

**SUN VALLEY ELKHORN ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
Thursday, September 24, 2020
Minutes**

AGENDA BUSINESS ITEMS

1. Review and Approve Financial Reports – <i>December 2019 – May 2020</i>
2. Camp Owners Request –SVEA Common Area Berm Addition - Report
3. Approve 2021 – Operational Budget
4. Annual Meeting Information

IN ATTENDANCE

Board Members	Staff, Counsel & Others
Dave Galloway, President	Jim Laski, Legal Counsel
Grady Burnett, Vice President	Chuck Williamson, Staff
Karen Curry, Treasurer	Jon White, Staff
Laurie Fitzpatrick, Director	Sue Ahern, Staff
Pete Petersen, Director	Darlene Kuehn, Staff
Bob Diercks, Director	
Clark Furlow, Director	
Tom Eklund, Director – Zoom Conference	Owners and Others:
	See Listing
Board Members - Not Present	
Anita Northwood, Secretary	

CALL TO ORDER

President Dave Galloway called the meeting to order at 2:05 p.m. In response to COVID-19 concerns and City ordinance requirements, Zoom conferencing was made available to owners requesting attendance.

ESTABLISHMENT OF A QUORUM

A quorum was established with eight (8) Directors in attendance in person or via Zoom conference call. Anita Northwood was not available.

REPORT FROM SUN VALLEY MAYOR

Sun Valley Mayor Peter Hendricks, accompanied by Walt Femling, reported on the following:

- COVID-19 – The City ordinance requiring the use of face masks until 10/1/2020 is being reviewed for a possible 90-day extension. The COVID infection rate in Blaine County remains low and the Mayor encouraged everyone to continue to be vigilant in their use of social distancing and wearing of face masks.
- The bike path renovations are underway from Morningstar Road to the tunnel at HWY 75, and near Dollar mountain and Saddle Road.
- 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. Operational savings of \$500,000 occurred due to reduced operations in the COVID lockdown. It is anticipated an additional \$300,000 reduction will occur in the new fiscal year. The City received CARES Act funding for qualified expenses for Fire, Police and City employees as a result of the pandemic.
- Reid Sanborn has replaced Sherry Newland on the Planning and Zoning Commission.

OWNERS ADDRESSING THE BOARD

Pam Bailey – Sunburst 2775 – Pam expressed that she was disappointed with the decision on the Village pool rebuild. She expressed concern that no consideration was made with regard to the depth of the pool and the ability to provide deep water aerobic classes. Pam stated a pool depth of 6 feet would be sufficient to accommodate a water aerobics program and lap swimming.

Dave explained that the depth of the pool was taken into consideration in the rebuild approval process. It was determined that the amount of ground water under the pool had accelerated the deterioration and plans for improved drainage are included in the new design. The Harker pool will continue to be used for deep water aerobics for the foreseeable future.

APPROVAL OF FINANCIAL REPORTS

The financial statements for June, July and August 2020 were provided to all Board Members prior to the meeting. ***MOTION: Clark Furlow moved to approve the financial reports as submitted, Karen Curry seconded, and the motion passed unanimously.***

BUSINESS

1. Camp Owners – SVEA Common Area Berm Addition

Chuck explained that Bryce has prepared a rezone application approved by the Board in the July meeting. A portion of the rezone contains an area identified for REC zoning. When this was brought to Bruce's attention he indicated he could remove that portion of future REC property from the rezone application. Chuck explained that this rezone has to occur prior to allowing the Camp to raise the height of the berm on open space in their efforts to preserve view corridors impacted by the development of Crown Ranch Phase 4. No action was required of the Board at this time.

2. Consider Approval of 2020/21 Budgets (Operational and Capital)

Karen Curry reported that she met with staff and reviewed the proposed 2020/21 operational budget. Karen explained that the budget is very similar to the one that was approved by the Board in 2019/20. The few line item changes proposed have been highlighted on the 2020/21 budget and explained in the supporting budget assumptions provided to all Board members. Dave Galloway stated that matters related to staff will be considered in Executive Session. Chuck reported that the 2019/20 budget proposed a deficit of approximately (\$23,000) and the new budget proposes a deficit of (\$33,000). Given the uncertainties of operations and the requirements of continued COVID-19 protocols, Chuck stated that operations may again be under budget in 2020/21. Karen asked Board members if they had any questions, hearing none, ***MOTION: Grady moved to approve the 2020/21 Operational Budget as proposed, Bob Diercks seconded, and motion passed unanimously.***

Chuck reported that staff anticipates the receipt of the Capital Reserve Study, prepared by Reserve Associates, to be available in the next 2 to 3 weeks. Upon receipt of the reserve study document, it will be presented to the finance committee for review and approval. The reserve study and proposed capital budget will be submitted to the Executive Committee for final approval. Dave Galloway instructed that staff send the information to the entire Board for comment prior to approval by the Executive Committee. The Capital Budget approval was tabled pending additional information.

