

BELLA VISTA VILLAGE PROPERTY OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
December 15, 2016 6:30 P.M. BELLA VISTA COUNTRY CLUB

BOARD MEMBERS PRESENT: Chairperson Bob Brooks, Vice Chairperson Ron Stratton, Directors Bruce Portillo, Ruth Hatcher, Patrick Laury, Joshua Hart, Andrew Davis, and Jim Abrahamson.

BOARD MEMBERS VIA TELEPHONE: None

BOARD MEMBERS ABSENT: Director John Nuttall.

OTHERS PRESENT: Chief Operating Officer Tom Judson, Treasurer & Director of Finance and Administration Dwain Mitchell, General Counsel Doug McCash, and Corporate Secretary Kyndall Ardoin.

I. CALL TO ORDER

Chairperson Brooks called the meeting to order at 6:31 p.m. There were five members in attendance, as well as one media representative.

II. PLEDGE OF ALLEGIANCE

III. INVOCATION

Pastor Mark Kirby from the *Forest Hills Church* gave the invocation.

IV. ADDITIONS/DELETIONS TO THE AGENDA

Chairperson Brooks stated that item XIX would be moved and included with item IX. C, and item XV would be moved and placed before item X under New Business.

V. APPROVAL OF BOARD MEETING MINUTES

Chairperson Brooks asked for a motion to approve the minutes of the November 10th, Board Work Session Meeting.

Director Laury moved the approval of the minutes, seconded by Director Portillo. Chairperson Brooks presented the minutes for discussion. Mr. McCash stated that there was a proxy for the current meeting. Director John Nuttall had given his proxy to Director Joshua Hart. There was no additional discussion.

The motion passed unanimously.

Chairperson Brooks asked for a motion to approve the minutes of the November 17th, Regular Board Meeting.

Director Hatcher moved the approval of the minutes, seconded by Director Davis. Chairperson Brooks presented the minutes for discussion. There were none.

The motion passed unanimously.

VI. EMPLOYEE RECOGNITION – CELEBRATING SUCCESS

Cindy Bassett, Director of Human Resources, introduced the Association's winners of the Celebrating Success program. Ms. Amy Fader in Administration, along with Mr. Tim Jaycox in Marketing.

VII. FINANCIAL REPORT BY DWAIN MITCHELL, TREASURER

Treasurer Dwain Mitchell gave a report on the year-to-date financial reports for November 2016. (Financial Reports are available at <https://bellavistapoa.com/about-us/financial-reporting/>)

VIII. RESPONSE TO PREVIOUS OPEN FORUM COMMENTS

Chairperson Bob Brooks reviewed the open forum comments made at the previous Board meeting stating that responses were made at the time the comments were given.

IX. OPEN FORUM

No open forum comments were given.

X. JOINT ADVISORY COMMITTEE REPORTS

Mr. Judson reported on behalf of the Lakes JAC. He stated that at the November 30th meeting, Rick Echols, Lakes and Fisheries Superintendent, gave a presentation regarding stocking Lake Brittany and fish counts, an update regarding the fish nursery, and an update on the dock construction at Loch Lomond. Mr. Judson reported that there will be four openings on the Lakes JAC in the coming year.

Mr. Judson reported on behalf of the Recreation JAC. He reported that there has been interest in a dog park on the east side of Bella Vista. The Committee was informed that the project did not make the cut for the 2017 budget. The bocce ball court at Branchwood did not make the cut for the 2017 budget. Mr. Judson reported that Recreation JAC member Judy Griffin, will be taking lead on the community garden project. The RV Park has been doing well and last week's race on the Back 40 Trail had many participants.

The Golf JAC had no report. Chairperson Brooks recognized Golf JAC Chairperson Jake Grasmick and thanked him for his years of volunteer service to Bella Vista.

Director Davis reported on behalf of the Young Residents Committee. He stated the Committee met with the Communications Manager for the City of Bella Vista for collaboration to see how the City and the Association can work together to better communicate within the community.

XI. OLD BUSINESS

XII. NEW BUSINESS

A) APPOINTMENT OF AN INTERIM BOARD MEMBER

Mr. Judson stated there will be an appointment of an interim Board Member who will fill the current vacancy and will serve until May 31, 2017. The Board interviewed 14 candidates for the position on December 1st. Property owner Jim Abrahamson was selected to fill the vacancy.

Mr. McCash asked for a motion to approve the appointment of Jim Abrahamson to the interim term for the Board of Directors.

