

CHARRETTE CLOSING PRESENTATION
DECEMBER 6, 2017
QUESTIONS & ANSWERS

1. **Why, when making projections of what monthly assessments “need” to be, are you only using resident counts?** This is a false assumption. When considering future financial needs, all revenue sources and expenses are evaluated. This includes amenity fees and assessments (both improved and unimproved lots), operating and maintenance costs, infrastructure replacements and additions.
2. **Have we abandoned or minimized the concept of a “gated community”?** This is a false assumption. Hot Springs Village property owners have been very clear that gates are an important element of our community. Safety and security remain a priority. In fact, our gates are undergoing a software upgrade that will improve the experience for both owners and guests.
3. **What happened with the plans for an upscale RV park near the east gate?** This was a privately initiated discussion between Cooper Communities, Inc., who owns the parcel in question, and an external developer. While we are not privy to the full details, our understanding is that the development capital required to proceed was not secured.
4. **How can we deal with homes that are eroding/aging and affecting our growth?** Improved zoning and code enforcement are key. Additionally, attracting new owners willing to invest in renovating older housing is one of our target market strategies. Marketing strategies widely vary for new development vs. existing recent development vs. existing aging development.
5. **Does your 12,000-housing unit growth target/take into account the accelerating attrition rate, meaning homes that are being vacated through death or relocation back to family?** Yes, it does, while we are also encouraging growth via new housing starts and considering aging development. To address these differing needs, we must continue marketing to retirees, empty nesters, young families, and professionals, all of whom have differing housing preferences and only some of whom will be interested in renovating an existing home.
6. **When will the POA fix the Balboa building?** All our existing amenities are being evaluated during the CMP planning process.
7. **How do we intend to prevent even more crime as we bring in people to live in these higher density areas/neighborhoods?** Hot Springs Village enjoys one of the lowest crime rates in Arkansas and the nation. There is no evidence that denser development will increase crime. In fact, these home types typically have larger windows, are closer to the road, have more common space and closer neighbors all of which promote safe environments. There is a misconception about the housing types being considered. New cottages, townhomes, multi-family units, etc. would be higher density, but not low

quality or necessarily inexpensive. Zoning and enforcement is also a key to ensuring we don't end up with dilapidated and aging units that lose their value.

8. **Are there plans for a grocery store on the east side?** We agree the East Village is underserved in this capacity and are evaluating various ideas to bring grocery services closer to the Hwy 5 entrance to the Village, along with other needed services. The completion of a zoning plan and community consensus that will attract developers and investors, giving them confidence that it will be supported, is key to this effort.
9. **Why are we looking at multi-family housing (apartments)?** Multifamily means many things. Apartments, duplexes, townhomes, live work units, etc. The market will dictate what products are considered, and what potential developer partners are interested in building. On a national level, this is an identified housing gap, interestingly for all age groups. We wish to remain relevant to our target markets and believe such housing is one way to do so.
10. **If a town center is built what happens to security since businesses will want the gates open so they can improve profits?** We are not the only development in the nation to offer comprehensive services behind gates. Communities smaller than us are doing so. Our retail market study shows additional retail can be supported here by the existing population.
11. **What is the time frame on land acquisition?** The CMP is a 1 to 30-year roadmap and land acquisition will remain part of the strategy for years to come. Acquisitions in areas identified as priority projects in the final plan will occur first.
12. **Will any of this happen within the next five years?** We anticipate having smaller new development and deferred maintenance projects underway within 12 to 24 months, and begin construction on a town center within three years. The CMP will define growth and preservation priorities that will determine the timeline surrounding each project within a particular strategy.
13. **What types of shopping will be available -bigger retail or little shops?** Those details and strategies are not yet complete. However, in keeping with the community's desire to preserve the natural character, we are not considering "big box" or shopping mall or urban-styled development.
14. **Will more lights be added to roads?** Lighting and Wayfinding are components within the plan.
15. **How will you regulate people coming into town centers that don't live here?** Our professional gate and police staff will continue monitoring ingress policies. As stated above, we anticipate such centers being mainly supported by current residents.
16. **What is the initial cost the POA plans to put toward this adventure? Where does this money come from?** Estimated development costs are a component of the next phase in the CMP process. Funding such development comes from various sources, such as private developers and investors, resident co-ops, grants, debt service, public/private partnerships, etc. The POA does not intend to fully fund, or in some case fund at all,

every strategy outlined in the final CMP. We would play a more significant financial role in projects that are for the common use and enjoyment of all property owners. For instance, improvements to current infrastructure, like a pool, continue to be part of the annual budgeting process.

