



HSVPOA BOD Final Let's Talk Turkey?

Description

On a cool and cloudy Saturday, November 23, 2019, the HSVPOA Board of Directors held what may be their final Let's Talk session. These sessions have sometimes been fraught with tense moments and a disappointing attendance, as many Villagers see them as a way for the Board to control the narrative.

[“According to Cambridge Dictionary, “talk turkey” is defined as “to discuss something honestly and directly.” Today the term “talk turkey” means to discuss something frankly and practically. When someone ‘talks turkey’ they get to the point and the term often refers to settling a business deal.”](#)

The Board of Directors has announced they will evaluate the future of the Let's Talk sessions. In a previous announcement, the POA erroneously announced that the Let's Talk Town Hall sessions were being discontinued.

This occurred when they announced the cancellation of October's Let's Talk meeting. After that announcement, Board Member and Parliamentarian, Nancy Luehring, shared on Next Door that the meetings have not been cast aside yet. (Although some Property Owners feel that there has been some casting aside.)

Twenty-five people signed up but around 20 were in attendance. Attendance was sparse, due to the pre-Thanksgiving timing, with many Villagers traveling to spend time with family and celebrate the national holiday based on the colonial Pilgrims' 1621 abundant harvest meal.

The three directors in the spotlight were Chairman, Cindi Erickson; Vice-chair, Tormey Campagna; and Board Parliamentarian, Nancy Luehring.

The following account is part transcription and part report. Every attempt has been made to provide accurate information.

Cindi Erickson: “Nothing binding happens in these discussions due to only three directors being present.”

Assessment & budget – possible assessment increase?

Dave: **“I think probably one of the biggest challenges we have is getting our assessments near the level they need to be in order to sustain the Village like we all feel it needs to be sustained.** I think our biggest challenges, one of our challenges at this point in time is community trust in the Board, the administration and everything.”

Dave: “I think part of our solution to that would be this Finance Committee that I know you guys are getting ready to meet in more detail on in the coming weeks.”

Dave: “I’d just like to, I guess, ask some questions about how do you guys go about the budgeting? Monitoring the budget as it goes? Because the perception out here is there is a lot of, the superintendents get in the newspaper and say they can’t hire people... the salary thing, that we’re not paying enough to compete with the Walmarts and places around here. Or what exactly that reason is that we can’t hire people, but it seems like we’re having trouble getting the worker bees, the people that really take care of us, day-in and day-out.”

Dave: “But yet, on a semi-regular basis we see executives, and I use that term in a very broad sense, being hired. Many of them not even in the budget. They just appear during the year.”

Dave: “I think the Finance Committee...you guys can’t be everywhere. You’re working on marketing, you’re working on everything from the CMP to a very wide variety of stuff.”

Dave: “I really encourage you to embrace the whole idea of getting some assistance to you, giving them the autonomy to help you and not be restrained by staff directing them. I think one of the questions right now is about whether the CFO should be the chairman of the committee or whether someone not on the staff should be the chairman of the committee.”

Dave: “I think we need to regain trust of the people. How do we go about making this budgeting process more of a, something that everybody can trust?”

Dave: “There is a department and I think it is called Community Marketing Division that’s in the 2020 budget. Their average salary is \$93,000. That’s the average salary of everybody in that department. I know it is only three people. That’s a lot of money, that didn’t exist last year.”

Tormey Campagna: “I don’t think that. I don’t know of any person that’s been hired that wasn’t in the budget.

Erickson: “It doesn’t happen.”

Campagna: The recently hired Director of Marketing was in the 2019 budget. People with marketing experience need to be hired, if we are to bring about new rooftops and new residents.



HSVPOA Board Vice-chair Tommey Campagna at HSVPOA Let's Talk 11-23-19

Campagna: "I agree with you. We have a challenge hiring the lower end of the workforce." Walmart is offering better pay and benefits than we are for the low end. The racetrack also complicates the situation because they are hiring people at \$15 and \$16 an hour.

Campagna: "You are right about one thing. We do need to improve, I don't like the word, 'trust', let's put the word 'confidence'. Trust to me sounds like somebody thinks somebody is doing something inappropriate or absconding with money. I think what's happened is, there is not as much confidence as there should be in the way the Board is monitoring the budget and maybe the way the budget is being spent. **If we can get that improved and be more open about where the money is going and that it is not being just thrown down the drain, I think that people will feel better if the fact an assessment increase had to happen.**"

Dave: I think it is confidence. “I think it is how it is being spent. We’ve got to fix that because I don’t think there is any way we are going to get an assessment passed, even on a two-tier basis, when Property Owners are directly impacted every day by the roads and all that sort of stuff. “

Road repair

Dave: “One thing on the budgeting process is, we didn’t pave anything for three years. Did the Board know that?”

Campagna: “I don’t believe...”

Erickson: “I don’t think it is true we didn’t pave anything.”

Campagna: “We did pave some stuff but we’ve taken a different approach to road maintenance that we did once upon a time, which was laying 30 miles of new asphalt every year.”

Dave: “We fixed potholes and stuff like that.”

Campagna: “And we did a lot of other smaller stuff like crack sealing, which may, if it’s done properly, and I am not suggesting ours isn’t, because I believe it is, can add six to eight years to the life of the road.”

Dave: “And culverts have been a big...”

Campagna: “Right. And if you start replacing the road, the way we used to do it, say 30 miles a year. That costs a couple of hundred thousand dollars a mile, almost to do it, lay down four inches or three inches of asphalt and so we are trying to find ways to extend the life of the roads without going to all the cost...”

Campagna: “If you start paving 30 miles of road a year, three and a half, three inches deep or more, you wouldn’t have enough money in the budget to do it. It just wouldn’t be there. It wouldn’t be there even if the assessments were up.”

Erickson: “Tormey is particularly knowledgeable about this because he is the Board liaison to the Public Services Committee so he hears all the dialogue...”



HSVPOA Let's Talk on 11-23-19 Chairman Cindi Erickson and Director/Parliamentarian Nancy Luehring

Erickson: "What I would add to what he said, is I think there is at least one thing that we can [indecipherable] and that is a few months ago a gentleman by the name of Ron, tell me his last name, he's the streets guy. Tremendous credentials. And he's the one that has come up with the plan to extend our assessment dollar. [Ron Sievright](#). To be able to extend the assessment dollar to care for the roads as well as they can be cared for. I think it is fair to say that kind of talent wasn't on staff. While the position was vacant, not much got done. Nothing got done until they could get the right person in there to figure out what it was that needed to be done. So I would encourage anybody to follow closely what those plans are for making certain that those roads are well cared for. I feel real good about that and how that's going to be planned. In fact, \$450,000 out of the current year's budget is going to be carried over so that we can play catch up next year, now that Ron is in place and his plans are in place."

Campagna: Ron has a lot of interesting ideas that will help us. We have some talented people in the department with good backgrounds and credentials.

Erickson on bringing back confidence

Erickson: Right hiring will help to bring confidence back. Also, a demonstrated intent to stretch the assessment dollars will help with confidence. Paul Sage, our new marketing manager comes with tremendous credentials. Sage will, “jumpstart our marketing program, which we all concur, hasn’t been what it needs to be to grow the association the way it needs to grow.”

