

**BELLA VISTA VILLAGE PROPERTY OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING (WORK SESSION)
December 8, 2016 ° 6:00 P.M. ° RIORDAN HALL**

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

BOARD MEMBERS ABSENT: Directors Bruce Portillo and John Nuttall.

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

I. CALL TO ORDER

Chairperson Brooks called the meeting to order at 6:00 p.m.

II. 2017 OPERATING AND CAPITAL BUDGETS - GENERAL INFORMATION

Mr. Judson introduced each POA department manager, as well as the members of the Board. 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 harder to identify. In some cases, we repositioned the funds for better use. For example, we increased our 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. Too many of the allocations masked the true performance of the department. This change will increase accountability. 3% general inflation is assumed. We are 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.

III. POA PROPOSED OPERATING BUDGET FOR 2017

Mr. Judson presented the POA Proposed Operating Budget for 2017. (POA Proposed Operating Budget for 2017 is available at <https://bellavistapoa.com/wp-content/uploads/2016/12/Board-2017-Proposed-Budget-Presentation.pdf>)

IV. POA PROPOSED CAPITAL BUDGET FOR 2017

A) All Other POA Capital Projects

Mr. Judson presented the POA Proposed Capital Budget for 2017. (POA Proposed Capital Budget for 2017 is available at <https://bellavistapoa.com/wp-content/uploads/2016/12/Board-2017-Proposed-Budget-Presentation.pdf>)

B) Country Club Renovation

Tommy Lee, Director of Business Development, presented the proposed renovation of the Country Club. He stated the Bella Vista Country Club's unique position in the community lends itself to evolving into a central location for information, retail and entertainment. 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>)

V. WATER PROPOSED OPERATING BUDGET FOR 2017

Mr. Judson presented the Water Proposed Operating Budget for 2017. (Water Proposed Operating Budget for 2017 is available at <https://bellavistapoa.com/wp-content/uploads/2016/12/Board-2017-Proposed-Budget-Presentation.pdf>)

VI. WATER PROPOSED CAPITAL BUDGET FOR 2017

Mr. Judson presented the Water Proposed Capital Budget for 2017. (Water Proposed Capital Budget for 2017 is available at <https://bellavistapoa.com/wp-content/uploads/2016/12/Board-2017-Proposed-Budget-Presentation.pdf>)

VII. 2017 FEE SCHEDULE

Mr. Judson presented the proposed 2017 Fee Schedule, noting that taxes are included in the fees. (Complete presentation is available at <https://bellavistapoa.com/wp-content/uploads/2016/12/Board-2017-Proposed-Budget-Presentation.pdf>)

Mr. Judson stated, at the Board's discretion, management is requesting a vote to approve the 2017 Fee Schedule at this meeting. Chairperson Brooks presented the proposed 2017 Fee Schedule for discussion. Director Laury asked how the decisions were made to eliminate projects that have been removed at this time. Mr. Judson responded, stating that Senior Management went through each of the projects and considered safety, governmental regulations (i.e. ADA), long-term savings, and usage fees. Director Hatcher recommended lowering the price of the 30-day non-member pass to \$6.50. The Board and management discussed the topic. Vice Chairperson Stratton thanked Mr. Judson and his management team for their efforts. A member asked where the positive variance in the POA's investment income is coming from. Chairperson Brooks responded in the past, the investment income was placed in CD's. He explained that as the CD's mature, the funds are being placed in higher yielding investments with reasonable risk. Mr. Judson stated that there is a catastrophic emergency that has not been touched. A member asked if there is a plan to hold managers accountable for their budgets. Mr. Judson responded yes, there is a plan and each department is required to perform to the budget. Chairperson Brooks stated that there were 47 different business units in the past, which have been combined into 13 departments. A member asked how many of the projects in the capital budget are expected to be completed in 2017. Mr. Judson responded that the goal is to have all of the projects completed. The projects are staggered and there are some that are scheduled late in the year to provide some flexibility.

Chairperson Brooks asked for a motion to approve the proposed 2017 Fee Schedule with the changes made to the 30-day photo ID card. Director Hart asked how many of these cards are sold each year. Mr. Judson

responded, stating Mr. Mitchell reported, at the rate of \$16.50, these cards bring a little over \$1,000.00 a year in revenue. Director Hatcher moved the approval of the 2017 Fee Schedule, seconded by Director Laury.

The motion passed unanimously.

VIII. OPEN FORUM

A member asked how much will stay in the POA's reserve account. Chairperson Brooks responded approximately \$7,000,000 to \$9,000,000 will stay in reserves.

A member asked where the golf office will be located in the Country Club after the renovation. Mr. Judson responded it will be in the back of the Proshop where it will be more accessible in a designated service area.

A member asked if there is any liability for the POA associated with the liquor licenses of the leased independent restaurants. Mr. Judson responded there is none because the liquor license is in the leasee's name.

A member commented that the Association should consider traffic flow when renovating the Country Club.

A member asked what the Association is planning to do with the ARKMO land, Mr. Judson stated a decision has not been made regarding the usage of the land at this time.

IX. ANNOUNCEMENTS

The next Board of Directors Regular Meeting will be held on Thursday, December 15, 2016 at 6:30 p.m. in the Country Club Board Meeting Room.

X. ADJOURNMENT

The meeting was adjourned at 7:40 p.m.