

**SUN VALLEY ELKHORN ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
Friday, January 3, 2020
Minutes**

AGENDA BUSINESS ITEMS

1. Review and Approve Financial Reports – <i>September, October & November 2019</i>
2. Review and Approve 2018/19 Audit
3. Consider Auditor Engagement Letter for 2020 Audit
4. Twin Creek Ponds – Committee Recommendation
5. Racquet Sports – 2020 Contract; Owner Clinic Access; Pickleball Clinic Fees
6. Crown Ranch Phase 5 – Open Space Encroachment Request
7. Discuss Annual Meeting Information

IN ATTENDANCE

Board Members	Staff, Counsel & Others
Dave Galloway, President	Jim Laski, Legal Counsel
Anita Northwood, Secretary	Chuck Williamson, Staff
Karen Curry, Treasurer	Jon White, Staff
Jim Monger, Vice President	Sue Ahern, Staff
Laurie Fitzpatrick, Director	Darlene Kuehn, Staff
Grady Burnett, Director	
Clark Furlow, Director	
Bob Diercks, Director	Owners and Others:
Pete Petersen - Director	See Attached Listing
Board Members - Not Present - None	

CALL TO ORDER

President Dave Galloway called the meeting to order at 2:00 p.m.

ESTABLISHMENT OF A QUORUM

A quorum was established with all Directors in attendance.

REPORT FROM SUN VALLEY MAYOR

Sun Valley Mayor Peter Hendricks reported on the following:

- Administrator Search – The City has received multiple applications and will begin the process of interviewing candidates in mid to late January.
- Road Construction Communications – Mayor Hendricks reported that there will be another two years of roadwork in Sun Valley. The City is working towards acquiring Sun Valley and Trail Creek roads currently owned by Amtrak. The City has an easement and is working towards a transfer of ownership.
- The City continues to efficiently merge the Ketchum Rural Fire District and the Sun Valley fire protection services.
- City Hall will have minor renovations and remodeling done in 2020.
- City Council Members Peter Hendricks, Jane Conard and Michelle Griffith were re-elected and will serve a four-year term in office.
- Tree removal and thinning in road right-of-way throughout the City will continue next summer as a fire wise measure.
- The City has been and will continue to monitor e-bike usage on the multiuse paths. No reports of serious injury have been documented since the ordinance was enacted allowing e-bike usage on pathways.
- The City will be reviewing the use of drones within City limits.

OWNERS ADDRESSING THE BOARD

Baxter Young – 4603 Arrowwood

Mr. Young expressed his concerns that the Architectural Review Committee may not be legally formed. He stated he believed the governing documents require the ADC participants be property owners “Members” of the Association. Mr. Young provided referenced sections of the Master Declarations to support his claims. Upon review by SVEA legal counsel during the meeting, Jim Laski explained the use of architect professionals on the committee did not violate the Master Declarations and was consistent with long standing practices of the Association.

APPROVAL OF FINANCIAL REPORTS

The financial statements for September, October and November 2019 were provided to all Board Members prior to the meeting.

MOTION: Clark Furlow moved to approve the financial reports as submitted, Grady Burnett seconded, and the motion passed unanimously.

BUSINESS

1. Review and Approve the 2018/19 Audit

Chuck Williamson reported that the 2018/19 audit was submitted to the Chair of the Governance Committee, Jim Monger and SVEA Treasurer, Karen Curry. Jim reported that a supplemental report was provided that discloses the capital reserve funds and the anticipated allocation towards capital asset expenses. Jim reported that he has reviewed the audit as prepared by Scott Hunsaker of Mahlke, Hunsaker and Company and is satisfied that proper accounting procedures have been followed. Treasurer, Karen Curry, confirmed that the audit reflects an accurate accounting of Association revenues and expenses for 2018/19.

MOTION: Bob Diercks moved to approve the 2018/19 financial audit prepared by Scott Hunsaker of Mahlke, Hunsaker and Company, PLLC, Karen seconded, and motion passed unanimously.