Dave: “We have a Tourism Director and now a Marketing Director.”

Erickson: “No, marketing manager. He is a manager. He is not a director.”

Dave: “It just seems like every year, the administrative staff gets bigger and bigger and we don’t even have [sic] have to take people off of culvert repair to collect the garbage.”

Erickson: “Did that happen?”

Dave: “It does happen.”

Campagna: “The problem in the garbage area, that is another Public Service issue, is that we haven’t been able to find [indecipherable] the workers. So now what we are doing, is hiring temporaries through a service.” This costs us about the same as what we pay our own people. This is being paid out of contract services and the net is about the same as if we hired them ourselves.

Dave: “That sort of thing convolutes the budget because you move expenses from salary and they put it into contract services and then we tout our salary expenses are down. And the headcount is down, but yet here on this other line we now have contract services.” This is what happened with the accounting with the gate guards.

Campagna: “You have to be careful how you actually spin that because some companies will contract a bunch of stuff out so that they can say their employment levels are lower so it looks better on their annual report.”

Campagna: “I don’t see where we’ve done that when we contracted out like for example, the gates. It appears from what investigation I’ve done, because that was an area I personally was concerned, our costs aren’t much different than when we did it ourselves.”

Dave: “I don’t think the concern is the cost.”

Campagna: “But I don’t think we did it to make it look better, either. I think there were some issues with our own gate system, but who’s to say?”

Campagna says people are saying we are overstaffed in the marketing area, but he wants to give it a chance to see if what we are doing is working.

Dave asked if some of the garbage pickup folks wore ankle bracelets and suggested the Board needs to check into this issue.

Marketing and the Marketing Sub-committee

Debbie: “From what I understand, that part of the CMP was to put a Marketing Subcommittee together

to develop a marketing plan and right on the heels of the deployment of their plan, the publicizing of that, the POA's marketing plan came out. So I just wanted to know how that all worked. Did it come together? What's the end product?"

Erickson: "The CMP called for, I think it was nine different subcommittees, one of which was marketing. So you are right about that." Looking back at the retreat the Board held on May 1 and 2, establishing the Marketing Committee came up and "had some pretty robust conversation." Some of the Board members were interested in establishing the Marketing Committee that reported to the Board, yet here was this in the CMP that had it reporting to the CMP Advisory Committee. As it turns out, there was not a majority of the Board that wanted the Marketing Committee to report to the Board."

Erickson: "I will correct you and say, they were not chartered to create a plan. There is nothing in the charter that says they were to create a plan. Instead, it says to make recommendations to staff about the creation of a plan, to familiarize themselves with past marketing efforts, etc."

Erickson: "This has been a hot topic lately. So I've worked at this recently, so I am confident in those statements. That's what the Marketing Subcommittee was chartered to do."

Erickson: "I'll just give you a little bit more background. The expectation, the CMP Advisory Committee got started just a little bit late and prior to that, the previous Board said at expectation of the CEO to have a marketing, a three-year-marketing strategy in place by August of this year, so that it would inform the budgeting process by a couple of, you know, we'd have a couple months leeway to evaluate that budgeting process. That didn't happen."

Erickson: "The CMP Advisory Committee got started late, as a result, the subcommittee got started late. They didn't get that done. That work didn't get accomplished until we had the Budget Committee meeting on October 1, or budget meeting on October 1st. This was just the discussion and the different staff leaders came through and said their portion of the budget. In that conversation, I said I don't know how to evaluate the marketing budget, if I don't know what the plan is, right?"

Erickson: "So they scrambled. They indicated that they were nearly complete in putting that plan together and so they accelerated that and presented a plan to the Board in subsequent budget discussion meeting that I believe was held on October 28th. But don't quote me on that date."

Erickson: "And that's where we saw the version of the staff-created plan. That plan incorporated many of the recommendations out of that subcommittee. The subcommittee also had some recommendations that didn't make the plan. So, that's what's being further evaluated as we go forward."

Debbie asked if the Board is satisfied with the progress on where we are what is going to happen in the next year or two.

Luehring: "It is a...it is not a set-in-concrete type of plan. It's not as specific maybe as we would like, but the funds that we have are available" for a huge marketing plan. There was interaction between staff and the subcommittee as Jamie Caperton was part of the committee.

Luehring: "Most committees are advisory in nature and they make recommendations. They aren't making the actual decisions."

Debbie said Caperton was the staff liaison and that one would think she was also involved in discussions at the staff level to develop the plan that they put together.

Campagna: “The plan you see, I view as a pre status factory framework. I think some specific details, maybe added around in a variety of areas about what the real deliverables are going to be in the marketing things that are going outward.”

Campagna: “Now there are deliverables that ought to be inward too, so we all feel more confident and get it personally and sell it to our friends and relatives that don’t live here.”

Campagna: “I think it is a good start and I think over the next twelve months, I am hopeful that we’ll see changes. But personally, I am gonna watch it as we go along. While I don’t run the operation, there, I am surely going to make suggestions if I see things that I think can be done better or different.”

Erickson: “I have some additional comments. I think it was a reluctance to get too far ahead of our headlights before the marketing manager was hired. Right? To make too many plan-specific commitments that once you hire talent, that talent would feel bound by decisions that had been made. So if there’s any disappointment in the lack of specificity in the plan, I think that could be attributed to allowing this new individual, this Paul Sage, to come in and develop that plan more thoroughly.”

Erickson: “So I have a great deal of confidence in that. Another thing I would mention, the Board should not be in the position to second-guessing the validity of a plan. What we should do is say, ‘is the plan delivering the results for the Association that we need to have delivered?’”

Erickson said this is measured in rooftops and amenity consumption.

Erickson: “We have to stay in our lane and not be psuedo-oversight of operational execution.”

More talk about assessment increase

Erickson: “I was part of the Future Funding Task Force, years ago, that recommended the two-tier. But we said three things.”

- First of all, we recommended two-tier, but we recommended two other things.
- The second was that the 800-pound gorilla here in the Village is golf, our biggest asset and revenue generator. The subsidization of golf was getting out of hand. They recommended golf subsidization be limited to 1.5 million dollars a year.
- At the conclusion of the Task Force in 2014, they said that if we didn’t pass the assessment increase, the two-tier assessment increase, we would be out of cash in 2016 and we would have to phase, coming back for another assessment increase in 2020. Right before 2016 we ran out of cash and had to get a line of credit to be able to pay some operating expenses... “We were close to out of cash. **Now, here it is coming up on 2020 and we don’t have the growth yet that we need to prevent another assessment increase.**”

Erickson: “**So that’s become a very real discussion point at the Board level and the community level, is what do we do now that that growth never materialized? Not to the degree that it needed to, to prevent an assessment increase.**”

So that is the background I give on that, from my history.”

Man from audience: “When you say, ‘need an assessment increase,’ are you saying, need to make our payments on our bills or you mean to get us where we need to be?”