Vice Chairperson Stratton moved the approval of Jim Abrahamson's appointment to the Board of Directors, seconded by Director Hatcher. Mr. McCash presented the motion for discussion. There were none.

The motion passed unanimously.

B) PRESENTATION OF PROPOSED RENOVATION OF THE COUNTRY CLUB

Tommy Lee, Director of Business Development, presented the proposed renovation of the Country Club. He stated the proposed renovation includes a Welcome Center which will be an "Information Hub" for the Bella Vista POA and will provide information on all activities and events as well as sales of POA owned lots, the Proshop and Retail Sales which will create a one stop shop for all merchandise offered throughout the POA owned courses with the addition of Bella Vista "Swag" items that will be more appealing to a broader market, a Common Area which will be a multi-use area that can accommodate both POA community functions and gatherings, as well as private parties,

and the Restaurant which will have an intimate fast-casual style that will feature unique appetizers, salads, and sandwiches as well as upscale southern comfort food. The main building renovation total is \$1,319,500, with an additional \$200,000 for operational needs and \$70,000 for basement renovation for the relocation of the Accounting Department, totaling \$1,589,500. (Complete presentation is available at <https://bellavistapoa.com/wp-content/uploads/2016/12/Board-2017-Proposed-Budget-Presentation.pdf>)

Chairperson Brooks made a motion for the approval of the proposed renovation of the Country Club at an estimated cost of \$1,589,500, seconded by Director Hatcher. Mr. McCash presented the motion for discussion. Vice Chairperson Stratton asked if the renovation includes any exterior ADA requirements. Mr. Lee responded yes, the architect is looking at the entirety of the exterior and may make adjustments. Director Hart asked if there were any considerations made in regards to opening two POA operated restaurants and the effects they may have on each other's business. Mr. Lee responded that this was considered, but Lakepoint and the Country Club will have different menus and will be targeted towards different markets. Director Hatcher asked if parking space was considered. Mr. Lee responded that the parking lot will be resurfaced and repainted, but parking is adequate. Director Laury suggested installing wayfinding signage indicating the Welcome Center.

The motion passed unanimously.

C) APPROVAL OF 2017 CAPITAL AND OPERATING BUDGET

Mr. Judson stated that the budget presentation was made for the community on December 8, 2016. He continued, presenting general budget information. He stated that in previous years the budget was "top down" driven, with the COO and CFO writing most of the budget. This year the budget is "bottom up" driven, with each department head writing their own budget. This new approach will improve the accuracy of the budget and greatly increase accountability. The intended purpose of the proposed assessment increase was for future improvements and capital projects. Since the increase was not approved, the capital budget was reduced by \$1,348,000 compared to the Rejuvenation Plan. Such projects as the Lake Avalon beach, playground equipment, some ADA work, pavilion/amphitheater at Branchwood and other projects have all been delayed or eliminated. Over the last year the management team has identified over \$250,000 in annual operational savings. While some of these savings will be self-evident in an analysis of the budget, other savings will be more difficult to identify. In some cases, the Association repositioned the funds for better use. For example, the POA increased its bad debt collections staff at a cost of \$78,000 yet their efforts are anticipated to positively impact collections by \$360,000 in 2017, based upon their performance in 2016. Many of the allocations between departments have been eliminated for 2017. Many of the allocations masked the true performance of the department. This change will increase accountability. Three percent general inflation is assumed. The Association is projecting 85 new home permits and the development of two company operated restaurants: Lakepoint Restaurant and Event Center –May 2017 and Country Club –July 2017. These new operations will have an impact upon revenue and expenses of the operating budget. The POA is self-insured for employee dental and health insurance, therefore the Budget is a projection based on historical data and economic indicators. While self-insured, the POA has "stop loss" insurance to protect against catastrophic illnesses. The following considerations were made in assessing capital projects: safety, governmental regulations (i.e. ADA), long term savings (i.e. cart paths), revenue generation, and need vs. want. Uncommitted reserves will be used to fund some of the capital projects. (Complete presentation is available at <https://bellavistapoa.com/wp-content/uploads/2016/12/Board-2017-Proposed-Budget-Presentation.pdf>)

Chairperson Brooks asked for a motion to approve the 2017 POA Budget and the 2017 Water Budget as presented. Vice Chairperson Stratton moved to approve the 2017 POA Budget and the 2017 Water Budget as presented, seconded by Director Davis. Mr. McCash presented the motion for discussion.