Jim Monger requested that the Board consider the engagement of a third party for providing an independent capital reserve study. Jim explained that an organization the size of SVEA should verify the capital reserve component costs and replacement schedule from time to time and validate staff assumptions in the budgeting process. Chuck Williamson stated the use of an outside capital reserve analysis firm is not an uncommon practice for SVEA. The last independent capital reserve study was provided in 2008. Given the age and anticipated future replacement of the Harker and Village pools, an updated capital reserve study by an independent source would be fiscally prudent.

MOTION: Jim Monger moved to approve instructing staff to develop a request for proposal (RFP) and solicit bids from independent contractors to perform capital reserve study services for Board consideration at the March meeting, Clark Furlow seconded, and motion passed unanimously.

2. Consider Engagement Letter for 2019/20 Audit

Chuck Williamson stated it is staff's recommendation to continue with Mahkle, Hunsaker and Company for the 2019/20 audit. Scott Hunsaker has proposed a \$200 increase in the cost of auditing services in 2019/20. The expense would be \$6,700 in 2019/20.

MOTION: Karen Curry moved to approve the auditor engagement letter from Mahkle, Hunsaker and Company at a total cost of \$6,700 for the 2019/20 audit, Bob Diercks seconded, and motion passed unanimously.

3. Twin Creek Ponds – Status

Clark Furlow presented to the Board and SVEA Members in attendance the findings of the pond committee relative to the Twin Creek Ponds. Clark reported on the history of the ponds; the present condition of the ponds as reported by Brockway Engineering; SVEA's contractual obligations and duties for maintaining constructed ponds; and, the five (5) options available to the Board as follows:

- 1) Retain and reconstruct the ponds by dredging;
- 2) Continue to maintain the ponds without dredging;
- 3) Convert the ponds into a riparian corridor;
- 4) Retain some ponds and convert others into a riparian corridor; and
- 5) Allow concerned owners to form a pond association, submit an ongoing maintenance plan and request that SVEA transfer title to land to the newly formed pond association.

Pond Committee Recommendation:

Clark Furlow explained there are 1632 property owners and fewer than 10 have expressed concern about the ponds to the Board of Directors. The ponds are on SVEA open space and technically available for use by all SVEA Members. However, very few, if any, property owners are likely to use the ponds. The ponds are situated on a narrow strip of land along the backyards of approximately 15 homes creating an environment where SVEA property owners accessing this area do not feel welcome or comfortable. While SVEA has a contractual duty under the Master Declaration to maintain the ponds to the extent deemed advisable by the Board, it would be unfair to spend large amounts of money on an area of little benefit or no interest to a vast majority of SVEA property owners. The pond committee sought to find a solution that meets SVEA contractual obligations, but also respects the financial interests of the majority of the SVEA property owners. Clark reviewed the pros and cons of the various alternatives available to the Board as indicated above. After due consideration of the present and future costs, property owner access limitations and viability as an association amenity, the Committee recommended further study and implementation of the following options:

- 1) Conversion of the ponds to a riparian corridor;
- 2) Conversion of ponds G1, H2, I3 & K5 to riparian corridor and consider the possible retention of pond 4 which is currently in the best condition. Pond J4 provides the best option as a sustainable Elkhorn amenity and is accessible for purposes of ongoing maintenance. Pond 4 has a substantial leak that must be addressed if it is to remain a pond.

The committee proposes, under Brockway Engineering guidance, to remove dikes at ponds 2 and 3 and open the water level controls on ponds 1 and 5 allowing the stream to flow freely for identifying and studying the natural waterway. Depending on Brockway's advice, construction of the riparian way would likely begin upstream with pond G1 and proceed downstream in succession. Brockway Engineering has estimated the additional analysis of pond retention and conversion at approximately \$15,000. If approved by the Board, the work could be initiated in the spring prior to snow melt and runoff and the conversion of one or two ponds taking place in the 2020 summer and fall when minimal seasonal water flow occurs.

In addition to the above recommendation, the committee noted the following additional alternative:

- 3) Convey the ponds to a sub-association. If property owners are not satisfied with the alternatives chosen by SVEA, and they can demonstrate they can establish a sub-association for the purpose of maintaining the ponds, then SVEA could convey the open space with the ponds to that sub-association.