NO concerns about operational expenses

Erickson: “To get us where we need to be. We have NO concerns about operational expenses, currently. None at all.”

Man: “Like we were in 2016?”

Erickson: “When you hear people say, you know, ‘are we solvent? Are we about to...’ The answer is NO, absolutely not. We’re covering all of our operational expenses, plus we have seven figures in the bank for reserves. No one should leave this room thinking we have any kind of imminent financial concern. We have future financial concerns because we need to find a way to take care of the deferred maintenance, that we are patching together and to evolve the Association so that it stays relevant for future buyers.”

Campagna: “Did you go to the Board meeting last time?”

Delayed infrastructure

Campagna: “The comment I made is you can delay expenditures and sooner or later you end up playing catch up with them. Right?”

Campagna: “If you look at the Village, we’ve got about two hundred million dollars in assets. We depreciate assets over different life-cycles, depending on whether it is carpet in your apartment or your furnace or roof or whatever. But if you took an average depreciation amount of say a life-span of 20 years, which probably is not unrealistic for most of our assets of that range. You’ll depreciate about 10 million dollars a year in assets. Right? You probably need to be putting away or spending 10 million dollars a year to keep those assets viable.”

Campagna: “Well today, and that is what you were alluding to, we aren’t spending ten million dollars a year or anywhere near it. And so sooner or later you do hit the wall. Is sooner or later next year? The year after? I can’t tell you that.”

Man: “You got accused of kicking the can down the road, so pretty soon...”

Campagna: “Someday the mountain is going to be impossible to climb.”

Erickson: “So this is a conversation that we are going to begin having at the Board level and the community level after the first of the year. And I guess what I would encourage people is, let’s let that conversation be constructive, civil, open-minded. So that the best possible solution for all of us comes out of these conversations.”

Campagna: "Every revenue, let's call it 'revenue enhancement effort', assessments would surely be an enhancement to the revenue..."

Campagna: "There's other things we could possibly do that might cause the other one number to be smaller than another and I think rather than discuss those now, I think we intend to have that as an open discussion – an open dialogue about some ideas that could help us in these areas to offset the cost of [indecipherable] we are going to incur eventually."

Sub-committee of Governance Committee – Voting Procedures Committee

Vicky Husted asked about the committee that will be examining the voting procedures.

Erickson: "Let me tell you how the committee came to be. Any standing committee in the association can charter a subcommittee at will...If a standing committee needs help with a particular task, it can charter a subcommittee. That's what we did on the Governance Committee."

Erickson: "Tormey serves on the Governance Committee and he is chair of that Voting Procedures Group."

Campagna: "We've had our first meeting last Wednesday. First off, the Committee is made up, exclusive of me, of great people. Jerry Yeric, Jim Zahn and Renee Haugen, who works for the POA. She has been handling the mechanics of the elections for a number of years and is a wonderful asset. She surely understands what we have been doing."

Erickson: "Another reason for confidence."

Campagna: "Absolutely. The committee was, when I sat at the first meeting of the committee and made some opening remarks, let me say this to everybody. I don't believe there's been ever any malfeasance in our elections. I can't find a spot where anything was ever really done wrong. But there is a confidence level, that because of some of the policies we have, or processes, it could happen."

Campagna: "It's been overdrive in the community that there's an issue here. But what we are doing is we are going through the bylaws. We're going to establish policies where they weren't. But the issues that we are [indecipherable] for were being covered in many cases by our procedures and we're going to look where we can tighten some things up to increase the confidence and we will hopefully have a recommendation out on that by the next Governance Committee meeting because the Governance Committee looks at these recommendations before they go to the Board and makes sure that they aren't conflicting with other policies and then they, if they like, whether they like the recommendation or not doesn't matter. That's not our job in the Governance Committee. It's just to determine whether there is a conflict. If there isn't, I expect that to go to the Board meeting in the December, I think it's 15th meeting."

Erickson: "18th"

Campagna: "18th...as a new business and voted on in January and therefore implementable in this election. I am not going to talk to what the ideas we have so far, because I... But I do know a lot of them and they're ones that ought to give people more confidence than they may have today. Again, I

don't think anything's ever gone wrong."

Man: "Would you characterize it as tweaks or overhaul?"

Campagna: "Tweaks. Absolutely. Not overhaul. So much of what we've done is just fine."

Erickson: "And I would go, what probably a good share of what you will see is possibly a movement among the governing documents. Things that are in the bylaws might be moved to procedural, better placed in policies. Or things that are in policies might be better placed in staff procedures. That is a possibility."

Campagna: "Yeah. That is exactly right."

Campagna said that after one meeting and a couple of phone calls they are pretty close to putting it all together.

There will be time for public comment between the time they introduce the new election procedures in December and take a final vote in January.

Campagna: "I can't imagine the public won't support the deadline on this."

Husted expressed her concern about the limited time to publicly discuss this issue.

Campagna said, "One of the reasons, in this case, on this particular committee, that we wanted to predominantly dominate it by people who weren't on the Board was for the reason to make sure that the Property Owners had confidence that we had first-quality people doing it. And Jerry Yeric has been running our elections for a number of years although he hasn't done the last two. And Jim's been involved in them so we got good people."

Erickson: "I want to in a friendly way correct...these are not run-of-the-mill people. Jim Zahn was Justice of the Peace, so these are quality, experienced people. In a friendly way, I know it is on recording. Lift them up as great contributors to the community."

Linda Van Scotter: "Okay, I think what we are interested in that Monica had asked and now just jogged my brain was, things like the ballots are not delivered to the POA. They are either kept at the Post Office or offsite with some type of accountant or attorney." If we needed to go through the ballots for accuracy, with the way we do the vote there are no identifiers to know who filled out the ballots.

Campagna said, "We are taking every one of those things into account and are going to try to address it." The one problem with putting an identifier or code on there, people are concerned that people can potentially see how they voted.

Campagna said, "The other things you talked about, we are going to address."

Van Scotter said there are ways of identifying ballots without violating someone's right to privacy.

Tormey said they were working to enact a voting process that is "clean, solid and non-corruptable."

No change planned in the procedure to apply for the BOD

Jean: Once three directors have applied for the Board positions, are there any changes to that process that you foresee?"

Campagna said they have already published the documents. "The process to apply for the position, we aren't even discussing."

Luehring said you must be a member in good standing and that is really the only requirement.

Campagna said it would be the same as last year.

Are Voting Procedure Subcommittee meetings open to the public?

Jean asked if the Voting Procedure Subcommittee meetings are open to Property Owners.

Erickson: "You know, it is an advisory committee to an advisory committee. Right? So they if they're doing task work and they'll recommend it back. At that point, once it becomes ready for Board discussion, the output will be public."

Jean: "So will it go from your subcommittee to the Governance Committee?"

Campagna: "And they just look at it to make sure it doesn't conflict with changes we make, changes we make don't conflict with something else."

Jean: "Is the Governance Committee open to the Property Owners?"

Campagna: "That is a closed meeting."

Erickson: "That generally is a, that generally is a closed meeting."

