

**REGULAR MEETING
BOARD OF COMMISSIONERS
HOLIDAY ISLAND SUBURBAN IMPROVEMENT DISTRICT (HISID)
OCTOBER 28, 2019**

The Regular Meeting was held at the District Office and was called to order by **CHAIR LINDA GRAVES** at 9:00 a.m.

ROLL CALL: Present for roll call were **COMMISSIONERS DAN KEES, LINDA GRAVES, BILL NOONAN, NITA HOLLEY,** and **DAVID MAKIDON.** A quorum was declared with all commissioners present.

APPROVAL OF AGENDA: **CHAIR GRAVES** amended the agenda to add Jeanette Selleck to speak about The Barn Quilt project. **DISTRICT MANAGER BLOOD** asked that time be limited due to the need to be out of this building and off the parking lot by 11:00 a.m. to start the paving process. **COMMISSIONER KEES** moved to approve the agenda as amended with the exception of not limiting Jeanette Selleck to speak about the quilt project. **COMMISSIONER HOLLEY** seconded. Motion carried unanimously.

APPROVE MINUTES: None

CEREMONIAL: None

PUBLIC COMMENTS: None

REPORTS: None

ANNOUNCEMENTS: **COMMISSIONER KEES** reported having attended the annual convention of the Arkansas Recreation and Parks Association in Springdale, during which time, Trail of the Year for the State of Arkansas was awarded to Holiday Island's new Haddock Trail, having primarily been built by volunteers rather than receiving donations and having trails professionally built. **COMMISSIONER GRAVES** asked that a picture be taken of **DISTRICT MANAGER BLOOD** and **COMMISSIONER KEES** holding the winning plaque and asked them to provide a written description for the newsletter.

BUSINESS:

A) New Business: Quilters project

Jeanette Selleck, 22 Buckskin Lane: Shared a request from local quilters to make a plaque to be placed on the front entrance of The Barn showing the quilter's project. The pattern is a horse barn, since The Barn used to be a horse barn. She asked for permission from the Board as owners of the building to hang this. She mentioned getting a brochure made, listing the various quilt blocks in the County. There is a brochure for the State of Arkansas barn quilts. There was a need for someone from Carroll County to chair, which Jeanette volunteered to do. Further information was shared as to criteria for the plaque. **COMMISSIONER KEES** commented on the previous use of The Barn and moved to approve the project. **COMMISSIONER MAKIDON** seconded and asked Dr. Ken Brown if he had been asked to write a history of The Barn. Dr. Ken Brown said yes. Motion passed unanimously.

B) Old Business: 2020 Budget

DISTRICT MANAGER BLOOD provided the latest version of the 2020 Budget to the commissioners and reviewed the previous actions taken to prioritize and cut the original capital expenditures request of \$1.35 million down to around \$700,000.00. Since he became District Manager four years ago, he has been able to provide a balanced budget. As of this reporting, the budget shows a spending deficit of \$8,221.00. Decisions made by the Board during previous meetings are projected on today's budget. He also reiterated that the annual independent audit at the end of each year has reflected a positive position and unqualified opinion audits for the last three years. The audit covers operations, capital improvements, and depreciation. **COMMISSIONER NOONAN** commended **DISTRICT MANAGER BLOOD** on accomplishing this and was confirmed by **CHAIR GRAVES**.

He explained the various transfers to the reserve account as well as when and why those transfers are received one year and withdrawn the next. A current transfer of revenue in the amount of \$38,500.00 towards equipment reserves is proposed. The reserve fund is \$100,000.00 or 5% of the total book value of the equipment. WIP was defined as work in progress. The purchase of a four-person golf cart is needed for the new trail, and will be purchased next year with the \$5,000.00 grant we received. Also, when Roads gets money from the County, the intent is to spend that money the following year. **COMMISSIONER GRAVES** asked why there was no transfer of \$40,000.00 in the Roads fund. **COMMISSIONER KEES** explained that it was already in the revenue portion of the budget and can't be entered twice, once in income and again in the reserve account.

Wes Stille, 2 Bandy Lane: He raised this issue a year ago when it looked like it was included both as revenue and as a transfer in. If it was a restricted fund, it would be shown as revenue.

COMMISSIONER KEES asked if there was a construction in progress fund in the amount of a \$5,000.00 balance for the Haddock Trail. **COMMISSIONER GRAVES** reiterated that there was no guarantee that any money would be forthcoming from the Judge. **COMMISSIONER KEES** said similarly, there are no guarantees of income from assessments, purchase of water, etc. but is a realistic projection based on history.

DISTRICT MANAGER BLOOD reviewed the Budget Footnotes which are items actually built into the current budget. They include items previously discussed as follows: 100% rolling stock replacement, minimum wage adjustments, increased 9- and 18-hole green fees by \$3.00 per round, restaurant food items by 10%, both water and waste water each by \$1.00 per meter, and assessments 2.5%. The purchase of a stainless steel chat spreader at a cost of \$8,500.00 is absolutely necessary to purchase this year.