Vice Chairperson Stratton commended Mr. Judson and the management team for their efforts. There was no further discussion.

The motion passed unanimously.

D) CHANGES TO POLICIES 1.03.3, 1.03.4, 1.03.5, 1.03.6, 1.03.7, AND 1.04. FIRST READING.

Mr. Judson presented the proposed changes to Policies 1.03.3, 1.03.4, 1.03.5, 1.03.6, 1.03.7, and 1.04. He stated that the proposed changes will modernize the policies and ensure the uniform usage of terms throughout the Governing Documents.

Director Laury moved for the approval of the proposed changes, seconded by Director Davis. Mr. McCash presented the motion for discussion. Director Laury commended Mr. McCash for his efforts. There was no further discussion.

The motion passed unanimously.

E) AUTHORIZATION TO ADJUST THE PRIVATE CLUB LIQUOR LICENSE AT RIORDAN HALL

Mr. Judson stated that this small adjustment will remove employee Patricia Harper from the license and replace her with Thomas Lee. Since Thomas Lee is accountable for this responsibility, his name should appear on the license. Patricia Harper remains an employee of the POA.

Chairperson Brooks moved for the approval of adjusting the Riordan Hall Private Club Liquor License, seconded by Director Hatcher. Mr. McCash presented the motion for discussion. Director Davis asked if Thomas Lee is responsible for all of the POA's liquor licenses. Mr. McCash responded yes.

The motion passed unanimously.

F) WATER DEPARTMENT PERFORMANCE REBATE

Mr. Judson presented the proposal, stating that the \$20 per customer performance rebate is based upon excess net income for 2016 over budget. By court order, the funds from the Water Department cannot be combined with funds from the POA. Mr. McCash asked for a motion to approve the proposal. Director Hatcher moved to approve, seconded by Director Portillo. Mr. McCash presented the motion for discussion. Director Laury asked for clarification, that the rebates will be issued in 2017 but applied to 2016. Mr. Judson replied yes, the rebates will be applied to 2016. There was no additional discussion.

The motion passed unanimously.

G) RECOGNITION OF THE 14 PROPERTY OWNERS WHO INTERVIEWED FOR THE BOARD POSITION

Chairperson Brooks thanked the 14 property owners who interviewed for the Board position.

H) PROPOSED MULTI-MEMBERSHIP DISCOUNT PLAN

Mr. Judson presented the proposal, stating that in 2016, approximately 3% of our property owners who purchased an annual membership, also purchased a second annual membership. To encourage more property owners to do the same, the following Multi-Membership Plan is proposed:

- If a property owner purchases more than one of the annual memberships, all additional memberships are now half off.
- He/she will pay full price for the most expensive annual membership, but pay half price for all additional annual memberships.
- The second and subsequent annual memberships (at half price) must be for a different activity (Golf, Fitness, Pool, Tennis, and Gun Range).

Mr. McCash asked for a motion to approve the Multi-Membership Discount Plan as described in the board packet. Director Laury moved to approve, seconded by Chairperson Brooks. Mr. McCash presented the motion for discussion. Director Hatcher asked if there is any down side to the proposal. Mr. Judson replied that the only down side is if there is no increase in sales of second memberships. This would cut the revenue from the 3% sold, in half. He believes that 6% sales, which would be of equal revenue, is attainable in the first year. The Board discussed subsequent topics. There was no further discussion.

The motion passed unanimously.

I) DEMOGRAPHIC ANALYSIS FROM DIRECTOR PAT LAURY

Director Laury presented the Population Demographics Study for Bella Vista, Arkansas in 2016 and 2015. He referred to the ESRI Market Profile, explaining that ESRI is a national firm that does market descriptions and projections based primarily on census data. He stated that the study gives insight on the population of Bella Vista. The study was provided by Mayor Christie.

XI. ANNOUNCEMENTS

- A) COO/Board Meeting – Thursday, January 5th at 2:30 p.m. in the Country Club Board Meeting Room. (This is a closed discussion meeting).
- B) Board of Directors Work Session – Thursday, January 12th at **6:00 p.m.** in the Country Club Board Meeting Room.
- C) Board of Directors Regular Meeting – Thursday, January 19th at 6:30 p.m. in the Country Club Board Meeting Room.

XII. ADJOURNMENT

Chairperson Brooks adjourned the meeting at 7:55 p.m.

Submitted:

Approved:

Kyndall Ardoin, Corporate Secretary

Bob Brooks, POA Chairperson