Jean: "Okay. So there is no way to know what those changes will be until it actually goes to the Board meeting."

Erickson: "That's right."

Luehring said they are still taking applications for the Governance Committee. "Just go online, fill out an application and join us."

Erickson: "We welcome the help."

POA seems to be very top-heavy

Jean said the organization seems to be very top-heavy. "I've worked in organizations. A lot of them have been very top-heavy. Not enough worker bees. From my point of view, I'd rather have more worker bees that actually get things done than to have all these top-heavy people at the top. So I know, input is very important. I know planning is very important. But I think we just need to consider the

fact that part of those salaries, that \$90,000 for whoever, can you imagine how many people you could have to get the job done with that? Just a thought.”

Campagna: “Let’s take \$90,000. In a marketing organization, you need people that are really qualified in marketing. “Yes, you could have a couple of lower-paid people” for the administrative work.

Campagna said it does “surprise him or give him a lot of heartburn” that we have highly-paid people in marketing as long as the results are obtained. The deliverable is the growth.

Erickson: “What makes you think we are top-heavy? What does top-heavy mean to you?”

Jean: “Top-heavy is, and I have not done the math. I am not a math person but if you take all of the...start with the CEO’s salary, it’s high. It’s probably out of range for this area. But it is what it is, I guess. Then you have...”

Erickson: “Why do you feel the range is high for this area?”

Jean: “Because she is paid more than the Governor of the State of Arkansas. I mean there has to be...you keep saying it is a corporation, but Ms. Nalley on Wednesday, I was at the Board meeting, said we are a municipality. So if you are a municipality...”

Erickson: “No she didn’t say it.”

Jean: “Oh, she said it. I wrote it down.”

Arguing

Jean: “She may not have meant that, but that’s what was said.” Jean said they weren’t going to agree. We can challenge each other...”

Campagna: “I don’t know whether, when you are comparing any specific job of significance or importance in any organization to what the Governors of the State make may not be the most appropriate comparison, although it is one that is easy to make.”

Campagna: But you can look at the Governor of the State of Iowa, where I lived, grew up, makes less than \$100,000 a year. Has he got a job of a huge responsibility? Absolutely. So I don’t think the Governors are the right comparison to make. There are no Governors of any state making real serious, you know, six-figure numbers.

Erickson: “Let me, to build confidence, let me assure the Property Owners that when the contract is evaluated, one of the steps involves a competitive analysis for the compensation given the job duties.”

Erickson: “So those kinds of comparisons lose their meaning in the context of a much more extensive analysis done by a third party. “

Contract employees

Jean: “That was one specific example. We could go back and forth. But I am just saying that if we’re contracting out some of our work, like I don’t know what the percentage of people picking up trash or

POA employees versus contract...”

[indecipherable interruption from Directors]

Jean: “Because I think that most Property Owners feel that those are POA employees. They give them gifts every year. But these are contract people. They are not doing any less of a job. I’ve been contract. I understand the concept. But you know, it is interesting that is a fact I don’t think I’ve ever heard before.”

Campagna: “There is one advantage to contracting people out. Particularly if it doesn’t cost you any money is, you don’t have the same risks that you do if they are your own employee.”

Campagna: “If we could contract out a lot of services at no incremental cost, it might be smarter for us.”

Jean: “I just think people don’t know that.”

Erickson: “Here, let me give you some statistics from this year’s budget. Public Works, Public Utilities or Public Works, Public Services, we call the two of them together. There are eight supervisors and 65 people doing the work. Okay, that’s an example.”

Erickson: “Golf maintenance – there are 13 supervisors, 67 people doing the day-to-day, on the groundwork.”

Jean: “Now are those 67 contract or employees?”

Campagna: “No, those are all employees.”

Jean: “So compared to that, how many of those 67 plus would be contract, do you think?”

Erickson: “I don’t have that data.”

Jean: “Okay.”

Erickson: “Recreation, if you are interested, there are 6 supervisors, 43 that...”

Jean: “But we don’t know how many more are actually contractors? Okay.”

Erickson: “This is why I bring it up. When we say we are top-heavy, I am giving numbers that I hope will give people confidence that maybe we are not so top-heavy.”

Campagna: “Usually the ratio needs to be 7 to 8 to 10 to 1 and our ratios aren’t that far off of that and most those areas you are talking about, we aren’t doing outside contracting in food services or in golf. It is primarily in the trash pickup and we contract for example, the people that mow in here and do the side of the road because we found out it is a lot cheaper. They break their equipment instead of ours.”

Villagers are concerned

Man: “I don’t think the concern is we think the Golf Department is top-heavy in management. I think all the concerns the Villagers have reside in the building down the street here in administrative office,

where, you know, jobs that didn't exist 8 years ago have multiple...Just I mean, there's probably 8 of them that did not exist. CMEO, I can't even find that in the budget. Now she seems to be a fine person, but find that in the 2019 budget. Where it was proposed in the Fall and she was hired in 2019. It wasn't there."

Erickson: "I can't speak to that. I don't have that data."

Man: "That is the frustration. These things, if you do look at the budget and not all Villagers do, some do, you don't see the CMEO in the budget. 'Okay, here is what I am going to do in 2019.' But then all of a sudden, she is hired. And then all the answer you get is, 'well, we are within budget.'"

Man: "So much of the paperwork that comes out of the office over there is 2018 budget compared to 2019 budget. You rarely see actuals. You just cannot get actuals out of her."

Erickson: "So I am going to correct that. Every month, actuals..."

Man: "That is what Podawiltz's problem was with the budgeting process, is we don't see regular reporting coming out of Lesley. We see these made-up accounting things that she creates. What budget, when you worked for John Deere, did you see actuals versus budget when you ran your group during the year?"

Erickson: "Are you aware of that change this year? It is in the budget right now."

Man: "But try and go back and look at '17 or '18."

Erickson: "You are right. It is better this year than last year because..."

Man: "How was this allowed?"

Erickson: "I can't speak to how it was allowed prior to us..."

Man: "That is why you need a Finance Committee. You need someone to be sitting there to be saying, 'THIS IS WRONG.'"

Erickson: "What we have...we're on a path to getting a Finance Committee and as a stop-gap measure, I chartered an ad hoc Budget Committee and one of their recommendations is to project at the point the budget is created, 'what do you expect the rest of the year to be.'"

Erickson: "And that happened this year."

Man: "Month-by-month."

Erickson: "Oh not month-by-month. Nobody can predict it..."

Man: "No, I mean actuals, month-by-month as compared to budget."

Erickson: "There is no monthly budget."

Campagna: "We don't have monthly budgets. That was another recommendation, I think, if I remember right, that they made, at least down to the quarterly budgets. The challenge is, a lot of our amenities,

which you could do, with enough work, aren't level at all because they go like this. Right? Bell curve. It's a different one for golf than it might be for the fitness center or it might be for bocci ball or whatever."

Erickson: "Or look at roads, right? Where you don't want to be doing crack-sealing in the summertime."

