

**SUN VALLEY ELKHORN ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
Friday, July 17, 2020
Minutes**

AGENDA BUSINESS ITEMS

1. Review and Approve Financial Reports – <i>December 2019 – May 2020</i>
2. Twin Creek Ponds – Committee Recommendation
3. Camp Owners Request – SVEA Common Area Berm Addition
4. Village Pool Rebuild

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
Grady Burnett, Vice President	Sue Ahern, Staff
Pete Petersen, Director	Darlene Kuehn, Staff
Bob Diercks, Director	
Clark Furlow, Director	
Tom Ecklund, Director	Owners and Others:
	See Attached Listing
Board Members - Not Present	
Laurie Fitzpatrick, Director	

CALL TO ORDER

President Dave Galloway called the meeting to order at 2:00 p.m. In response to COVID-19 concerns and City ordinance requirements, Zoom conferencing was made available to owners who preferred to attend virtually.

ESTABLISHMENT OF A QUORUM

A quorum was established with eight (8) Directors in attendance. Laurie Fitzpatrick was not available.

REPORT FROM SUN VALLEY MAYOR

Sun Valley Mayor Peter Hendricks reported on the following:

- COVID-19 – The City passed an ordinance requiring the use of face masks until 10/1/2020. The face mask requirement has outdoor exception for brief encounters, outdoor recreation with distancing, and indoor gyms with distancing. Blaine County continues to have very low confirmed infection rates.
- The City has decided to not exercise their authority for increasing tax rates by up to 3% as authorized by the State. This is the seventh year of no tax increase. The total operational budget proposed for 2021 is 8.3 million dollars. The revised 2020 budget reflects an anticipated savings of 1.3 million. The LOT tax receipts have been adjusted lower indicating reduced revenues of approximately \$500,000. General expenditures in 2021 are anticipated to be 5% lower in the coming year. Capital expenses have been budgeted at \$612,000 in 2021. Mountain Rides, Sun Valley Economic Development and Visit Sun Valley have all received their full funding requests.
- The City will be seeking reimbursements from the coronavirus CARES Act for qualified expenses for Fire, Police and City employees as a result of the pandemic.
- Road projects will continue after Labor Day.

OWNERS ADDRESSING THE BOARD

Peggy Claghorn – 1 Coyote Court – Mrs. Claghorn expressed concern about the new Crown Ranch Phase 5 approval process and not being fairly treated with respect to concerns about view impact; however, the request for a berm from the Camp Owners is being considered which provides no benefit to existing Crown Ranch owners.

Deborah Berner – 6 Fox Lane – Mrs. Berner requested Board consideration for changing the pool reservation system to 1-hour time intervals instead of 1.5 hours to increase the number of people able to use the Harker pool facilities.

Connie Skavdahl – 6 Crown Ranch Road – She voice her agreement with the concerns expressed by Deborah Berner.

Elli Bernacchi – 106 Thistle – Mrs. Bernacchi related her concerns with regard to having too many people on the tennis and pickleball courts and the potential spread of COVID-19 among the players. She recommended consideration for “owners and their guests only” allowed to use the facilities. Elli stated that she believes the pricing for pickleball is too low for non-owner use of the facilities.

APPROVAL OF FINANCIAL REPORTS

The financial statements for December 2019 and January, February, March, April and May 2020 were provided to all Board Members prior to the meeting. *MOTION: Bob Diercks moved to approve the financial reports as submitted, Karen Curry seconded, and the motion passed unanimously.*

BUSINESS

Owner Comments that were received during pond discussions:

Wendy Cannon – 204 Lupine – Wendy expressed they were inclined to support a riparian area, however, she was concerned that the depth and condition of the pond will require more attention than just lowering the water level and hydroseeding the mud left behind. She expressed her concerns about the timing in completing the project described when no funds have been allocated for what could be a very expensive project. She did not want the riparian conversion to take years to complete as funds become available.

Taan Robrahn – 3 Mock Orange – Taan stated his purpose for attending this meeting was to hear the Board’s decision after expressing his concern over the loss of the ponds during the neighborhood meeting.

Larry Gullickson – 7 Aspen Lane – Larry asked if the Board had been given, and had a chance to read, all the correspondence with regard to the ponds prior to the meeting. All present stated they had received and read the information provided. Larry expressed his concerns about the way the meeting was being conducted making it difficult for owners present to hear the proceedings.

