

Interview with
Hot Springs Village
Corporation's
Chief Executive Officer

Meek Interviews Nalley – 1

Description

Managing Editor, Jeff Meek, of **Hot Springs Village Voice Newspaper**, published a video of an interview with Lesley Nalley, CEO of Hot Springs Village Property Owners' Association on April 30, 2019. The property owners were supposed to be able to submit questions, but notice was not sent out in time, leaving many people unaware of this interview until after the deadline for submitting questions. This should be corrected in the next interview, allowing property owners more time to submit questions.

The questions, which were not known to Nalley ahead of time are as follows:

Meek: "Corporate or Community? Why is the administration taking the corporate approach?"

Nalley: "Well, first of all, we are a community and we recognize that. We are a community that is a corporation"... Nalley went on to say that because we are a nonprofit corporation, there are certain laws we must follow. Nalley stated, "but the end result is still the same. We are just a community that has a certain set of guard rails by virtue of that nonprofit incorporation act that actually governs us."

Meek: "Is that a 1993 Act? What was the year of that act?"

Nalley: Misspeaking and nodding yes, said, "That's 1993. Then correcting herself, said, "I'm sorry, 1963." Nalley said the proposed change to the 1993 Act was voted down by property owners.

Meek: "What's in that act that makes us a corporation, in your opinion?"

Nalley: "First of all, it's just by us being organized by a corporation, originally," Cooper Communities made the choice of structuring us as a nonprofit corporation. "Being a corporation, obviously that being a corporation provides some protection to the property owners, themselves. As you know, we have over 200 million dollars in assets that are owned, basically by the property owners through a corporation. So, the tax implications to that, etc., but then there are state laws that determine how the corporation and board of directors must act."

Meek: "Let's talk a little bit about marketing. Some say that we are making some headway. Some say that our marketing falls far short from what it should be. What do you say about marketing?"

Nalley: "You always wish that Hot Springs Village was on everyone's tongue, all away across the nation. From that perspective, we have a long ways to go for Hot Springs Village to be a household name. However, we are making great strides with some things that might be different in the ways that we were marketed in the past."

Meek: "For example?"

Nalley: "For example. You know originally, there was nothing here. "...You were marketing a dream, a future, a future development. Now something exists, so, and there are people that exist in that community that have a certain pride and sense of ownership about the community and attempting to incorporate those desires and kind of balance existing property owners with future property owners... "When you have a blank slate, you can cast whatever vision you want." She goes on to say that "marketing and branding are really about what other people say about you. Our marketing program currently competes with what people are currently saying about who and what we are."..."We are taking, as opposed to a high pressure, high volume resort style. You know some people want to see the old days of let's bus thousands of people through here and have almost a resort-style marketing program. I am not sure that that is what our current residents want to see." Nalley says we are taking a different approach and cites the pickleball tournament. Through events, that in itself is marketing and that area realtors showed people around the Village.

Meek: "Am I correct that Kevin Sexton, our tourism director even took people on tours?"

Nalley: "He did, and I understand other realtors did the same. We have a tennis tournament going on this week, so those things, we are capitalizing on." (Note from Cheryl: As of yesterday, the tennis tournament being held this week does not seem to be promoted or advertised.)

Meek: "Former CEO, [David Twiggs](#), comes into conversation, at times. So I ask you, are we paying Mr. Twiggs for any services, either now or during the CMP process?"

Nalley: "No. As of January 2017, that was the last time we engaged with Mr. Twiggs."

Meek: "So he didn't have any involvement in the CMP?"

Nalley: "No." She then went on to say Mr. Twiggs is very busy "riding horses and doing his new fun gig."

Meek: "Your salary remains an issue with some residents. So I ask, why is that information not disclosed."

Nalley: "You know, that's a great question. Our policies and governing documents answer that question. So as you know, I am required to uphold the by-laws and the governances that are set. The governances are the Board's responsibility and the policies. So staff is responsible to execute those. Since 1976, we've had a policy on the books that said, "personal member data and personal data is confidential. Should that change, those things will be released."

Meek: "About the Declarations and Covenants vote, were you surprised by the outcome?"

Nalley: She stated she was surprised and some of the things which she felt were very beneficial to property owners, things that positioned us to have more control over our community, saying she is a property owner, herself. She was surprised to see some of the things fail and to have a clean "no" across the board. She feels the 1993 Act is a good example.

Meek: Things are asked about Nalley's contract extension and the pool and why didn't that wait until the new board was in place?

Nalley: The reason is that our board serves for 12 months and there is always work to be done. Those things (pool, contract extension) didn't just happen at the end of the last board's term. My contract "governs when that discussion happened".

Meek: "What do you mean?"