Campagna: "So it's a challenge. But we do see monthly numbers compared to the previous year-to-date numbers and the current year-to-date numbers. They're in the budget. Could it be more easily understood? Probably. And I think one of the things once we get the Finance Committee in place, part of their recommendations, I am sure over time, is going to be ways those reports can be more discernable by the average individual."

Man: "Yeah, but like the compensation budget of 2020, this is a copy of it. It shows 2020 budget, 2019 budget and difference. We, you ought to be able to see, that is budgeted, how many people are on the payroll, is budgeted throughout the entire year? Now there's going to be variances. People are going to quit. People are going to get fired. Things are going to happen that are going to make that out of whack. But there ought to be, when you go to Tom Heffer and say, okay Tom, 'How many managers? How many people behind the desk in the pro shops?' That's all he's got. What does that look like during the year? And then there should be a comparison. And Lesley ought to be looking at that so that she can evaluate Tom and the job he's doing. Is he...?"

Erickson: "Fair comment. But I will tell you that the exhibit that you just referred to, we wanted some more detail, too. So a supplemental exhibit was provided to us and it was discussed and video'd at the, I think it was the October 28 meeting. I may not have my date right."

Man: "The short one?"

Erickson: "No, not the short one. No."

Man: "I am glad to see you are getting more actuals because it is just frustrating for anyone who cares about this, on the side, not on the Board, to sit there and see whether they have valid concerns or to dispute people who you see on the T Box..."

Campagna: "I think the thing that changed this year to a greater reveal, although it was moving that way in the past, there was some fairly lively discussion that was actually available to the people to see. It was on Zoom or something around this year's budget. I know that there were a majority that were fairly expressive about their concerns about some revenue forecast, which in fact caused the budget to be modified and..."

Erickson: "Why it didn't pass on time."

Campagna: "And we went, I don't know how many times we had to go through 5 versions of the budget before one would pass, but I would suspect it would may have never passed before."

Golf budget was dramatically cut

Man: "Well, I don't know how Gary Meyers cut what he cut out of his budget, to agree with what you had to say. He was either padded before..."

Campagna: "Or we aren't going to water the greens."

Man: "How do you cut \$100,000 out? They come back and cut another \$50,000 out without saying, 'I am not going to cut the grass or I'm not going to put any chemicals on it?'"

Erickson: "Well, there's levers that can be pulled. And one they are looking at doing this coming year is, on a rotational basis, shutting down course. A course. Pressing then that demand for golf to the remaining second courses."

Man: "But you can't..."

Erickson: "That doesn't come without its own problems."

Man: "Yeah. You can't stop cutting the fairways."

Erickson and Campagna agree

Erickson: "There are ways to cut, but right to acknowledge, we are near bone. We are through flesh. We're all into muscle and almost to bone. **Hence, we need to have a very serious discussion about revenue for this Association, going forth. Because we can't do this much further.** Yeah.

Woman: "Well this started with Jean commenting about being top-heavy and how that question came back to her. So in the budget for 2020, where we are losing staff, is in the Golf Department. There's 18 jobs that are going to go away in 2020."

Erickson: "There's 18 open requisitions that are going away. Some never got filled. Some never got filled. So people aren't going away. Approved open positions never got filled. And I don't know the exact number, but it's most, if not all of them."

Campagna: "My long term concern, first off, if every budget, there's always some amount of tuning to be done if you reduce any expense line. The question is, where and when does it start re-impacting your ability to deliver services. And that's what all of us are going to be worried about, if the service level starts to go to pot."

Villager feels Granada Course has been practically unplayable

Man: "Well, look at Granada the last three years. Two of the last three, it's been practically unplayable."

Campagna: "Although now, I played it just recently and they actually the greens were pretty good again, thankfully."

Man: "Well, they've got a lot of patchwork on it, but hopefully by next year, it will be fine."

Erickson: "But that has been explained that it's not necessarily the labor that is applied to it or even [undiscernable] but the hybrid of grass that is on that green is creating the problems. It makes it more difficult to maintain, no matter how much labor or chemicals you put on it."

Cutting certain expenses can be self-defeating

Campagna: "Here is where I was going to go with that in my comment. When I worked in corporations that got in trouble, and they started cutting expenses, generally speaking, they did cut fat. Then if things didn't improve, what I found to be the case, many times is, they started cutting their sales force. And then they wondered why sales didn't go up."

Man: "And advertising."

Campagna: "And advertising. It ends up being a self-defeating process. You're just circling the drain, down and down and down. What I surely don't want to see us happen here is that we have to eventually get to the point where we have to start cutting what I'll call vital services. Whether that is road repair, proper maintenance of the golf courses, whether it is trash pickup, otherwise it is going to devalue all of our properties and make this not to be the wonderful place it is today to live."

Man: "That is the concern about administrative additions and services cut. It just, you know..."

Campagna: "On the other hand, let's see you went to instead of 8 to 1 ratio of workers to supervisors and say, what we'll do is make it 20 to 1. Actually, supervisors generally have a function in most corporations and they set the strategy as to what needs to be done today and monitor what the workers do. So you can cut it so thin. Then you wonder why the service, even though the ratio looks great, the work doesn't get done the way you like it to get done."

Golf course problems

Woman: "But to that point, in specific development, on the golf courses, the overarching opinion is that service is degraded and that we are not able to keep up with the maintenance that is necessary. And the pro shop staff is limited down from where it used to be, so levels are already going down from a staffing perspective and the ability to keep that to the level at which they were. Yet, we're going to continue to erode staff and cut the budget in that organization. So that is where the lack of confidence comes in, that we're making all the right decisions because services are down. Budgets aren't met. [Indecipherable] budgets aren't met and..."

Erickson: "So describe a little bit how services are down. The feedback I get are the courses are in the best condition they've been in a great amount of time."

Woman: "That's not necessarily true. I mean we heard some of those things in the summer when some of the courses were basically not producing any revenue at all because they were in poor...I mean Granada is the prime example. No one wanted to play Granada."

Erickson: "Everybody knows, yeah, we know about the Granada greens problem."

Man: "It is not just this year. Two years ago, it was they didn't apply pre-emergent. So you had all that goosegrass issue going on. And then you kill the goosegrass and the greens are like putting on a washboard. And Gary, I think his heart's in the right place, but the man's never made a mistake. We bought the wrong grass. The guy who retired 9 months prior to Gary coming in, didn't order the proper chemicals. I mean the guy, it just..."

Erickson: "Okay, so now we're getting into personal, personnel performance. We are not going to go there. So I am going to move onto the next topic. If we have time, we'll come back."

Roads

Maxine: "You talked a little bit about roads. I came from California. You came out of your house, there was a road. You needed your garbage picked up, garbage was picked up. Never thought about it. My plan was, come here and I'll fish and I'll play golf and I never thought about rain. Because we had drought in California. Dry. You're only allowed to water every other day for this much amount of time and this time of day. "

Maxine: "Come here, look how green everything looks great on the surface. The surface wasn't always so great, but if you take this surface and you go down Central Avenue, Park Avenue and Central Avenue in Hot Springs, this place, these roads are gems."

Maxine: "So, two-tier came along. And I was outraged. I thought it was..."