Owner Comments:

Jim Fletcher – 3706 The Camp - Jim expressed that this has been an ongoing issue for many years. He believes the pond renovations are a cost-benefit consideration and supports the Pond Committee recommendation.

Baxter Young – 4603 Arrowwood – B.C. Young expressed he also agreed with the pond committee recommendation.

Elliott Lurie – 110 Dandelion E – Elliot asked whether or not bids had been received on the recommendations proposed. Clark explained that this will occur if approved by the Board; however, pricing has not yet been compiled for the project.

Larry Gullickson – 7 Aspen Lane – Larry expressed his concern in regard to the potential decline in property values for homes along the ponds and the significant impact on those property owners who use the ponds if converted to a riparian corridor.

Grady Burnett reported that in an effort to rehabilitate the ponds and waterways at Flying Heart Ranch, similar action was taken to that proposed by the SVEA pond committee. It has been several years since the renovations occurred and the action taken has worked well in reestablishing the natural areas and improved the remaining pond health and appearance.

Pursuant to discussion, **MOTION: Karen Curry moved to approve the recommendation of the pond committee to retain the services of Brockway Engineering to facilitate the study and conversion of ponds 1, 2, 3 and 5 to a riparian corridor and the feasibility of retaining pond #4, or, pursue conveying the open space to a sub-association that will maintain the ponds in a manner approved by SVEA, Pete Petersen seconded, motion passed unanimously.**

4. Village Racquet Sports Renovations – Status

Racquet Sports Committee chairperson, Laurie Fitzpatrick, reported that the committee met on December 4, 2019 at which time they addressed the concerns raised by owners during the September 19, 2019 Board meeting as follows:

- 1) Tennis Contract – The 2020 contract was finalized, and Scott Teller and Collin Fehr will return as co-directors for the 2020 tennis season. In response to owner concerns about extending women’s summer challenge play to the Labor Day weekend, the Committee instructed that Chuck Williamson meet with Scott Teller and Collin Fehr and develop a plan for pro assisted women’s play extended to Labor Day Weekend.
- 2) Owner Pickleball Clinic Priority Access – Laurie reported that the Committee approved a clinic reservation policy that will grant priority access to pickleball clinics to property owners in Elkhorn. Owners will be offered the ability to sign up for the entire summer season, while guests must reserve their space on a week to week basis. Owners on a waiting list will be given priority over non-owners and guests. Owners will be offered early season reservation opportunities prior to opening the clinics to the general public.
- 3) The Committee recommends that the Board approve the increase in pickleball clinic rates for guests from \$10 to \$12. The owner pickleball clinic rate will remain unchanged at \$8.

After discussion, **MOTION: Clark Furlow moved to approve the Racquet Sports Committee recommendation to increase the pickleball clinic rates for guests from \$10 to \$12 per clinic, Karen Curry seconded, and motion passed unanimously.**

5. Crown Ranch Phase 5 – Grading Encroachment Request

Chuck reported that Crown Ranch Phase 5 developer, Magleby Construction, has submitted a request for SVEA approval to regrade open space which eliminates the need for a retaining wall along portions of the planned project access road. The SVEA ADC has preapproved the Crown Ranch project subject to the submission of additional information to be reviewed by the Committee prior to final approval. The ADC reviewed Magleby’s open space grading request and concluded it would be in the best interest of the Association to allow the regrading as proposed. The ADC recommends Board approval for regrading open space as proposed by Magleby Construction. The ADC concludes that regrading will reduce the overall visual impact; enhance the area visually and offers a safer environment for hikers on the SVEA trail system.

Owner Comments:

Jim Fletcher – 3706 The Camp – Jim expressed his concern that the Board should not approve this request at this time as it will be viewed as SVEA’s endorsement of a commercial endeavor. Mr. Fletcher suggested waiting until the project is approved by the City of Sun Valley before considering the request to encroach on open space. Jim expressed the overall project may be better served by allowing the regrading to occur and eliminate the use of the more imposing retaining wall; however, that decision should be made

after the City approves. Jim expressed his concern that the project may not comply with the hillside ordinance and the view corridor preservation as specified in the Master Declarations.

Ed Hupp – 3712 The Camp – Ed expressed his concern about the impact on the view corridor from his condominium at the Camp as one of the two units where views are most obstructed.

