



Lunch with Lloyd – HSVPOA BOD Candidate

Description

By Cheryl Dowden, February 7, 2020

On Saturday, February 1, 2020, Lloyd Sherman held a standing-room-only Meet and Greet at Debra's Restaurant. He served finger foods and coffee to an attentive and passionate crowd. Those who wished ordered either breakfast or lunch off the menu.

The discourse was lively and informative with many subjects being discussed. Lloyd said he was there to answer questions and provide input on where he stands.

Previously, our Developer, Cooper Communities, Inc., (CCI) went to court to force the POA to release information that they previously held close to the vest. Legally it is our right as Property Owners to have access to POA records. Before CCI received a favorable ruling, the POA would not allow access to many records.

Lloyd explained that in the last couple of weeks there have been several revelations regarding "blocked, hidden, or unknown information. Lloyd began by discussing the "Request for Proposal" (RFP) for the "Comprehensive Master Plan":

Request for Proposal

First, we will start by tracing our situation back to a document called the [Request for Proposal \(RFP\)](#). (Previously things were in the works which guided us towards our present path, but for purposes of simplification, we are **NOT** going to discuss those issues in this article.):

- Request for Proposal (RFP) for the Comprehensive Master Plan (CMP) was sent out.
 - All returned proposals were received by Lesley Nalley and Stephanie Heffer. **In the RFP opening statement, HSVPOA invited planning and design teams with expertise in town center design, commercial and residential infill, new development land use planning and neighborhood and economic planning.** "This was a setup."
 - Additionally, the RFP stated that the HSVPOA was seeking proposals from firms for the

purpose of preparing a comprehensive master plan. Lloyd said, “There is nothing wrong with the terminology, “comprehensive master plan,” except it has turned into a four-letter word.

- **Desired outcomes of the proposal were: mixed-use development plan, mixed-use town center, individual neighborhood centers in some or all of the villages. The document also proposes there be nine separate villages within the Village.**
- The RFP led to the development of the CMP.
- The CMP led to the original Protective Covenants being rewritten into a new 119-page Protective Covenants (PCs). In addition to the added restrictions for existing homes, the new PCs have very restrictive rules for new home builders. This discourages new home building.
- The new PCs led to the creation of the Compliance Department, “which is staffed by three people under the Police Department.” Their job is to make sure the Villagers are doing what they told us to do in the 119-page document known as the PCs.

Marketing Sub-committee blocked from sending their “Summary of Findings” to the CMPAC

The second revelation was that the Marketing Sub-committee (MSC) of the CMPAC was prevented from sending their observations and findings to the CMPAC and on to the Board of Directors. This document is titled, “Summary of Findings”. Nikki Choyce, the Chairperson of the CMPAC blocked this document as written by the MSC and insisted on revision.

The “Summary of Findings,” of the MSC specifically spells out why and how our HSV marketing program is not working.

Are there more secrets?

There are possibly more secrets to uncover, but we don’t know this for certain. People are now engaged and are working to unbury the hidden secrets. We have uncovered enough information that we now understand it is imperative to make changes.

If we don’t get control of the Board in this election we are lost

Lloyd said, “If we don’t get control of the Board at this point, I think we’re lost – quite frankly. I believe that by 2021 we will be in financial distress. I have been warning for two years that we were headed for that cliff.”

Lloyd elaborated, “Mostly people who don’t understand the financials are listening to Lesley who says, ‘Everything is fine.’ **Everything is not fine.** You can tell that by the fact that we are spending \$1.2 million on a new pool, but yet we cannot afford to do what is needed at Balboa.”

The POA needs to go on an austerity program before Villagers will be willing to increase assessments. Lloyd said, Since 2015, we have increased compensation by \$3 million.

Another problem is the last Board changed the CEO’s termination to require 6 out of 7 votes.

The floor was opened up to the audience – some of the comments/questions with Lloyds response are listed below

Lloyd opened the floor for comments and questions after stating, “Please understand I am kind of an unvarnished kind of guy. You ask me a question, you’re going to get my answer. You might not like it... I’m not politically correct.”

Lloyd said, “We should be able to get the information we want from the POA. I understand there are some instances such as personnel issues that should not be discussed in public. If the POA is being sued, we are being sued. We are the POA.”

POA financial status

An audience commenter stated that it is not that the POA doesn’t have any money. It is worse than this. The POA is underwater. One example is, we used to own the garbage trucks. Now we are leasing them. He sees a lot of “kicking the can down the road.”

Lloyd said the reality is that we don’t have a lot of long-term debt (only around \$3.5 million). The POA wanted to add another \$3 million debt with the Balboa Club.

Lloyd explained, “Items that we used to expense (paid for them the month that they happened) are now amortized.” The POA has taken expenses and labeled them assets. “If you look at it from that standpoint, that could be considered being underwater.”

Furthermore, if we do everything the CMP says to do (which the POA staff told the CMP writers to put in the CMP) that we will still be upside down financially. The CMP says that we will be in the hole \$5 million dollars a year for the next 25 years.

Last year we were caught by surprise when the POA finally realized the culverts needed extensive repairs/replacement.

HSVPOA does not own the backhoes or trailers we use.

Lloyd said this is related to the above statement where we are using accounting methods that make our situation look better than it actually is.