1. Twin Creek Ponds – Status

Clark Furlow provided a brief history of the issues associated with the Twin Creek ponds. In January 2020, the Board directed that the ponds in the Twin Creek area be restored to a riparian corridor. In addition, the Board directed that a feasibility study be done for the possible retention of pond 4. During the investigative process to accomplish the Board directive, the hydrologist, Brockway Engineering, brought to SVEA’s attention the loss of water rights for the Twin Creek ponds.

Clark explained that in 1992 the Idaho Department of Water Resources issued a water license that encompassed and shared among eleven (11) ponds. Six (6) ponds were located on the golf course and five (5) were in Twin Creeks. Under Idaho law, the water rights belonged to the landowner. This meant the water rights were shared between the golf course ponds and the SVEA common area ponds in Twin Creeks, where Twin Creek land title was cleared earlier this year.

In May 2020, SVEA learned for the first time that SVEA may have lost their water rights. Clark explained the water rights in the Snake River Basin, in which Elkhorn is located, were confused and most likely over allocated. To address this problem, Idaho enacted a Statute creating the Snake River Basin Adjudication process. The purpose of the adjudication process was to inventory and properly allocate water rights in the Snake River Basin. To preserve water rights, everyone with a water right had to file a claim in the adjudication process. If timely claims were not filed, the water permit holder would lose their water rights forever. SVEA has no record of ever receiving notice and no claim was filed. On August 25, 2014, the court issued a “final unified decree” allocating all water rights in the Snake River Basin marking the end of the adjudication process. Having made no claim, SVEA appears to have lost its water rights.

The Twin Creek ponds were created when the developer installed dams and diversions at each pond location. The storage of water behind these devices requires a water permit. With the loss of water rights, it may no longer be consistent with Idaho law to store the water within the ponds. If Idaho issues a “Notice of Violation” SVEA will have to respond appropriately at that time.

Mentioned previously, the Board directed that 4 or 5 of the ponds be drained and renovated into an attractive riparian corridor. If SVEA receives a Notice of Violation from the Department of Water Resources, it would be necessary to hire a hydrologist and landscape architect to design a well-functioning and attractive riparian area. Clark noted that the Pond Committee met with concerned homeowners on July 8th and some homeowners requested that SVEA not proceed to implement this action at this time.

Pond Committee Recommendation:

Clark Furlow concluded with a pond committee recommendation for the Board to direct SVEA to delay taking any further action in transforming the ponds to a riparian area until such time as SVEA receives a Notice of Violation. When that happens, the committee recommends that SVEA retain the services of a hydrologist and landscape architect to design a well-functioning and attractive riparian corridor. Until a “Notice of Violation” is received, the committee recommends SVEA continue to do the following:

- 1) Periodically remove trash.
- 2) Once each season, (a) trim the willows and trees around the ponds and (b) take reasonable steps to remove the offensive plant growth from the ponds.

After discussion, the following motions were presented for Board approval:

MOTION: Clark Furlow moved to approve that SVEA take no further action to transform the ponds to a riparian way, unless and until such time as SVEA receives a Notice of Violation from the Idaho Department of Water Resources regarding the ponds, Karen Curry seconded, and motion passes unanimously.

MOTION: Clark moved to approve that SVEA shall continue its policy of doing the following in the Twin Creek open space areas owned by SVEA: (1) periodically clear trash from the pond areas, and (2) once each season (a) trim the willows and trees growing along the banks of the ponds, and (b) take reasonable steps to remove offensive plant growth from the ponds, Bob Diercks seconded, and motion passes unanimously.

2. Camp Owners – SVEA Common Area Berm Addition

Chuck explained that a group of owners within the Camp Association submitted a plan to SVEA for installing a berm on SVEA OR-1 zoned common area adjacent to the newly approved Crown Ranch subdivision. The berm, if professionally installed, will screen the new construction from the Camp Association view corridor. Chuck reported the berm plan proposed was professionally designed and submitted to the SVEA ADC committee for review and approval. The ADC approved the design conditioned on a revised irrigation and planting plan. The ADC recommended Board of Director approval for the berm installation as conditioned. Chuck explained the Camp owners submitted the plan to the City of Sun Valley for consideration and approval. City officials determined the berm alteration on OR-1 land could not be considered until such time