Nalley: "The timing of that contract language."... "it is somewhat unfair to say, 'why didn't the pool wait? We have actually been talking about the pool for eight years.'" She also said property owners elected the board to govern to their last day.

Meek: He mentions Nalley's review.

Nalley: She states she sits down and talks to the board quarterly about the objectives and enterprise goals. She has specific objectives she is measured on quarterly and she sits down with the board to determine how she is tracking with those.

Meek: "Is that just a verbal thing or do you actually get a 'here's your evaluation'." (Note from Cheryl: meaning written)

Nalley: She states it is verbal and a summary is completed which then goes into her personnel file.

Meek: "What are we doing to collect unpaid assessments?" He states because of unpaid assessments, we are losing five million dollars a year. "What are we doing to try to collect those?"

Nalley: "We are doing quite a bit to collect those, up to and including legal action on people that have this debt. The difficulty is some people purchase those in shell entities so trying to track down who the actual person is" can be difficult.

Meek: "In terms of successes about collections, is there movement there?"

Nalley: "Our big push happened in 2016. Between 2016 and 2017, we collected nearly two million dollars of past-due assessments." She stated that on average, we collect about \$25,000 a month. The collections of past-due assessments is flattening because we are now into the more difficult. We cannot find people. The debt still exists and we are keeping on the pressure.

Meek: "You mention these shell organizations. Are these organizations that just kind of keep an eye on people that are not paying?" Are they buying up properties that are in arrears of assessments?

Nalley: You set up a corporation to protect your personal assets is the reason the shell corporations are set up.

Meek: “Going back to the pool. Why are we spending a million dollars on a pool when we are so far behind on our maintenance needs?”

Nalley: She stated she considers the pool to be a maintenance need. The pool is featured in marketing materials and is one of the most sought after amenities for potential buyers.

Meek: “Do you put the Balboa Club into the mix?” (In regards to deferred maintenance.)

Nalley, “Yes, both the Balboa Club and Golf Course.”

Meek: “What is the latest on the Balboa Club?”

Nalley: She states they are talking about the Balboa Club in the Golf Committee meetings and it is not a dormant issue.

Meek: “Last question I have on my list is: why didn’t Ms. Nalley attend Mr. Lemler’s talk on marketing?”

Nalley: With a smile on her face she stated there was a very good reason and it is not even controversial. She laughed and said she had a previous commitment that she and her husband attend every year. “As a matter of fact, Mr. Lemler and I had met individually, some months back, pretty well on the majority of topics that had been covered. Had I not been at that banquet, I would have attended to see if there were any new things, but I enjoyed that banquet.”

(Note from Cheryl: why wasn’t a representative from management sent to Mr. Lemler’s marketing forum if Ms. Nalley could not attend?)

Mr. Lemler had this to say about Nalley’s comment:

“Just for the record ... Ms. Nalley and I NEVER met to discuss the topics or subject matter presented at my April 11th Marketing Seminar. We have met regarding a golf tournament concept (which could have fixed the majority of our financial problems) and to discuss my objections to the CMP ... we need to have someone in the POA management hierarchy that truly understands “marketing” ... it is VERY clear Ms. Nalley does not. Her ignorance about marketing and her reluctance to entertain views other than her own is damaging the Village and our 50-year brand!!” – [Phil Lemler](#)

Written, transcribed and formatted by [Cheryl Dowden](#), May 1, 2019



Hot Springs Village Active Lifestyle Retirement Community

Andy Kramek submitted the following: “I have listed, below, the approximate points in the video where Jeff Meek asks specific questions in the hope that it will allow people to review those things which are interesting to them without having to wade through the whole 18-odd minutes. (Note these timings are the best I could get but may be a little off depending on your video playback speed).”

| | |
|---------|--|
| 1m 18s | Question: Corporate or Community? |
| 3m 10s | Question: Talk a little bit about marketing.....what do you say about that? |
| 5m 57s | Question: Are we still paying Mr Twiggs? |
| 6m 37s | Question: Your salary remains an issue. Why is that information not disclosed? |
| 7m 08s | Question: Were you surprised by the Declaration/Covenant vote? |
| 8m 29s | Question: Contract Extension, Pool, why didn't that wait till the new board was in place? |
| 11m 28s | Question: What are we doing to collect unpaid assessments? |
| 12m 28s | Question: Successes in collections? |
| 14m 15s | Question: Why are we spending \$1M on a pool when we are so far behind on our maintenance needs? |
| 15m 15s | Question: Future of the Balboa Club |
| 16m 40s | Question: Why didn't Ms Nalley attend Mr Lemler's talk? |

Andrew Kramek video timeline

[Voice Your Questions with Jeff Meek: Episode 1 Lesley Nalley](#)

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