Baxter Young – 4603 Arrowwood – Baxter expressed that the Board is reviewing this request prematurely and expressed his belief the ADC does not have the authority to recommend approval.

Peter Lockwood – 3701 The Camp – Peter expressed his concerns that the design of the project does not fit within the Elkhorn environment and hillside slope ordinance unless substantial excavation occurs.

After lengthy discussion, Board members concluded that the Crown Ranch Phase 5 project should proceed through the City approval process without the appearance of SVEA endorsing the project by allowing the regrading of open space. Many on the Board agreed with the ADC that the overall visual impact from neighboring properties may be lessened by allowing the regrading of the open space proposed, however, the project approval by the City should not be predicated on SVEA's approval to regrade open space. Those present were informed the ADC has granted preliminary approval of the Crown Ranch 5 subdivision. If the ADC grants final approval for this subdivision, there will be an appeal period during which property owners may petition the Board for reconsideration.

MOTION: Jim Monger moved to table the Magleby Construction request for permission to regrade open space adjacent to the proposed Crown Ranch 5 development, Anita Northwood seconded, and motion passed unanimously.

6. Consider Appointment of ADC Members

Staff reported that Maureen Coyle and Lynn Bochemole, both having served as property owners on the ADC for 6 years are required to step down in 2020. Staff recommended for Board consideration that architect Kristin Anderson and property owner Jack Jackson (Ranch 3596) be appointed to the Architectural Design Committee.

After discussion, **MOTION: Jim Monger moved to approve the appointment of architect Kristin Anderson and property owner Jack Jackson to the Architectural Design Committee for a three (3) year term, Clark Furlow seconded, and motion passed with eight in favor.** Karen Curry abstained from voting due to personal connection to Jack Jackson.

7. Annual Meeting Assignments (Review Slide Deck)

Staff provided the annual meeting PowerPoint presentation slides for Board review. Chuck Williamson requested that Sub-Association Liaison Committee Report be removed, those present agreed. Dave Galloway reported that the committee chairs will be asked to report on their respective areas during the annual meeting, all present agreed. Clark and Bob were asked to include a report from the Pond Committee.

STAFF REPORT

The following is an excerpt from the Board meeting packet provided for owner information:

Amenity Operations

Harker Pool – The Harker pool has been winterized. The salt cells have been dismantled, cleaned and stored for winter. Leak detection services were contracted to locate the source(s) of pool water loss which was significant over the summer months. Several deteriorated equalizer lines were found and assumed to be the primary source of the leakage. A Boise based pool company has agreed to repair the lines in spring of 2020 prior to season opening.

Village Pool - The Village hot tub is now open 3pm-10pm daily and is staffed by two-part time attendants. The hot tub cover was replaced and installed on Dec 17th. The twenty plus year-old domestic hot water storage tank started leaking requiring replacement. A hot water recirculation pump was replaced for instant

hot water in the shower areas. Boiler ignition and power module parts were replaced prior to opening day. The hot tub is scheduled for re-plastering in the spring.

Common Areas/Open Space – Dog waste dispensers are being monitored and bags replaced as needed. 12 boxes totaling 2400 bags have been replaced since installation in October 2018. Ranch 4 boxes, Sagehill 4 boxes, Bluebell 2 boxes, Horseshoe Rd 2 boxes, Bluegrouse 0

Ponds/Waterways - The Village Pond is being aerated over the winter months to help the trout survive. The sonic algae unit was removed from the pond to prevent winter damage and will be re-installed in the spring.

Harker Park – The splash pad was winterized, and park umbrellas were stored for winter. Volleyball, shuffleboard and badminton/basketball nets were stored for winter.

Tennis & Pickle Ball Facilities – The Har-Tru clay courts have been winterized. The float valves were removed for winter. Pickle Ball posts and nets were removed and stored. The Harker Tennis courts had continued play with 4 courts available into late November. Harker tennis shop was winterized. Post tension concrete was poured on schedule in mid-September with perimeter fence poles installed. Sound attenuation screening was ordered and is being shipped for a February arrival. The Village Racquet Sports site plan has been completed. The plans for a modular Village pro shop building with storage and restrooms are being finalized. A factory build start date is planned for February. Juniper trees have been ordered for additional screening around pickleball courts with a scheduled arrival date in March/April.

