

**BELLA VISTA VILLAGE PROPERTY OWNERS ASSOCIATION  
BOARD OF DIRECTORS MEETING (WORK SESSION)  
FEBRUARY 12, 2015 ° 8:00 A.M. ° COUNTRY CLUB BOARD MEETING ROOM**

**BOARD MEMBERS PRESENT:** Chairperson Charlie Teal, Vice Chairperson Brad Morris, Directors Bob Brooks, Ruth Hatcher, Linda Leffler, and John Nuttall.

**BOARD MEMBERS ABSENT:** Directors Dave Barfield and Joan Glubczynski.

**OTHERS PRESENT:** President/General Manager Tommy Bailey, Director of Finance & Administration Dwain Mitchell, and Corporate Secretary Kathy Ferguson.

**I. CALL TO ORDER**

Chairman Teal called the meeting to order at 8:02 a.m. He said he would like to re-order the agenda and put Clubhouse Restaurants as Item III on the agenda and put the Branchwood Ad Hoc Committee as Item IV on the agenda.

**II. OPEN FORUM**

One member said the POA should be responsible for bringing the Highlands restaurant to operating standard rather than a potential lessee.

*The Chair asked this member's opinion of the subsidy requested by the potential restaurant operator.*

The member said he doesn't feel a subsidy is needed since the POA does not charge much for the rental of the facility, but he said we might need to lean a little to get a restaurant at the Highlands.

*Chairperson Teal said the arrangement we have with restaurant operators at our other facilities provides a very nominal rent, significant assistance with utilities, but no monetary subsidy beyond that, and said we are proposing something similar for the Highlands restaurant operator. He said once we consider a monetary subsidy we get to a slippery slope.*

The member said we should not pay this operator any more than we pay our other restaurant operators.

One member said he doesn't think the Board should entertain the proposal from Steve McKee. He said he understands that Nik Paunov from Café Amici is interested in leasing the restaurant if the POA can fix the equipment that is in need of repair and said the POA should do this.

One member said she agrees the lessee should not have to pay for the equipment but there should not be a monetary subsidy. She said she has a problem with how Mr. McKee related with the Association at the meeting held January 29 at the Highlands. The member said she feels the waitress staff does have a good relationship with the Friends of the Highlands.

*Chairperson Teal explained the Board and staff's issue is that we are not going to negotiate the lease in public, and said we are trying to follow our process and procedures.*

The member said she was disappointed she didn't hear anything from the potential lessee about his business plan at the January 29 meeting. She said they want a restaurant out at the Highlands and will do what they can to support it.

One member said he was turned off by how Mr. McKee behaved at the meeting. He said after all the money that was spent at the Highlands a few years ago, he doesn't want to see the kitchen ripped out of the building. The member said if you have a good menu and good service, it will be successful, and the location won't matter.

One member said she didn't like how Mr. McKee behaved at the January 29 meeting.

### **III. CLUBHOUSE RESTAURANTS**

The Chair said there is clearly member interest in having a restaurant at the Highlands. He said the difficulty is the nature of the attitude and the proposal from one of the potential restaurant lessees. The Chair said what is troubling is if the nature of the attitude before there is a contract is troublesome, it will be more challenging after there is a lease in place. He asked Mr. Bailey how the administration feels about this.

Director Leffler said one of the main issues is the requirement of the lessee to pay for half of the needed equipment and said the Board should discuss that.

Mr. Bailey said the day after the January 29 meeting, Dwain Mitchell contacted Mr. McKee about setting a meeting time and they met on February 9 for close to two hours. The General Manager said from contract terms, they were able to find some middle ground. He expressed he still has the concerns which Chairperson Teal has already mentioned about the relationship. Mr. Bailey said from the business perspective, he thinks we could make something work.

The Chair asked Mr. Bailey to summarize the discussions he has had with Mr. Paunov.