Compensation

Lloyd said that more than 100% of our assessments go to make the POA compensation. Around \$17.6 million in assessment revenue is billed. The POA does not receive all the assessments that are billed. So in essence, compensation is 120% of assessments received. Meaning, the amount collected in assessments does not even cover compensation for staff. The remainder of our revenue comes from fees, amenities, etc.

Added: “Let me see if I can explain this without confusing everyone. The 2020 Total Compensation (Wages & Benefits) Budget is 17,627,094. Projected Assessment Revenue is \$18,048,127. Total 2020 Budgeted Revenue is \$35,757,081. So Compensation is 97.7% of Assessment Revenue and 49.2% of Total Revenues. I wished that was the end of the story. Because our Bad Debt expense increased \$1,000,000 this last year and we now project Bad Debt Expense for 2020 to be \$3,960,874 which now makes Total Compensation 125% of Collected Assessment Revenue. No percentage change against Total Revenues as I adjusted that number before the example so it remains at 49.2%. In summary for every dollar in Assessment Revenue we collect, we pay out compensation of \$1.25.”

Our compensation has increased by \$3 million in the last five years.

Did the CMP cost more than \$500,000?

Lloyd stated the cost of the CMP was much more than \$500,000. You also must figure in the cost of the Declaration Vote. This vote was intended to “jettison CCI out of the Village,” so that the POA would have access to the easements. Many of our human resources are directed around CMP implementation.

Also, the CMP cannot be implemented as long as CCI owns the easements.

Another Villager said she is an accountant and that we are in a world of hurt. It started with the two-tier, which was supposed to solve all our problems. The only prayer we have is to reduce our expenses and this should be done through the reduction of payroll expenses. We are top-heavy.

The CEO told the Villager mentioned directly above that part of her job description was to put together the CMP. The CEO hired someone at the cost of a half a million dollars to do this. The Board allowed the CEO to do this.

Lloyd said, The first thing LTD will do when seated into office is to change the ByLaws, Policies and Procedures, and the Charters which require a pledge of loyalty to the CMP.

What accounting procedures does the POA use?

A Villager talked about the accounting procedures the POA staff is using. He said he is an accountant who worked in the private sector in addition to the government. “What they appear to me to be doing, on what I’ve seen – they are mixing governmental accounting (showing money ahead of time and showing profits they don’t have) with corporate accounting. They either need to do one or the other.”

CEO’s salary is not the real problem

Lloyd stated that the salary the CEO makes is not the problem. The problem is that the Board is not allowed any say-so regarding Village operations.

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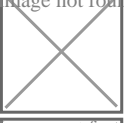


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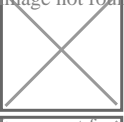


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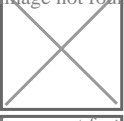


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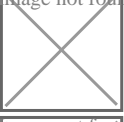


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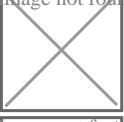


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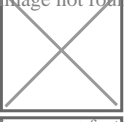
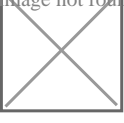


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“You’ve got to get to four”

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A Villager said that all of the things we are talking about are immaterial except for one thing, “[you’ve got to get to four](#)” Board Directors who are on our side. You have to have four votes. “Nikki is CMP. It doesn’t have anything to do with personality. She is wedded to them.”

Lloyd asked for everyone to reach out and spread the word to other Property Owners.

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Another Villager asked for people to hold up Lloyd, Tucker, and Dick (LTD) signs on DeSoto.

Who is the Board obligated to?

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A village greeter also heard Lloyd and Buddy Dixon running on a reformed platform and then another greeter was elected. Lloyd said that Tormey also seems to have changed, but not as much as Lloyd and Buddy.

LloydShermanMeetandGreet1

Lloyd says someone has convinced the Board that their obligation as Board Members is to the organization, not to the Property Owners. The Board Members are being oriented that they are duty-bound to support the organization. They are also told to work towards a consensus. “Their job is not to work towards a consensus, but to work for the best of the Village. That may not be the consensus.”

Miscellaneous comments

Lloyd said that the Board’s job is to manage the CEO.

A Villager said we need to eliminate the CEO position and hire a city manager.

Lloyd stated that a \$3,000 increase for building permits for new home builders is counterproductive. The required permits to build a new home are now over \$11,000.

Lloyd also stated that Board Members have told him they do not read contracts.

Vote counters needed & no replacement ballots available

A Villager said there was still a need for vote counters and applications can be found online and at the POA Administration Building.

Lloyd said, “There will be no replacement for lost ballots. This means if you do not receive one, you will not be able to vote. All ballots will be returned to a third party. The candidates’ names on the ballots will rotate.

Controlling costs

A Villager said there are many ways to control your costs.

Lloyd said, “Down to the unit level, these people are not required to manage their line-item budgets. That is your first line of defense to managing costs. And they are not doing that. That is absolutely something that has to be installed back in this organization. You’ve got to have detailed line-item budgets at every operating unit and I want to know what’s being mapped to them and I want to know how it’s being mapped. And I want them to be held accountable for their costs. For instance, the places that have vehicles. That is in the fleet management budget.”

Conclusion

Lloyd introduced the musical group, “ShugaBeatz” at the conclusion of the meeting. All-in-all, the meeting was a huge success and enjoyed by approximately 75 people.

Thank you, Lloyd, for having us for lunch.

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1. HSV POA BOD Candidates
2. HSVPOA Meetings Other

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