17. **Are you planning to increase assessment fees?** The POA only has the authority to increase assessments each year up to the Southern Region Consumer Price Index. Property owners must approve additional increases beyond that amount. Our first goal in this process is to identify alternative funding sources and improved operational efficiencies.
18. **If we are already short on money, how do you get the money to buy all these houses and empty lots?** Many of the lots are already in default, and or owned by the POA. Others are in various stages of tax delinquency, and still others are owned by people looking to trade or give back their properties. Any cost of acquisition will be considered in the overall project cost and weighed against the potential return on that investment.
19. **Why would someone build commercial real estate to secure a small area that will not support that business?** The existing market study shows that businesses being discussed are supportable by the current population.
20. **Given the isolated location of HSV from major population centers, why have you not addressed the potential for development money to come here to build a town center.** That is a strategy that has been discussed, and will continue to be part of the conversation as we move into the details of development. Developers and investors require predictability with respect to a community's current state and future potential. A CMP, along with the zoning and policies to support it, provides a level of confidence to such parties.
21. **It has been proven that people will buy if they are in the village. How do we get them here?** Marketing is a key element in the plan. We are actively marketing to potential new retirees, those considering retirement in the next 10 years, and Gen Xers through social media, digital marketing, several print publications and Ideal Living expos. We also have a Discovery Package to encourage people to come try us out, take a tour, and experience Village life.
22. **Why not fix things, pool, Balboa Club, Etc. in Village, before new developments?** Our aging infrastructure is a challenge. Our current rate of growth is only 40 new home starts per year, which has been our average since 2006. Prior to that our average was 150. We must address the real problem which is stagnant growth and infrastructure liabilities so that we have the funding necessary to keep up with maintenance of our existing facilities.
23. **What does the \$500k cost of the CMP cover?** The engagement includes six task areas: Data Collection & Initial Meetings, Site Review & Analysis, Charrette & Group Activities, Concept Planning & Refining, Preliminary Master Plan Preparation, and Final Master Plan Presentation & Delivery. These costs for these task areas include support from

experts in the field of development economics, land planners, architects, marketing, and construction. We would be happy to go through the RFP and resulting proposals with anyone who would like to make an appointment and see the plans.

24. **If this was “Phase One”, how much money is left for next phases?** The recent charrette and group activities account for 34% of the total cost.
25. **What is being done to collect or generate revenue from delinquent properties?** Members who remain in a delinquent state after internal collection efforts, which includes loss of member rates and access to unstaffed gates are subject to further legal action on their properties, including liens recorded against the real estate in the public records, legal negotiations with the assistance of our legal team, and/or foreclosure proceedings on the property.
26. **Given the village population, the participants count(s) seem low. Can you explain?** If you are referring to the participation in the Charrette, or survey polls, we had a very good turnout (2 to 3 times more) compared to other communities our size or even those much larger. The number of people responding to the surveys was comparable or exceeded other surveys we have issued.
27. **What is to prevent the “new” higher density development areas from becoming rental “projects” as much of the existing townhouse subdivisions currently are?** See question 7. Balancing new development with revitalizing existing development is something every community addresses. Maintaining strong zoning and code enforcement, while encouraging continued investment in all areas is key.
28. **Most existing townhouses have no covered parking or garages. What is the answer to this issue?** While the POA does not have jurisdiction over townhouse common areas, this question will be considered in future CMP Steering Committee activities. The Townhouse Association is represented on this committee and is happy to bring their resident concerns to the planning efforts.
29. **How many non-residents attended the charrette and the closing presentation? What are their concerns?** We worked very hard to engage both resident and nonresident property owners. However, we don’t have an exact count at each meeting of who lives in and who lives outside the community. The webinar, which was intended for non-resident owners was viewed by approximately 35 people. There were multiple comments, but one consistent theme was protecting their property values.
30. **Will maintenance cost increase in new re-platting concept?** Infrastructure costs should decrease in more dense development or decommissioned areas.
31. **Residents don’t fully support eateries. What value will it be to add even more places to eat?** Our surveys consistently show that restaurants are an important amenity and that residents do support those that offer excellent service, diverse food options, and reasonable price points.
32. **Will we be allowed to vote on whether or not we want a town center or is this a done deal?** While no project is a done deal until zoning is complete and investors or

developers are recruited, development in Hot Springs Village has never been determined by popular vote. However, we desire to complete projects that are supported by the community. Our recent survey results, with more than 2500 responding, showed 70% supported a town center.