3. Discuss Annual Meeting Information

Chuck stated that staff is now accepting Board applications. The three Board positions available are Pete Petersen and Laurie Fitzpatrick who are available for an additional 3-year term and Anita Northwood who is term limited and unavailable for re-election. Dave Galloway expressed that the traditional annual meeting gathering will be difficult if social distancing requirements continue into the winter. Staff has researched

other venues options which may accommodate a large gathering; however, this remains a fluid situation and will most likely be decided at the last minute. The Board and Staff will keep the owners informed.

STAFF REPORT

GENERAL

The following is an excerpt of the Board packet as reported to the Board of Directs:

GM Report – There are two pressing financial matters:

- 1) **Cash flow projections as reported in July:** *Attached is the updated cash flow projections. I initially reported the projected cash flows after consulting with the SVEA accountant. There is a Balance Sheet item “Construction in Progress” totaling \$142,000. I asked the accountant if this entry affects cash balance at the start of the fiscal year. He said it should not. This was during a COVID lock down time of year and he was working from home so he may not have fully understood the question without access to his office files. We were in the middle of a billing cycle further complicating cash balance reporting with accounts receivable pending. As it turns out, the cash flow statement was erroneously reported with the inclusion of \$142,000 in the beginning cash balances. Please see the revised cash flow projection statement. I am still projecting that SVEA will have sufficient cash to complete the Harker rebuild and carry forward sufficient cash into the new fiscal year and meet our fiscal policy requirements. This will be further explained during the Board meeting.*
- 2) **Village Rebuild Cost Overruns:** *The budget amount proposed for the Village Tennis Building construction was \$250,000. The actual amount shown on the Profit and Loss statement is \$350,230.91. Included in this cost are the following items: Courtyard Pavers - \$35,000, Landscaping \$35,000, Excavation/Boring Sewer Line - \$30,000 - \$32,000,; Electrical Transformer \$4,567, Additional rock for building footing for water mediation - \$2,500, Conversion from crawlspace to slab on grade- \$2,000 to \$3,000 additional.*

Staff proposed a modular building at a cost of \$184,000. The modular building would have come complete with all electrical, plumbing, tile, sheetrock and finishes and set in place. The City of Sun Valley required compliance with ADA protocols. This placed an additional construction burden on SVEA which required a substantial amount of decking, ramps and railings for compliance which was not originally anticipated. Ultimately, the only option left to staff was to utilize a kit-built concept that came with prebuilt walls and exterior materials finishes only. All interior work had to be completed using local contractors for plumbing, electrical, tile, sheetrock, etc. resulting in higher than anticipated costs. While we were still able to install the building at a cost of approximately \$250,000 the overall Village tennis renovations project was about \$100,000 over budget. Cash flow projections presented to the Board in July has the overage included.

Operations Manager Report

AMENITY OPERATIONS

Harker Pool – Pool was closed on Sept 8th, after Labor Day. A leak is being monitored this fall to determine the origin for repairs prior to next season. Salt generators will be cleaned and stored for winter. Pool furniture has been placed in storage and pool will be drained and winterized by mid-October. Total usage numbers were 8991 in 2020.

Village Pool – Pool & Spa are scheduled for demolition this fall, with a target completion date of July 4th 2021.

Ponds/Waterways - Pond cleanup was completed in August to remove algae, debris and trim willows in the Twin Creeks ponds. The sonic algae unit and surface aerator in the Village pond will be removed for the winter. Subsurface aerators will be kept operational this winter aiding fish survival.

Harker Park – Park umbrellas have been stored. Volleyball net post was broken off at base during high winds in Sept, both net posts will be replaced in the Spring. Sundial numbers were edged, cleaned, and sealed. Two new memorial plaques were added in Sept for a total of five.