Erickson acknowledged that she and Maxine had some conversations.

Maxine: "How could you do such a thing. It is not fair! And we went through all the, 'could we try this?' 'No,' because we'd get sued. 'Couldn't we, how about a special assessment?' 'No, this is maintenance that has to go on forever. It's not one shot, you're done.'"

Maxine: "'Oh, raise the fees for amenities!' 'Well, the wheels are going to fall off if you do that.'

Maxine: "So I went through iterations of, 'how can we fix this?' And I couldn't. I couldn't figure it out."

Maxine: "So I asked everybody who hated two-tier, 'give me a hint. Give me your plan. How can we do this without such an unfair thing?' 'I don't know, but this is no good.'"

Maxine: "So in the end, what happened? You held your nose and did it."

Maxine: "Was it enough? No. Was it better than what we had? Yeah."

Maxine: "One of the reasons I came here was thirty-something dollars a month for amenities. Are you kidding me? They must put taxes or something. No, they are not allowed to put taxes."

Erickson: "Because we are not a municipality."

Maxine: "I know that. I know that. Let me go back to roads for a second. We have roads going everywhere. We have roads that go down places where there is a bucket of trees and not a home. No home. But we have roads. "

Maxine: "We have roads that we have to maintain forever."

Erickson: "So the question?"

Maxine: "The question is, how did I manage to get volunteers to go out with a bunch of people inspecting roads? There were five teams, each had three people on it. And I know somebody sitting on the end there was on one of these teams."

Maxine: "Boy, did I learn real life in a big hurry, at a level of detail that I never would have dreamed of. So my questions is, if we could get more people...I don't know how to get more people, to volunteer their time to do some of this stuff so we don't have to hire people. I learned alligator cracks and rugging and [decipherable due to interruption]."

Maxine: "And this is a new language to me. So we should rename this place, 'Hot Springs Village University.'

Maxine: "What I want to do is thank you. I don't have a question."

Erickson: "So your experience in volunteering, did it increase or decrease your confidence in the work that is being done by staff as it relates to roads?"

Maxine: "It increased my confidence in the whole Public Services Committee, which I come and I sit and I listen and I am amazed at the load of work they have to do. And facilities and parking lots and landscaping and roads and culverts."

Discussion on potholes, culverts, roads and the amount of work that goes on in Public Services and also the Committee.

Campagna said if we had more people on the Committees, the POA would function better because the Villagers add a lot of value.

Boat fees

Lewis: "Why is the Board raising the rates to have a boat? What is their reasoning? What is the reason we cannot have our boats by our houses? We can have golf carts."

Lewis: "My boat is a \$50,000 boat. Why can't I have it by my house? You have golf carts."

Campagna: "Let me speak to half of it and let Cindi speak to the other half. Raising the rates. Campagna said that no one wants to raise the rates but "we are probably spending five to six million dollars a year less than we need to, to properly maintain our infrastructure and we don't raise any rates ever? How are we going to continue to keep the place looking like it does? We're spending, just the minimum wage increase alone is almost double what the CPI index added to our assessments."

Erickson: "I wanted to...that's key. And another key that the Fees Committee looks, or those that examine fees look at, is are we paying market rates? Are the fees market rate? So I am looking up the fee schedule for boats. The daily registration went from \$60 to \$75. I want to read for you, what the fees are at Bella Vista. For nonmotorized, it's \$20. For less than ten horsepower, it's \$180. Less than sixteen feet, it is \$130. Sixteen to twenty feet, it is \$160 and twenty feet and up is \$210.

Lewis: "I understand all the rates from Bella Vista and the other places. But if you go up the road, seven miles, take a left and then take another right, you are only paying five dollars, unlimited times at the State Park (Corp of Engineers)."

Luehring: "That is a daily user fee."

Erickson: "Yeah, that is right. But that is a governmental agency taking care of that lake. Right? That doesn't cover all the costs for caring for the lake."

Luehring: "And you would be paying that daily, if indeed you used the lake..."

Lewis: "You can pay it monthly or you can pay it in another way. Because their fees are from the Corp of Engineers and I boat that lake constantly. You can pay for like a whole year and it is year to year." [A rolling twelve months]

Campagna said the public lakes are supported by tax dollars and our lakes are not.

Lewis: "My question though, is why do we pay a fee to have a sticker put on our boat and what do you get?"

Lewis: "You look at Waypoint and half of it isn't working because of the electricity. There's no mechanic to help fix your boat if you have a problem. All you have is a boat ramp."

Erickson said that the lakes' budget is much higher than the fees brought in. There is a lot of expense in maintaining the lakes such as dredging, chemicals, maintaining the buoys, etc.

Campagna said the lake revenue forecast for 2020 is \$162,000. This is a pretty aggressive forecast, being as last year we were only forecasting to do a \$135,000 in 2019. So that is a pretty big increase. The expense in 2020 is forecasted to be \$515,000. So we are going to lose \$353,000. \$353,000 is what the subsidy is going to be to support the lakes. This will come from our assessments.

Campagna said the 2019 forecasted subsidy for the lakes is \$700,000 because of the dredging. Campagna said he hasn't done the math, but he believes we subsidize lakes as a percent of overall costs at a higher rate than any other amenity in the Village. [This pertains only to the categories where we collect fees.]

Erickson said that trails are fully subsidized.

More on Finance Committee

Rocky Peebles gave kudos to the Board for establishing a Finance Committee.

Erickson said the Board is having open discussions about the Finance Committee. There will be a meeting on December 6 to wrap up the Finance Committee work. They are determining where the Board has consensus. "Once we understand that, we will write up a charter. It will be introduced as new business in December." They will vote to approve the charter in January.

Campagna said it is their expectation the charter will be approved, but there is no guarantee.

Rocky stated his appreciation to the Board for developing the "Voting Committee."

Questions about New Board Orientation

Rocky: "When you do the New Board Orientation, you have outside consultants coming in. Who is in charge of that orientation? Tell me the mechanics behind it and help me understand. My opinion, I am trying to be very delicate in how I say this. My opinion is, you had some consultants, whomever is leading the parade, telling the Board members that basically that we don't have Freedom of Information."

Rocky: "We had a judge come and say, uh uh, he is wrong. You've been doing it wrong for all these years."

Rocky: "They have been telling you we are a corporation, that you are supposed to serve the corporation and not the Members. Could that be wrong, too?"

Erickson: "So, okay. Yeah."

Rocky: "That is as nice as I can ask."

Erickson: "That is perfectly fine. It is an important discussion to have. So um, let me just walk through what we call the New Board Member Onboarding Process."

Erickson: "It starts and you might have noticed it in yesterday's Village Digest, there is going to be a candidate orientation scheduled, Saturday, December 7. And it's basically for anybody. It is open to the whole community, but particularly targeted for those who are contemplating whether or not they want to be a Board Member."

Erickson: "So it is very high mechanics of what it means to be a Board Member. Helping them to make a better important decision about whether that is a path they want to choose for themselves or not."