as the OR-1 land is rezoned to OS and brought into conformance with the land use map of the City. Dave Galloway explained that he discussed the matter with Mayor Henricks and City development official, Bryce Ternet. Dave explained that SVEA has no desire to pursue a rezone given the time and expense associated with the process and the pushback SVEA encountered previously. Dave asked Bryce about the installation of the berm on OS being a non-conforming use requiring a variance and the likelihood of that being approved by planning and zoning. Bryce indicated that he believed, but couldn't guarantee, the rezone process would be less contentious this time around. Bryce stated the City is willing to work with and provide assistance to SVEA to achieve the rezone of the 154-acre parcel of OR-1 land to OS. Bob Dierck inquired as to the possibility of zoning the property to something other than REC or OS and eventually selling the parcel. Dave explained rezoning to a higher use beyond REC would be unlikely unless it would benefit the City in some way. Dave informed the City that in conjunction with the rezone of the parcel in question, SVEA would be interested and willing to review all of SVEA OR-1 land for the purpose of officially identifying OS and recording some land for REC zoning. Bryce indicated he would be willing to review this matter. Dave explained this action would begin the process of aligning SVEA OR-1 land with the official zoning and future land use maps of the City.

After discussion, *MOTION: Pete Petersen moved to approve the construction of the berm as proposed on SVEA OR-1 land adjacent the new Crown Ranch subdivision, and the rezone of this parcel of land from OR-1 to OS to facilitate installing the berm as requested, Karen seconded, and motion passes unanimously.*

3. Village Pool Rebuild

Chuck reported that in April 2020, the Board of Directors met informally at the Village pool to discuss the following two (2) matters:

- 1) Whether or not to open the Village pool in the summer of 2020 given the ambiguous nature of the COVID-19 pandemic progression, staffing uncertainty and the problems associated with opening in a manner that would be safe for Elkhorn owners and guests.
- 2) To view firsthand the significant winter damage to the wall and floor plaster, gutter system and pool structure.

He explained that he informed the Board members that staff proceeded on the basis the Village pool would be open for the season and solicited a bid to make the necessary repairs. The bid received was in excess of \$370,000 with additional costs anticipated for necessary gutter and pool structure repairs which would remain unknown until all the plaster could be removed. Chuck stated the repairs could be in excess \$400,000 with no guarantee the repairs would extend the life of the pool or any assurance the damages would not continue into the next year. He informed board members the Village pool is 45+ years old and the life expectancy is 40 years which the facility had substantially exceeded.

The Board advised staff that the Village pool should remain closed for the 2020 summer season and that a total rebuild of the pool should be considered. Staff was asked to develop a replacement plan for Board consideration for a complete rebuild of the Village pool and hot tub. The Board further directed the rebuild plan include a funding option which does not require an increase in dues or a special assessment. Board members expressed concern over the current economic situation as a result of the pandemic. Board members expressed that the rapid rise in the loss of jobs by many of the Elkhorn owners, followed by a dues increase or special assessment, may impose undue hardship.

The Executive Committee of the Board met on May 4, 2020 at which time they officially approved the recommendation of the Board to close the Village pool facilities for the summer of 2020 and develop a rebuild plan for the Village pool and hot tub.

Staff solicited bids from seven (7) pool construction contractors. Chuck reported he received two (2) bids, one for 3.5 million and the other at 1.5 million. A third contractor indicated they did not have the resources to take on the project at this time. All other contractors declined the opportunity to bid on the project. The

lowest bid received was from Infiniti Pools. Infiniti Pools was selected by the Blaine County Recreation District to rebuild their public swimming facilities. Staff made inquiries with BCRD officials as to their overall satisfaction and the work product of Infiniti Pools. Infiniti Pools comes highly recommended by the BCRD management personnel. Infiniti pools was asked to present three design options for the pool and hot tub rebuild.

Chuck informed the Board that two (2) local banks and the SBA (Small Business Administration) were approached with regard to financing options on a loan of up to 1.5 million dollars. DL Evans and Zions Bank expressed a willingness to work with SVEA on the loan requirements. Zions provided the best terms. A loan of 1.5 million fully amortized over 10 ½ years at a fixed interest rate of 3.75% with a closing fee of .00875%.