The General Manager said he has heard a lot of ideas from Nik Paunov for the Highlands, and said Mr. Paunov recently toured the restaurant with Dwain Mitchell and Pat Harper. Mr. Bailey said the Highlands has a much larger kitchen than Café Amici, and it is conducive to a catering business. He said Mr. Paunov is looking at a simpler menu for lunch but more extensive menu in the evening. The General Manager said he is talking about having limited operating hours in the beginning.

Mr. Bailey said the administration is also going out with another ad campaign to advertise the Highlands restaurant.

Chairperson Teal said Mr. McKee sent an email last evening that contained some negotiating points for the contract. He reiterated that the relationship issue is a major concern.

Chairperson Teal said the Board should discuss the issue of the needed equipment at the Highlands restaurant.

Mr. Bailey said the walk-in cooler was in the 2015 budget. He said we were in negotiations with Mr. McKee when we learned that the fire hood did not meet code and was going to have to be replaced at a cost of about \$40,000. The General Manager said Mr. McKee had also requested the POA buy some surveillance cameras, TV's and merchandise display cases.

The Chair asked how the Board members feel about the equipment needs.

Vice Chairperson Morris said he is okay with the POA paying for the replacement of the walk-in cooler and the range hood. He said he doesn't feel the POA needs to fund the TV's, merchandising cases, and surveillance system.

Director Nuttall said he is concerned with investing money in that kitchen. He said it is a really old kitchen that needs a lot of work. Director Nuttall said based on the population in the Highlands area, he doesn't see how the restaurant could be profitable. He said it would be nice to have a restaurant out there, but we just raised fees for everyone.

Director Leffler said the Board represents all members of the POA. She said the membership has said they will support a restaurant at the Highlands if the service is good, if the prices are reasonable and they are open when they should be. She said the POA should pay for the equipment.

Director Brooks said his first concern is while we heard from 300 people at the January 29 meeting, he has heard from a number of people in the Highlands who say a restaurant won't work. Director Brooks said we have had a number of people who have tried to make a restaurant work out there, and said even the operator of Papa Mike's, who has good product, food, and service, could not make it out there. He said he would go along with an agreement where the operator would pay for the equipment but have no rent/utilities for several years.

Director Hatcher said we heard from the members that they want a full service restaurant at the Highlands. She said if we are advertising the restaurant, we are serious about putting someone out there and said we should put in the equipment necessary to operate a restaurant and we should not do subsidies. Director Hatcher said we have a good golf course at the Highlands, and if we are going to use that course as a drawing card, we need a restaurant. She said we should give someone a chance to operate a restaurant there. Director Hatcher said she wants a positive start before we go into this.

Director Nuttall said he would not put money into the kitchen equipment without knowing we have a lessee. He said we should wait to see what a potential operator needs first.

Mr. Bailey pointed out that Mr. McKee's proposed contract had a penalty clause of \$1,300 per day if any of the kitchen equipment fails. The General Manager said the equipment is from 1987, and it is difficult to find parts when something goes down. He said we need to recognize that we are going to have to spend money on kitchen upgrades as we go along in the future.

Chairperson Teal asked if there was consensus of the Board to have a full service restaurant at the Highlands.

There was consensus.

Chairperson Teal asked if there was a consensus of the Board to continue discussions with Mr. McKee.

Director Nuttall said no.

Vice Chairperson Morris said he would continue negotiations but require Mr. McKee to go on record saying he was out of line at the meeting on January 29.

Director Leffler said we should continue negotiations.

Director Brooks said he is not going to get into negotiations while the negotiations are going on. He said we will have a recommendation from our leader.

Mr. Bailey said he wants to be able to negotiate in good faith. He said if the Board doesn't want to do business with an individual, he doesn't want to negotiate with that person as if we are going forward.

Chairperson Teal asked if the Board was in favor of continuing to look for a lessee.

There was consensus of the Board.