DISTRICT MANAGER BLOOD reviewed the Budget Options. Being above the \$100,000.00 minimum in rolling stock as well as the 5% Book Value, suspending 100% of the Rolling Stock Replacement would equal \$62,174.00 or 50% would equal \$31,087.00. Other options are a 1% increase in assessments, providing \$18,956.00; a 2% increase would provide \$37,910.00; and a 2.5% increase provides \$47,334.00, with the 2.5% increase recommended. Increases for slip rental at the Marina would be 10% equaling \$18,000.00, 15% equaling \$27,000.00 and 20% equaling \$35,000.00. This increase for the Marina would be in addition to the \$75.00 increase already in the budget to cover the spider control.

A Sick Payout has previously been discussed. It had been included in the budget, but has been taken out. Longevity Payout was removed prior to the last meeting. Another area to look at is the road

treatment amount, which was doubled due to having the possibility of a sand and salt storage area. If this is not done, the same capabilities will be utilized as previous winters. We would like to get the roads cleared a little quicker and do more pre-treatment. He reminded everyone that there is \$1,000,000.00-plus in the reserve funds, so if bad weather arrives, we will be buying more chemicals. Questions regarding the storage unit, its funding, building, and timing were discussed and it was determined there is enough money to fund it already. The next priority is to replace the chemical storage tanks.

COMMISSIONER NOONAN requested that the Sick Payout be re-analyzed during next year's budget process. **COMMISSIONER KEES** recommended the Employee Handbook be first updated as a priority and then reviewed for budget purposes. **COMMISSIONER MAKIDON** suggested raising the Marina rentals by 1% to cover the \$8,500.00 deficit. **COMMISSIONER GRAVES** suggested raising the waste water meter increase to \$1.50 rather than \$1.00 which would cover the \$7,084.00 deficit for that line item and get closer to reducing the \$8,221.00 overall deficit. After discussion, it was recommended to use the waste water increase, rather than marina increase. **COMMISSIONER KEES** recommended taking time to digest the numbers and each commissioner meet with **DISTRICT MANAGER BLOOD** regarding their thoughts, with a revised budget submitted to them by the end of the week. **COMMISSIONER MAKIDON** asked if the turn-back lots were figured in the current budget. Lou DaRosa, Senior Accountant, responded that 4% of the total assessments are already figured in the budget based on the previous three years' history. State Land is listed under uncollectable debt. **DISTRICT MANAGER BLOOD** said he could have a revised budget by Wednesday. **COMMISSIONER KEES** asked that it include a breakout of assessments by property category. **COMMISSIONER GRAVES** asked that each of the proposed budgets have a date stamp for clarity. She also recommended naming the last column on the budget summary "cash flow" rather than "profit/loss". Rolling stock replacement has replaced the term "depreciation" according to **DISTRICT MANAGER BLOOD**.

PUBLIC COMMENTS: Barbara Talbot, 9 Horseshoe Drive: She requested that the page numbers also be added to the budget. Wesley Stille, 2 Holiday Island Drive: He recommended trying to look for something better than break-even all the time. Trying to achieve a surplus with inflation creates less purchasing power.

COMMISSIONER GRAVES asked if the financial statement could be read indicating the bank balance.

Ken Brown, 7 Cypress Point Lane: Ken complimented **DISTRICT MANAGER BLOOD** on his ability to get five to eight grants, which the previous four district managers said could not be done. He asked that the commissioners keep the Marina affordable. He asked how many of the 27 lift stations have been repaired, rebuilt or replaced. **DISTRICT MANAGER BLOOD** said he would get the numbers from Dan Schrader, but various stages of repair have been performed, bringing them to a maintenance status rather than a replacement status, but with a focus on above-ground servicing.

Lynn Dumas, 32 Quail Run Drive: He asked if once the budget is approved if it is an authorization to spend those amounts. **COMMISSIONER GRAVES** said yes. **DISTRICT MANAGER BLOOD** said if there is an unexpected expense, anything under \$10,000.00 can be approved by him, but anything over that amount has to go to the Board, which can be found in the Code of Regulations.

DISTRICT MANAGER BLOOD read the list of reserve and restricted funds not reflected in the budget. Fire Department has \$37,000.00, equipment reserve fund at \$222,000.00, restricted Fire Department, which is strictly for the improvement of facilities, at \$58,500.00, road funds of \$80,000.00, undesignated

reserve is \$1,123,774.00, and a Utility improvements fund of \$49,653.00. These amounts are available outside the budget, if something bad happens. All financial documents through September can be found at www.holidayisland.us.

Barbara Talbot, 9 Horseshoe Drive: She asked where the 2018 audit was located. **DISTRICT MANAGER BLOOD** said it is in final review by the auditors who will hopefully be presenting it in November.

B) New Business: Response to Non-Resident Property Owner Election Brochure

DISTRICT MANAGER BLOOD reviewed the history of a document sent out anonymously. He asked if the Board wanted to respond to this mailing. If we respond, we can't affect who runs for office or if incorporation takes place or not. Also, the flyer was presented to the Arkansas Ethics Commission, and if it has a formal complaint, that fact cannot be acknowledged. **COMMISSIONER GRAVES:** I am concerned about the repercussions starting to happen about the flyer being sent to non-resident property owners. She asked Ken Brown to report on a call he received from a non-resident.