Upon receiving the pool design concepts from Infiniti Pools, a meeting with the Recreation Committee was held for the purpose of selecting a pool design option and preparing a recommendation for Board of Directors approval. The Recreation Committee met on July 1, 2020 and approved a zero-entry pool design with 5 swimming lanes with a maximum depth of 5 feet. (*Approved Design Attached*) The plan includes an expanded pool deck for additional seating capacity. The Finance Committee met on July 9th and reviewed the financing options. The committee members approved for Board consideration the Zions Bank financing proposal. Some skepticism was voiced by a committee member as to whether or not Zions would actually lend on the terms proposed given that SVEA is a homeowner's association lacking a personal guarantor. Zions was contacted and asked about the expressed concerns and Zions representatives reiterated their interest and a letter of intent was issued by Zions. Chuck explained that for a loan of 1.5 million the monthly payment would be approximately \$15,000. SVEA currently collects \$254,000 annually in capital reserve collections. The annual payments would total \$180,000 leaving a surplus of approximately \$74,000 going into capital reserves without an assessment or dues increase. In addition, the Finance Committee approved the selection and hiring of a capital reserve specialist. A capital reserve specialist will examine all SVEA amenity assets and provide a capital reserve collection plan to fully fund future replacement of SVEA amenities.

Legal counsel, Jim Laski, was asked to review the governing documents and address the Boards authority to; 1) borrow funds on behalf of the Association, and 2) replace the Village pool and hot tub without a vote of the membership, and 3) confirm the Boards authority to special assess the members for this project. Jim Laski stated the Board does have the authority to borrow funds and/or special assess as may be necessary to replace existing amenities without an owner vote, as defined within the governing documents.

Chuck explained the rebuild plan would entail starting demolition in early to mid-August and installing the pool and hot tub rebar cage, concrete shell and plumbing prior to winter. In the spring of 2021, the pool and hot tub would be plastered and finished. Staff is progressing toward a planned completion date of July 4, 2021.

After discussion, the following motions were offered for Board approval: *MOTION: Karen Curry moved to approve the recommendation of the Recreation committee on the design and use of Infiniti Pools as the contractor for the Village pool and hot tub rebuild project, Clark Furlow seconded, and motion passes unanimously.*

MOTION: Clark Furlow moved to approve the recommendation of the Finance Committee to accept the lending terms and conditions of Zions Bank for a loan of up to 1.5 million dollars, Karen Curry seconded, and motion passes unanimously.

Dave Galloway suggested that in order to facilitate any bank loan document approval and signature requirements, that the Executive Committee be granted authority by the entire Board to complete and sign all loan documents to facilitate the loan of up to 1.5 million dollars. After discussion, *MOTION: Bob Diercks moved to approve that the Executive Committee be granted full authority of the Board to complete and sign*

all documentation required by Zions to facilitate the loan of up to 1.5 million dollars, Pete Petersen seconded, and motion passes unanimously.

STAFF REPORT

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

Amenity Operations

Harker Pool – Harker pool is operational with an online reservation system limiting the number of users in the facility to 45 at any given time. Showers, hot tub, and wader pool remain closed. Hours are adult swim 8am-10am and open swim 10am-5:30pm. Sanitizer and masks are being supplied at entrance. New back up pump and motor were purchased and delivered to storage. Equalizer lines were repaired in May. The pool water loss continues and believed to be from additional cracking along a previous return line repair. Cracks in pool will be evaluated and repaired in the fall.

Village Pool – Closed for season, please refer to rebuild plan.

Common Areas/Open Space Trails – Dog station bags are being monitored. A new trash receptacle was placed by the City at the Prospector trail parking area. Cleanup after pet signage has been ordered. Trails have been inspected by maintenance and cleared of overgrown vegetation. Additional trail connectors will be reviewed with recreation committee.

Ponds – Village pond aerator and algae unit installed. Fish were not planted this season. Twin Creeks ponds have been sprayed twice this season for mosquito abatement. Annual pond surface cleanup work will be done in August. Twin Creeks pond riparian corridor plan to be reported during the Board meeting.

Harker Park – Harker park is open with basketball, volleyball, shuffleboard, horseshoes & bocce. Fence repair/replacement was deferred this year. Volleyball court cleanup completed, and holes filled for safety reasons. Pergola shade structure is scheduled for cleaning and staining.

Tennis Facilities – Village Pickleball courts were completed and opened three weeks earlier than originally scheduled. Sound screening was installed and has decreased paddle sound significantly. Tennis and pickleball check-in are currently at the Village pool house with restrooms available. Village racquet sports building is near completion and will be fully operational the week of July 13th. Tennis program revenues reflect an increase of 116% to date. Harker tennis facility is scheduled for demolition beginning on August 24th. Post tension concrete is scheduled to be poured September 16th and 17th. Court fencing and paint to be completed in the spring of 2021.