Erickson: "What you are referring to then, we hold in late March, after the new Board Members have been elected but before they are seated. And it is two days and we bring in outside consultants and attorneys to talk to us about, it truly is an education. It is not just an orientation. It's not opinion sharing or whatever. It's guess what, you've got some real legal liabilities here and you need to know about it because of the way that we are incorporated. It's very specific knowledge that needs to be imparted before they get sworn in as Board Members."

Erickson: "Then, immediately upon them being sworn in as Board Members in April, we go into executive session where they are acquainted with all of the things that are protected by the Bylaws."

Any personnel issues, litigation issues, real estate issues, anything that should not be out in the public. We have executive sessions so they are immediately acquainted with all of those issues.”

Erickson: “And then finally in early May, we hold a retreat. Which starts looking forward. What do we want to have happen, in the coming year?”

Erickson: “So that’s how we onboard Board Members. You’re speaking specifically to what happens in late March. And you’re right, we bring attorneys in to make certain that new Board Members, Board Members elect, understand their legal responsibilities. Because if they don’t and they operate outside what is expected of them, legally. The D and O insurance that we have will not cover them. It’s a risk management matter as much as anything. And yes, there is a lot of other information that’s imparted.”

Erickson: “We go through the budget. We go through the things that are [indecipherable] to the association, itself. But that is the primary reason so that they understand that because they’ve been elected and not yet seated, but because they’ve been elected, they need to go in with their eyes wide open about what those responsibilities are.”

Rocky: “Again, I am going to say this as nicely as I can. You’ve had these individuals come in to basically advise the new Board Members.”

Erickson: “To inform.”

Board loyalty to the Corporation or the Property Owners?

Rocky: “To inform. And we found that the Freedom of Information Act [the POA’s stance on this] has been wrong all these years, based on what the judge says, so I’m asking the question again on what you are talking about right now. Is the way that they position and talk about how the Board Members are to handle the corporation as a corporation, as opposed to...you know, taking care of the corporation instead of the homeowners. I am trying to say it carefully, is what I am trying to say.”

Erickson: “You are setting as a dichotomy, we either take care of the corporation or we take care of the Property Owners. Let’s explore that a little bit. You know what it means to take care of the corporation is defined in our Articles of Incorporation. There it says to protect the value of the real estate in the Association and to provide for the health, safety and welfare of the residents and commercial owners. I know that verbatim. I’m into it all the time.”

Erickson: “There is nothing in that purpose, to which we are sworn to be obedient. That’s part of our fiduciary responsibility. We have to be obedient to all the governing documents. The highest most, within the Association, is the Articles of Incorporation. And that’s where that purpose is. So if we are obedient to protecting the value of and promoting the health, safety, and welfare of the residents and the commercial owners. No one can rightfully say that we are not by law, required to operate to the best of our ability, for the best interest of the Property Owners.”

Erickson: “You are right. The judge did come back and said that any member that has a proper purpose now has access to our books and records. That was an interpretation. Right?”

Erickson: "Realizing the policies that ran contrary to that, were established by John Cooper in the first place. And then his grandson sued us over that."

Erickson: "Now there is an interpretation that says those policies weren't right. And we are adapting. Nancy needs to be given tremendous kudos. She and Buddy Dixon and Mike Misch and Kathy Miramontes went through our Bylaws and went through our policies in painstaking detail to say, 'okay, what do we need to change, now that the judge has issued his ruling?'"

Campagna: "I don't think Cindi was trying to throw John Cooper the Second or Third, whatever his title is, under the bus with that comment. People's opinion changes like the law of the land change over time because Congress modifies it or the Supreme Court decides if that law was not legal in the first place and they throw the whole thing out and so John Cooper, Senior did a job. He thought that's the way it ought to be. His successor once or twice, decided, 'I want more information.'"

Luehring: "The Bylaws have been put into compliance with the CCI ruling."

Do our marketing efforts capitalize on our gates?

Rocky: "In the marketing, are we including and capitalizing on the fact that we are the largest gated community in the United States or is that message being diluted or going away?"

Campagna: "This is an area where I personally think we not capitalizing as well as we could on that and a variety of other things. Do we really push hard on the fact that we've got such a huge, immense inventory of amenities?"

Campagna says the amenities are still economically priced and we should be selling that.

Rocky stated that a big part of the reason why he and his extended family moved to HSV (3 homes) was because of the gates.

Both Erickson and Campagna stated they are in favor of the gates.

Executive sessions & roll call voting

Gary Busse: "The Bylaws stated that votes can be taken in executive session."

Erickson: "Yes."

Gary: "And then it says they shall be communicated during the next public board meeting. I don't know how often that happens. Where does that fall on the agenda in the Board meetings? And votes during the Board meeting, sometimes you go for a voice vote and sometimes I think you do a roll call. Sitting in the back and you do a voice vote, you can't tell how many ayes or nays are cast. And if you do take a roll call, do you rotate that so you don't have the same person voting first, same person voting last?"

Luehring: "In regards to roll call votes, that is something that is suggested or asked for by one of the Directors. If they specifically want that verbalized and I believe I only have been involved in one roll call vote. I know that is difficult hearing in the back. Sorry about that. That is how a roll call vote happens."

Erickson: "Clearly what we talk about in an executive session, the content cannot be made public. Our Bylaws restrict that."

Erickson: "How we bring that [executive session] into the public record is in the Consent Agenda. You'll see, 'Executive Session met for the purposes of personnel discussion [etc].'"

Threat letter?

Woman: "I know you cannot talk about details, but sometime ago there was a [threatening letter](#). Because it went through the mail system, has it been turned over to the Postal authorities? Have they given you any indication that they have any leads on this?"

Erickson: "They have not given us any such indication."

Increased fees for new home builds

Woman: I started looking into building a house. "Isn't a real prime issue with us, needing our revenue and everything," important to build more rooftops? She questioned the additional fees added to permits and builders.

Woman: "In Hot Springs, their permit fees are five cents a square foot. Benton is eight cents. We are what, two or three hundred for the first thousand and then thirty cents for every foot over that. So our fees are a lot higher than the surrounding area. I don't understand why they would be that high. We're talking about them covering inspections and that kind of thing."

Campagna: "We increased the total fees this year. I don't know the exact number. Eight thousand up to ten thousand, five hundred or something and the truth of the matter is, that is what it was costing us in actual real dollars to put the infrastructure into each house. And we didn't want to have negative cash flow on that."

Employee pay

Dee Dixon asked about the POA raising the hourly wages to meet the new minimum wage. "I have to tell you, I am shocked that we were having employees, other than food service under ten dollars an hour. I know everyone can't make a living wage in our country, yet. But I think that you get what you pay for. Like you said, even if it is someone who is doing a job that we don't think is worth ten dollars an hour and I think that we would have better service and longer employees. I think I heard you say we have to compete with the casinos. So I think this idea that people who make less are less important. There may be questions about that. I was just shocked that we weren't paying more per hour."

Campagna said that the people who make less may be some of our more important people.

