promotes more risk-taking. (Hmmm. . . might have to think on this one)*
 5. *Compensation stimulates better attendance at board and committee meetings.*
 6. *Compensation holds board members more accountable for performance.*

About the Author

The author has been a full-time resident homeowner in Hot Springs Village since January 2016. He is retired. His background includes:

- *Bachelor of Science Degree – Engineering*
- *Masters Degree – Business Administration*
- *Licensed Real Estate Broker (Texas)*
- *Over 20 years experience in various corporate positions*
- *Over 20 years as owner of his own business*

Among other interests, the author likes golf, fishing, and is a do-it-yourselfer. He enjoys fixing things. His professional work experiences include business management and operations, real estate sales and marketing, design and project engineering, economic analysis, business writing and review, and interpretation of contracts (no, he’s not a lawyer).

The observations, ideas, opinions, and recommendations in this report are solely those of the author and no one else. They are the result of personal observations over the last 4.5 years of being a Village resident. They are the result of attendance at many Board Meetings (over the last 4.5 years) along with the careful reading of all Board minutes, Board Packets, many Committee minutes, and other POA publications and documents going back over the last 12 years.

The author has also studied in depth all governing documents including the Declarations, Articles of Incorporation, Bylaws, Policies, CMP, and Protective Covenants. He has attended many Village Board and Management presentations including those regarding Budget, Golf, Marketing, Declarations Vote, CMP (including all charrettes), and others.

The author has had occasional limited discussions over time with various Villagers regarding some of the observations, ideas, and recommendations presented. However, in preparing this report there has been no consultation with, input from, buy-in from, approval of, discussion of, or any other interface with any Board Member, Committee Member, or Executive or Staff Person, whether past or present, regarding anything written herein.

The author has not served on the Board of Directors or on any Committee of Hot Springs Village. He has been active in previous commentary regarding many aspects of Village golf, marketing, finances, operations, and management, both written and verbal.

If not obvious from the report, the author is totally supportive of all four of the recently elected Board Members as well as the currently presiding Board Chair. Furthermore, the author believes that significant changes need to, in fact, must occur soon in Village Governance and Management. This includes those noted in this report and those currently being proposed and implemented by the Board Members just noted.

Please take time to read these ideas and opinions with an open mind and take them in the spirit with which they are being presented:

The Best Interests of the Property Owners of Hot Springs Village, AR.

By [Tom Blakeman](#), April 29, 2020

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