Ken Brown, 7 Cypress Point Lane: I received a call from a woman in Missouri who owns a lot in Holiday Island. They rent a condominium when visiting Holiday Island. She requested information from the rental agency about the flyer. They indicated she was quite concerned about the financial viability of Holiday Island and was wondering if she should sell her lot. The rental agency then referred the woman's concern to Ken Brown. He called her and asked that they visit Holiday Island and visit with **DISTRICT MANAGER BLOOD** to get the facts. She asked why the flyer came from Holiday Island Suburban Improvement District and he told her it did not, but did not know why it had HISID's name on it. He thanked her for bringing this to his attention and assured her if there was a response from the Board, she would be sent one.

COMMISSIONER KEES: Having received two inquiries, he is concerned that there will be other property owners feeling they should sell their lots. With vacant lots producing \$700,000.00 in revenue, we cannot afford to have everyone relinquishing their vacant lots. He feels a reply to the non-resident property owners is appropriate. **COMMISSIONER GRAVES** agreed that we do have to respond to the flyer. **COMMISSIONER MAKIDON** is concerned that people think the Board of Commissioners has any influence over incorporation. He purposely dropped out of the committee for incorporation, to separate the Board from that committee. **COMMISSIONER KEES** defended the integrity and intentions of the Board of Commissioners acknowledging the honesty, hard work and determination to support their position, without benefits. **COMMISSIONER MAKIDON** asked that those running for the vacant positions on the Board keep a positive campaign with qualifications and intentions for Holiday Island and no opponent negativity. **COMMISSIONER KEES** read a draft of a letter to the property owners (copy attached). To correct the letter, the Board did not pass a resolution supporting this initiative. They passed a resolution supporting incorporation. He recommended the words "the initiative" be removed and insert "incorporation". **COMMISSIONER MAKIDON** suggested adding the cash reserves, and sewer debt as a cash reserve, contrary to what has been said about solvency. **COMMISSIONER KEES** moved the Board authorize **DISTRICT MANAGER BLOOD** make the mailing with recommended changes and additions discussed. **COMMISSIONER GRAVES** asked to add the capital improvements spent over the last couple of years.

PUBLIC COMMENTS: 1) Barbara Talbot, 9 Horseshoe Drive: She encouraged the community to do its homework to substantiate the facts, whether it be the financials, the current commissioners or the District Manager, and get it in writing. 2) Al Selleck, 22 Buckskin Lane: He suggested adding the interest rate on the sewer debt, as it is so low. He explained that HB 510 is not a part of HB 548. He

supports the petition to get incorporation on the ballot, not a yes or no vote. He corrected the term "current members" to indicate there is not more than one commissioner on the committee to incorporate. Holiday Island Citizens for Incorporation is registered with the State of Arkansas, which accepts donations and reports to the State. The flyer states that there are going to be two forms of government, both HISID and the City. The Attorney General's opinion disagrees with that and the lawyers do not agree either. The flyer states a new city tax is planned. There is no city tax planned by this committee, although a maximum tax allowed would be five mill levy. Yet, to replace the finances of HISID, it would take a 25 mill levy. He encouraged the Board to put out the letter with suggested changes. 3) Rebecca Lutz, 6 Wedgewood Drive: She asked what would happen to the property values if the course was closed or defunded. She recommended that the letter be sent to all residents, not just non-residents. There are no unintended consequences. They knew exactly what they were doing, making it look like it came from you and full of lies. **COMMISSIONER MAKIDON** noted the 9-hole golf course is maintained mostly by volunteers and if the 9-hole golf course is closed, everybody's value will go down, not just properties of residents living on the course. 4) Wesley Stille, 2 Bandy Drive: He was told the flyer sounded like Federal Mail Fraud and asked that it be looked into.

COMMISSIONER KEES restated the motion that **DISTRICT MANAGER BLOOD** be authorized to do a mailing to all property owners incorporating the suggestions made by the Board and by the public. **COMMISSIONER NOONAN** seconded. Motion carried unanimously.

PUBLIC COMMENTS: Ken Mills, 20 Rocky Top Circle: As a member of the Committee for Incorporation, we got involved with the Arkansas Ethics Commission and these people are in violation of the Ethics Commission.

COMMISSIONER COMMENTS: None

COMMISSIONER AGENDA SCHEDULING: **COMMISSIONER KEES** asked if the meeting scheduled for November 4 could be moved to a different day due to the grand opening and ribbon cutting at the new Haddock Trail to be held on November 4.

Tuesday, November 5	10:00 a.m.	2020 Budget
Tuesday, November 12	9:00 a.m.	

ADJOURN: **COMMISSIONER KEES** moved to adjourn. **COMMISSIONER MAKIDON** seconded. Motion carried unanimously.

Respectfully submitted,



Nita Holley, Secretary, Holiday Island Board of Commissioners