33. **If the POA purchases un-used lots will there be an instant return on investment, or will the POA buy low cost lots for high prices? Will we be buying worthless lots at high cost?** The development being considered, and that which was discussed during the charrette, is in low population areas. The idea is to use land that is not near an amenity (i.e. currently having little to no value) to improve overall community value.
34. **What population in the village aren't retired?** According to the 2016 Hot Springs Village Social and Economic Impact Study, 23% of the Village population 16 years old and older is employed. Approximately 36% of villagers are 60 and younger.
35. **How can all residents receive information?** We send out an email every Thursday with updates on the CMP, and every Friday on Village news and information. Visit www.hsvpoa.org and click sign up for e-news. Also, information on the Comprehensive Master Plan is posted on www.explorethevillage.com/vision/comprehensive-masterplan.
36. **What would be the price points on multi-family dwellings?** That has not yet been determined, but we are not considering low-income housing projects.
37. **How do you price new units to attract new villagers without undermining other property values?** Different buyers are attracted to different "products". Our strategy is not an either/or approach, but rather an "all boats rise with the tide". There is a reason that certain buyers purchase in well-kept areas. Home owners who continue investing in appropriate maintenance and upkeep will see stronger values than those who do not.
38. **Why do you believe a town center will succeed when an area like Coronado and the east gate shopping has not?** These areas have not failed due to lack of demand but rather lack of focus on successional development and policies that insist on best in class leasing practices. For example, lack of adjacent housing and an outdated design that doesn't invite cross shopping patterns contribute to the poor performance.
39. **Other than our fiscal sustainability, what are you trying to accomplish?** Simply put we look to ensure Hot Springs Village remains competitive and relevant in the marketplace. In addition to protecting long term fiscal sustainability, we want to establish and preserve the natural character of the Village, and evolve the experiences and housing offered to meet the changing needs of homebuyers whose choices have significantly expanded once the internet made comparing communities a click away.
40. **Where is basic national marketing of what we already have to offer?** We spend the majority of our national marketing dollars with Ideal Living magazine in both print and digital, as well as attending their out of state expos, and with Private Communities,

digitally. We also use social media strategies such as boosted posts in targeted markets like Dallas, St. Louis, Shreveport, etc.

41. **What is the answer to getting existing commercial property owners to “fix up” what they have and offer some of the “New Amenities” you talk about?** Once new development takes place with well-designed architecture and a thoughtful aesthetic, competition will encourage improvement of existing properties. Even without new development, we are already reviewing and strengthening zoning and code enforcement policies and practices.
42. **The number one village asset is golf. Why did the presentation ignore that?** Golf is already well represented. There are no plans to increase or decrease the number of golf courses. Golf will be addressed in the marketing component of the plan. One way we hope to improve golf results is by giving priority to a lodging project through this plan.
43. **Why was there little mention made of a hotel to provide a place to stay for golf packages and visitors?** On the contrary, the need for lodging was a recurring theme and stated priority throughout the amenity subcommittee discussions and group meetings.
44. **What can we expect in the next six months and next year (marketing)?** With help from Ghidotti Communications, a targeted marketing plan was developed for 2018, with the same target markets discussed in the December 2016 Village Values (62% devoted to retirees and the remaining split between empty nesters, young families, and single professionals). In a similar split, money is targeted in specific publications for national, regional, and local marketing. Keep in mind that our current residents are not as likely to see our marketing efforts unless they are reading Ideal Living, surfing Private Communities, have subscriptions to out of state publications, etc.
45. **What are the comparable communities mentioned in the kick-off presentation?** There were a few projects mentioned during the charrette as well as several small towns that have gone through some level of revitalization recently. While not an exact comparison to Hot Springs Village, there are lessons to be learned. The following are a list of projects mentioned.
 - a. Mount Laurel, Birmingham, AL
 - b. Village of Providence, Huntsville, AL
 - c. Carlton Landing, Eufala, OK
 - d. Cheshire, Black Mountain, NC
 - e. Vickery, Cumming, GA
 - f. Serenbe, Serenbe, GA
 - g. Habersham, Beaufort, SC
 - h. Vermillion, Huntersville, NC
 - i. Village at Hendrix, Conway, AR
 - j. Pinehurst Village, Pinehurst, NC