#### **IV. BRANCHWOOD AD HOC COMMITTEE**

Chairperson Teal said the Branchwood Ad Hoc Committee met on January 22, and said he distributed the minutes of the meeting. He said John Nuttall put together a PowerPoint presentation that contained ideas for the Branchwood land and had reviewed that with the ad hoc committee. The Chair said the consensus of the committee was to recommend to the Board to proceed with the outline of the plan, plus a natural golf green, to be included in a Final Design (with the design and placement locations of each of the recreation options) prepared by a recreation design architect. He said the sample plan included the pond being filled with dirt and eliminated as a water feature, and said the committee supported this. Chairperson Teal said the Board needs to accept the consensus of the ad hoc committee and authorize getting some of this work done.

Director Leffler said there were also some questions at the ad hoc committee meeting about going forward with the trail work.

Mr. Bailey clarified that we are not going forward with the exact plan in Director Nuttall's PowerPoint.

Chairperson Teal said this is just a conceptual design that we will give to a design group.

Director Leffler said people did not want the pond filled in.

Chairperson Teal said the ad hoc committee voted, and the majority of the committee members supported filling in the pond.

Mr. Bailey said we issued an RFQ for this project a few months ago and said there was one firm who responded who he is very supportive of because they have done a lot of the trail work in the Northwest Arkansas area. He asked if we could begin negotiating with them on this.

The Board was in agreement.

Director Brooks said he doesn't feel it makes sense to have a natural putting surface at Branchwood when there is a golf course down the road.

#### **V. BENTON WASHINGTON REGIONAL PUBLIC WATER AUTHORITY RATE INCREASE**

Mr. Bailey said the Benton Washington Regional Public Water Authority Board (BWRPWA), which is also known as Two Ton, is seeing some issues with the south side of their supply area. He said in 2014, one of the major pumps ran at 100 percent one out of every five days which is an increase from 14% of the time in 2013. The General Manager said that the BWRPWA long range planning committee has reviewed this situation, and there are two options being brought forward. He said one is called the wildcat connection and the other is a parallel existing transmission system.

Mr. Bailey said the engineering for the project will take until 2016, and said all the rate increase calculations have been done in a very conservative manner with no proposal for a rate increase in

2015. The General Manager said the water authority is also trying to get an upgrade in their S&P rating before issuing bonds. He said there will be a vote at the Feb. 26 meeting of the BWRPWA Board as to whether to move forward with one of these two options. Mr. Bailey said realistically at some point in the future, both of these options will probably have to be done. He said the wildcat connection is the least expensive option but if our growth jumps back up, we will probably have to do both of these sooner than later.

The General Manager said the Wildcat connection is estimated at \$8 million which would translate into an estimated rate increase of 26 cents per 1,000 gallons. He said the parallel existing transmission system is estimated at \$15 million which would translate into an estimated rate increase of 48 cents per 1,000 gallons.

Mr. Bailey said Bella Vista has a dual water supply, and most of our water comes from the Bentonville system. He said our water rates have been set up to make some major improvements in our water system. The General Manager said we may find from the asbestos cement pipe study with the University of Arkansas that our pipe does not seem to be degrading. He said our anticipation is that unless we want to do some significant water reduction projects which have no ROI for us, we will be able to absorb this rate increase, and hopefully we won't have to do anything on our water rates for the foreseeable future.

Chairperson Teal asked if we could replace some of the water we purchase from Two Ton by using water from the City of Bentonville in the event the Two Ton rates get too high.

Mr. Bailey said the issue relates to water pressure.

Chairperson Teal asked what staff's recommendation is for this.

Mr. Taggart said he is the Chair of the BWRPWA long range planning committee and said one option is less than the other but said it could be more risky in that if the growth exceeds expectations, we would have to do the parallel line project. He said he personally would support the parallel system.

There was Board consensus to approve this.

## **VI. ANNOUNCEMENTS**

## **VII. ADJOURNMENT**

The meeting was adjourned at 9:25 a.m.