



HSVPOA – Pivotal Day in History

Description

by Frank Leeming, September 17, 2019

Board faces pivotal day tomorrow

In the 25 years we've lived here, I've never seen us approach a day with more peril and consequence than Hot Springs Village faces tomorrow. Consider:

- Instead of embracing what is expected to be an **historic turnout of property owners** at the monthly board meeting, the Property Owners' Association has so far refused to move to a larger venue, a decision guaranteed to make an angry crowd even madder when they can't squeeze into the Ouachita Room.

Click the YouTube button below to watch the livestream at 9 a.m. on 9/18/19



[Click here to watch the livestream 9 a.m on 9/18/19 – -pivotal day in HSV history](#)

With planned sign-waving and an extra heavy dose of police presence expected, few will be happy with the POA's try to pacify folks by live-streaming the meeting on YouTube. Couldn't they move the meeting across the walkway to the 640-seat Woodlands Auditorium?

Board chair, Cindi Erickson, clearly rattled at recent meetings by hostile property owners eager to tell her unpopular board what they think, is likely to cut short or shut down public comment.

In the past, POA boards have re-arranged their agenda and moved public comment to the front of the meeting so hundreds of Villagers aren't forced to endure hours of tedium before being allowed to speak.

- **The 2020 budget will be unveiled.** It defies credibility. The budget is based on \$37.1 million in revenue – \$3.2 million, or 9.4 percent, more than we brought in last year. Through eight months this year, we're \$324,415 below last year in revenue. Last year the POA missed its revenue budget by \$2 million, or 5.2 percent.

So where is the POA going to get all this new money?

If you'd like to see the budget, there's a pdf below. It won't take long to read. It's only 10 pages long – eight if you don't count the cover and calendar. How has this changed? The 2014 budget had 232 pages of detail.

- The board will be asked to approve spending **\$4.6 million to tear up and repair the Balboa Golf Course** beginning next month. How are we going to pay for this? Two primary ways: Borrowing \$3.3 million and adding a \$5 surcharge on every round of golf played in the Village next year. The surcharge would be \$4 in 2021, \$3 in 2022 and \$2 a round in 2023 and 2024.

The budget forecasts 200,000 rounds of golf being played in each of those years. This year we're on track to have 198,500 rounds (we're down 8.4 percent from last year through the end of August). If the surcharges put a damper on golf play as expected, there is no way the 200,000 rounds figure will be achieved. Result: A busted budget.

The skimpy 2020 budget posted on line had no fees schedule, so I don't know if there's a proposed hike in golf and/or cart fees. If there is, it will likely push the number of rounds even lower next year.

- Also on the agenda tomorrow: A **\$2.3 million plan to tear down the Balboa Clubhouse** and replace it with an 8,000-square-foot golf shop and grill. How are we going to pay for this? Borrowing and the golf surcharge.

Villager Chuck Alvord sent an excellent letter to the board on why it should proceed with extreme caution on the Balboa course and clubhouse projects. If you'd like to read it, [click here](#).

- The board will change its rules so it will **require a two-thirds vote to kick a director off the board**. Four days ago the board, for the first time ever, did just that, kicking Dick Garrison off the board under the existing rules requiring just a simple majority. The vote was 4-3.

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Some have asked about lawyer Mary Carole Young's investigation into the legality of grievances filed by CEO Leslie Nalley against directors Garrison and Diana Podawiltz. I asked vice-chair Tormey Campagna if he'd received the report. He was the one who ordered it. He didn't answer me.

So I filed a formal request with the POA and Nalley responded yesterday: "Your attached records request is declined, as the Association does not possess such records."

Since the board fired Garrison last Friday, I suppose Nalley's grievances against him are moot. We'll keep trying to find out about the grievance charges against Podawiltz.

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Notable financial numbers

Some notable numbers from CFO Liz Mathis's financial report for the first eight months of this year:

- The **number of unproductive lots** (those in the POA inventory and those 61 days or more past due in paying assessments) dropped 18 in August. The good news: It was the seventh month in the last year the number has gone down. There's still a long way to go. There were 11,177 lots not paying assessments at the end of August – 32.4 percent of the 34,457 total.
- There were **35 new-home permits approved** in the first eight months, down 11, or 23.9 percent from last year. This is a key barometer of how well the Village is growing.

• Net **assessment revenue was down** \$69,553, or 0.7 percent, even though assessments were increased 2.7 percent this year.

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First 8 months of 2019 amenity use

Reports on **amenity use** in the first eight months this year:

- Golf rounds played were down 8.4 percent.
- Fitness Center attendance was up 0.3 percent.
- Attendance at the Woodlands was up 15.6 percent.
- Tennis play was down 6.6 percent.
- Losses in our food and beverage operations increased \$42,627, or 13.1 percent, to \$349,003.

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Final thought

A final thought on the budget proposal being submitted to the board tomorrow: The POA is one of the few large organizations I've ever encountered that doesn't use Pro-forma budgeting.

In this case, a Pro-forma budget would show 2019 numbers as eight months of actual and four months of the remaining budget.

This would provide board members and property owners a much more accurate way to compare the 2020 budget numbers.

The POA has been widely criticized over the years for its poor budgeting. One reason is the staff keeps preparing next year's budget based on this year's budget. And if this year's budget is way off (as it usually is), then next year's will be as well.

2020 proposed budget – Hot Springs Village

[132020-Proposed-Budget-V1-Consolidated-1](#)
by [Frank Leeming](#), September 17, 2019

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