ADC & Compliance Reports December 2019

Current Projects

Project Type	Full ADC Committee Approval	Administrative Approval
New Residences	4	0
Remodels/additions	6	0
Deck/Patio Expansion	2	5
Painting	0	1
Remove Trees	0	25
Add/Remove/Replace doors/windows	0	5
Re-roof	0	2
Landscape	2	3
Hot tub	0	2
Pavers	0	1
Lighting	0	1
Siding	0	2
Awning	0	1
Air conditioner	0	1
Fence	1	1
Driveway	0	2

Restriction Compliance

Infraction	Total
Trash cans	5
Recycle bins	2
Trailer	1
Unsightly	1
No App	3

Canoe	1
Dead trees	1
Blue Tarp	1

Finance Directors Report

Dues Payments Overview

- As of December 18, 2019
 - All of the previous seriously delinquent accounts have been collected and the liens released.
 - There are currently 84 owners that are 20 days past due.
 - The combined Accounts Receivable balance is \$25,001

Operational & Capital Overview

- As of November 31, 2019
 - The Capital Reserve asset replacement fund balance totaled \$1,105,487
 - The Operational Account cash and investments balance totaled \$551,086

Current SVEA Investment Providers:

- 1) Treasury Direct – Combined balance \$506,267 with interest earnings from 2.52% to 2.72%.
- 2) Washington Federal –
 - 4-year CD \$142,307 @ 1.745% – Matures 6-03-2020

COMMITTEE REPORTS

1. Communications Committee ~ Grady Burnett reported the committee has not met; however, staff has recently included mountain lion sightings in the eblast to keep owners informed on the potential danger to pets. Grady explained that he will summarize all the Communication activities at the homeowners meeting.
2. Executive Committee – Dave reported that the Executive Committee met and renewed Chuck Williamsons employment agreement for another three (3) years.
3. Finance/Long Range Planning Committee ~ Nothing further to report beyond the audit approval and capital reserve study recommendations. (See Above)
4. Governance Committee ~ Jim stated no meeting was held since this years Board vote did not require consideration on how Board proxies would be allocated.
5. Recreation Committee ~ No Report
6. Sub Association Liaison Committee – No Report
7. Racquet Sports ~ Laurie reported on committee activity earlier in the meeting. (See Above)
8. Water Committee – No Report
9. Ad Hoc Pond Committee – Clark reported on the committee activity earlier in the meeting. (See Above)

OTHER BUSINESS

None

EXECUTIVE SESSION

None

ADJOURNMENT

With no further business Dave Galloway adjourned the meeting at 4:15 p.m.

Respectfully Submitted,

 /s/ Anita Northwood
 Anita Northwood, SVEA Secretary

SUMMARY OF MOTIONS, DECISIONS & ACTION ITEMS

Motion or Decision	Page #
Motion to approve Financial Reports for September, October & August 2019	2
Motion to approve the 2018/19 Audit	2
Motion to approve RFP and Solicitation for Bids on Updated Capital Reserve Study	2
Motion to Auditor Engagement for 2020	2
Motion to approve pond committee recommendations for Twin Creek pond riparian conversion and the continuation of consulting services provided by Brockway Engineering.	4
Motion to approve increase in guest pickleball clinic fees from \$10 to \$12	4
Motion to table Magleby Construction request to regrade open space adjacent to Crown Ranch Phase 5 development.	5
Motion to appoint Kristin Anderson and Jack Jackson to ADC for 3 year term	5

ACTION ITEMS	
Who	Does What
Chuck	Prepare RFP and solicit bids for new capital reserve study.
Chuck	Send letter of approval to Scott Hunsaker for 2020 audit
Chuck/Bob/Clark	Contact Brockway Engineering and start preparing plan for Board consideration on the conversion of the ponds to riparian corridor.
Chuck	Send letter to Magleby of Boards decision for regrading open space.
Chuck/Jon	Amend pickleball pricing for guest clinic participation from \$10 to \$12 in 2020
Darlene	Post 2018/19 audit on website