ADC & Compliance Reports July 2020

Current Projects

Project Type	Full ADC Committee Approval	Administrative Approval
New Residences	14	0
Remodels/additions	5	0
Racquet Sports Bldg	1	0
Deck/Patio Expansion	0	3
Painting	0	6
Remove Trees	0	12
Reroof	0	9
Garage door	0	1
Landscape	1	6
Hot tub	1	1

Pavers	0	2
Lighting	0	2
Roof over deck	1	0
Fence	0	1
Screening	0	1

Restriction Compliance

Infraction	Total
Trash cans	30
Recycle bins	1
Trailer	1
Unsightly	10
No App	4
Real Estate signs	1
Dead trees	2
Boat	1
Lights left on	3
Disrepair	1
Camper	2

Finance Directors Report

Dues Payments Overview

- The Accounts Receivable balance is currently \$6,667
- As of July 10, 2020, the number of owners over 30 days delinquent stood at 29. There are no owners 60+ days past due.

Operational & Capital Overview

- As of July 10, 2020
 - The Capital Reserve asset replacement fund balance totaled \$943,768
 - The Operational Account cash and investments balance totaled \$681,603 nearly \$55,000 more than last year at this time.

Communications

- April 1 – July 10, 2019
 - The quarterly newsletter was mailed to owners and the revamped tennis guide was published.
 - Pictures have been updated on the website
- In addition, 20 e-blasts have been sent to owners as follows:
 - 11 – Amenity Updates
 - 6 – City of Sun Valley Messages
 - 2 – Special interest notices
 - 1 – Newsletter
- During the past 90 days eblast open rates have increased from an average of 50% to 62%
- SVEA is currently communicating via email with 1,396 (86%) of Elkhorn properties. Last year we were in communication with 77% of Elkhorn properties.

COMMITTEE REPORTS

1. Communications Committee - Grady Burnett reported the Communications Committee met and reviewed SVEA communications with regard to weekly updates on the amenity operations. The committee members discussed the amenity survey and placed its distribution on hold at this time given the COVID-19 ramifications. The Owners answers to some of the questions may now be immaterial. The website photos have been undergoing changes with insertion of professional photography. Committee

members will soon be reviewing all available professional photos and replacing the home page rotating images.

2. Executive Committee – Dave reported that the Executive Committee met and discussed the matters which were addressed earlier in the meeting.
3. Finance/Long Range Planning Committee - Nothing further to report beyond matters involving the Village pool rebuild and financing options as previously discussed.
4. Governance Committee - Pete stated there was nothing to report.
5. Recreation Committee - Anita stated that the committee met and in addition to the Village pool and hot tub approval, they discussed the long-term plan for hiking trails; however, more will be reported at a later date as nothing was decided during the meeting.
6. Sub Association Liaison Committee – No Report
7. Racquet Sports - Tom Ecklund reported that he visited the Harker and Village facilities earlier in the day and observed that sanitation stations were in place. In addition, owners and guests were practicing social distancing while on the tennis and pickleball courts. Tom stated that he spoke to a property owner who participates in clinics while her children are in the junior's program. She was very complimentary of the pros and spoke highly of the program provided by SVEA. Tom encourage Board members to visit the Village facilities which are 95% complete. Tom stated the facilities are most likely the best in the State. Dave Galloway requested that the Racquet Sports Committee, in their September meeting, review the fee structure and operations as requested by owners at the start of the meeting. Tom agreed to make this part of the upcoming agenda.
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 4:05 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 December 2019, January thru May 2020	2
Motion to approve no further action by SVEA on TC pond renovation to riparian area	3
Motion to approve SVEA pond maintenance of clearing trash, annual willow trimming and annual removal of offensive aquatic plant growth	3
Motion to approve the construction of a berm on SVEA OR-1 land and rezoning that parcel of land from OR-1 to OS to facilitate the berm installation	4
Motion to approve Rec Committee recommendation for new Village pool and hot tub design and using Infiniti Pools for the rebuild project	5
Motion to approve Finance Committee recommendation to accept the terms offered by Zions Bank for a loan up to 1.5 million dollars	5
Motion to grant the Executive Committee full power of the Board to sign and complete any loan document requirements for the loan up to 1.5 million dollars	5/6

ACTION ITEMS	
Who	Does What
Chuck	Notify all owners of Board's decision with regard to Twin Creek pond renovations
Jon	Prepare for pond maintenance as directed by Board
Chuck	Contact City and prepare to rezone OR-1 parcel to accommodate Camp owner berm installation request. Review the rezone of all remaining SVEA OR-1 land identifying REC zoned parcels
Chuck/Jon	Start Village Pool rebuild process: Contact Zions and Infiniti Pools – Schedule demolition and prepare for rebuild