Erickson said 91% of our employees are hourly and it would be a significant budget issue to raise the wages of 91% of our employees to what we all feel would be appropriate. **“So we need to think of revenue.”**

Maxine: “We could probably raise the salaries of all these people. You have to pick what you are going to give up to do it. If you don’t want the assessments and still want to get things done, you have to pick what you’re not going to do. That is what happened with the infrastructure. They kept those amenities and assessments very low without knowing what they were giving up.”

Erickson said there is a 33 percent load on salaries for benefits. That is on average. In administration, that load is only 26 percent.

Mary: “If Lesley didn’t have such a generous salary package, there would be a lot more money for those lower-level people.”

Erickson: “A lot? Really? A lot? Five hundred and thirty-some, four hundred and thirty-some people.”

Mary: “Her package is very, very generous.”

Erickson: “I don’t know if you were here when we talked about, we have an independent review.”

Mary: “I was. What your independent review is, I don’t know. But when you compare mayor salaries, that would be an equivalent, I would think.”

Erickson: “It’s much more complicated than that and it is done by professionals whose job it is to check compensation parity. So we can’t just pick out governors and mayors and that sort of thing. It’s much more complicated than that.”

Campagna: “And also, the number sounds like what you said would make sense. I just did the math in my head and I used to be good at this, so someone check me, I may not be right. If you have 500 employees and you reduced her salary by \$100,000 and everybody works 2,040 hours a year, each person would get a ten cent an hour raise. Not that much. It doesn’t amount to much. So the question is, if you want to raise them a dollar an hour, you need to find a million bucks across 500 people.”

Man: “You are always comparing Lesley’s salary. I believe that as a nonprofit, that she is not overpaid.” He stated that she is underpaid.

Erickson: “We should not be talking about her salary.”

Erickson: “I don’t want to get into a conversation about whether her compensation is appropriate or not. If you don’t mind.”

Man: “Oh, but I thought that’s what we were talking about.”

Maintenance

Man: “During the Balboa Golf Course discussions, one thing that came up was, just the golf course was high. But you also said that coming down the road there are other golf courses going to have the

same types of maintenance. Are there other big items coming out of the pipeline that we should be aware of?"

Campagna stated they have identified the culverts as being an eight to ten million dollar problem. There is a ten-year plan in place to address that.

Campagna said that right behind the Balboa Golf Course, we have Coronado. And right behind that we have Ponce. Campagna said we probably have twenty million dollars of golf course maintenance that is coming due. [This is not the day-to-day maintenance.]

Erickson: **"And that's why we need to begin a community conversation very, very soon on how we are going to deal with that.** Again, not leaving the impression that we are in any kind of financial dire strait. We're not worried about how to pay payroll or any other operational expense. These big-ticket items are a big deal. Also, it is important to know that the expense for Coronado and Ponce isn't expected to be nearly as much as it is for Balboa."

Erickson: "The definition for deferred maintenance is, 'scheduled maintenance, repairs or replacements that were postponed to defer expenses unto a future budget year.'

Erickson: "Planned maintenance is schedule maintenance, repairs or replacements that are being planned to maintain current assets and are occurring as scheduled."

Erickson: "There was a number thrown out a couple of years ago that deferred maintenance was \$45 million dollars and that just seemed like an insurmountable mountain."

Recurring theme of "we need more money"

Man: **"Throughout this conversation is a recurring theme that we need more money."** There was talk about golf courses, roads, the buildings like Balboa. "Then comes the big elephant in the room is an assessment and the chances of getting one of those passed. Is there a way, something to think about, too, help the confidence, to earmark money? I think that's where people that I hear in the background are rumbling" is they feel higher assessments will be wasted.

Campagna asked if he was saying if there was an assessment increase that "X amount was going to go to these areas?"

Man: If you put out a chart of how the money is going to be spent, then people will feel there is a commitment to how the increased assessments will be used.

Page 13 of the budget shows where assessment spending is going.

Erickson: "There is a very specific answer to this. We're governed by the Declarations. The Declarations says if we raise the general assessment, what's called the general assessment, we can't, the Board can tell you if you vote for this, we'll spend it this way, this way, this way. But nothing binds us to that. A changeover of a Board, they can think something else and nothing is binding because it is a general assessment. The Declarations says how general assessments are used. So as long as the Board is compliant with what the Declarations says for general assessment, which I believe is everything except water. All of the infrastructure and amenities except water, that is the only thing they

are bound to.”

Erickson: “But in contrast, a special assessment has to be delineated for a specific purpose and again, by law the Board would be bound to using it for that specific purpose.”

Erickson: “So we could go out for a general assessment and it’s going to go in the general pot and there is nothing any Board will tell you that you could ever rely on because Boards change.”

Erickson: “A special assessment, we could say, put out and both of those require a vote of the Members, by the way. Special assessment, we could say, if you give us \$150 a year for three years, each household, we’ll have three and a half million dollars to apply to roads, culverts, maybe signage, anything is kind of road infrastructure.”

Man: “By law can it be applied to anything else?”

Erickson: “No. It cannot.”

Man: “I think that’s sellable.”

Woman: “I don’t know that it is, based on the current... confidence level.”

Erickson: **“Let me just say this. Let me just say this. Realize if you’re going to vote against something like that because your not confident, who are you hurting?”**

Woman: “I am not disagreeing with you, I am just stating...”

Erickson: “I’m [indecipherable] people that think a little bit beyond. Just a little bit beyond.”

Man: “We saw that in the last vote. People voted against things, just to send a message.”

Erickson: “Just to send a message. And where are we? Right?”

Woman: “But that was the only thing people could do.”

Man: “They felt trapped.”

Erickson: “People, just realize what you are doing...”

Balboa funds were used elsewhere

Mary: “One of the things that I have heard is that Cooper appropriated some funds for Balboa that did not get spent on Balboa. And we built the Woodlands. Those were general assessment funds?”

Erickson: “That was not an assessment.”

Campagna: “That was just he handed over \$600,000.”

Mary stated this is one of the confidence issues. “The money was given so we wouldn’t have a Balboa situation that we currently have. But yet, I mean it was used for a very good purpose. I don’t deny that.”

But if it was meant for that and used for something else, the problem here now is that if we get another assessment, are you just going to go and spend it on something like the CMP or like the pool that was very controversial?"

Erickson suggests that Villagers should choose BOD Members wisely

Erickson: "It was controversial, but it comes down to choose your Board Members wisely. Make certain your..."

Mary: "We did. Look what happens."

Luehring: "We don't want to go there."

Erickson: "I am not going there. I am not going to continue on that line."

Vicki: Asked why the new home fees were rising when we need more rooftops. "The water service went from \$420 to almost \$1,400."

Erickson said it was a big jump this year because the previous fees didn't cover the costs "by any stretch of the imagination."

Vicki stated she knew one builder who was going to cut in half the number of homes he planned on building due to these increased fees.

I apologize for the poor audio quality of the first recording linked below. I will leave it up, in case something happens to the POA recording. The POA video is the second one down.

HSVPOA Let's Talk 11/23/19 Video

Category

1. HSV News
2. HSVPOA Meetings Other

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2. hot springs village board of directors
3. hot springs village cindi erickson
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