Racquet Sports –The Har-Tru courts are currently operational but are being monitored due to colder temperatures. Tennis / Pickleball nets and furniture at the Village facility will be stored for winter. Sound padding will be removed from fencing and stored for winter in October. Check-in building will also be winterized in October. Two Harker court concrete pads were poured on Sept 16th & 17th, with the third and final pad to be poured Thursday Sept 24th. Fencing will be stored on the court pads for winter and installed in the Spring when the courts are painted. Weather permitting, we anticipate tennis play to begin mid-June.

ADC Managers Report

ADC & Compliance Information

**September 2020
Current Projects**

Project Type	Full ADC Committee Approval	Administrative Approval
New Residences	15	0
Remodels/additions	5	0
Deck/Deck Railing/Patio Expansion	0	2
Painting	0	2
Remove/Add Trees	0	10
Reroof	0	6
Pergola	0	1
Landscape	1	0
Air conditioner	0	1
Pavers	0	2
Lighting	0	1
Address Monument	0	2

Sunshine Parcel: Project submission – 51 townhouse units

Restriction Compliance

Infraction	Total
Trash cans	8
Recycle bins	3
Trailer	1
Unightly	4
No App	2
Boat	1
Lights left on	2
Camper	2

Finance Directors Report

Dues Payments Overview

- The Accounts Receivable balance is currently \$(4,605)
- As of September 15, the number of owners over 120 days delinquent stood at 2.
- The next billing cycle starts October 1, 2020.
 - 281 (17%) of Owners are enrolled in ACH.
 - 414 (25%) of Owners have opted to receive their statements via email.
 - 30 Owners have paid in advance.

Operational & Capital Overview

- As of August 31, 2019
 - Total YTD Assessments | Other Income is 10.2% (71.9K) over budget.
 - Total YTD Expenses are 5.8% (69.4K) over budget.
 - The Capital Reserve asset replacement fund balance as of August 31, 2020 totaled \$742,368.
 - The Operational Account cash and investments balance as of August 31, 2020 totaled \$558,846 close to \$111,630 more than August 31, 2019 due partly to savings in operating costs at the Village and Harker Pools.

COMMITTEE REPORTS

1. Communications Committee – No Report.
2. Executive Committee – Dave reported that the Executive Committee met and discussed three matters as follows:
 - 1) The Executive Committee approved Idaho Power's request for a temporary easement on SVEA land to set up equipment for transmission line upgrades. The property will be restored when they have finished their work.
 - 2) With the proposed development of the Sunshine parcel there was a matter of an outstanding special assessment for the building of the Harker Center in 1984. At that time there was a \$5,000 special assessment on the Sunshine parcel based on a 50-unit development. This assessment, with interest over 35 years, totaled over \$100,000. The Executive Committee authorized legal counsel to negotiate a reasonable settlement with the Sunshine developers. A settlement of \$1,000 per unit was agreed upon, to be paid at the time a building permit is issued. The number of units currently proposed for the Sunshine parcel is 51.
 - 3) Approval of the Zions Bank Loan terms and conditions for 1.5 million dollars for the Village pool restoration. The Executive Committee reviewed and approved the documents which were finalized with Grady Burnett as Vice President and Anita Northwood as Secretary. Chuck stated that additional Board members need to be signers on the loan account as Anita Northwood will be leaving the Board in January. Dave Galloway and Karen Curry as additional officers of the Board will be added to the account.
3. Finance/Long Range Planning Committee - Nothing further to report beyond the budget matters previously discussed.
4. Governance Committee - No report.
5. Recreation Committee – Village Pool Rebuild Update - Chuck reviewed the final bid information received from Infiniti Pools with the Board members. He explained that the loan from Zions was predicated on a preliminary pool replacement bid of 1.2 million dollars. The updated bid received for the Village pool replacement, based on the engineered drawings, from Infiniti Pools was \$1,422,189. With the additional cost of demolition, excavation, HVAC, fencing, pumphouse roof replacement and soil testing, the cost for

the entire project escalated to 1.7 million. Chuck reported he and Jon worked with the Infiniti Pools to pare down and eliminate some features bringing the total costs closer to the original estimate. The following items were reduced or eliminated:

5 EA Single Post Starting Platform for Racing	-\$ (17,500.00)
1 EA Race Lines, Stanchions, Lifeguard Chairs	-\$ (26,924.00)
Storage Reels	
1 EA (5) Bubblers in Zero Entry	-\$ (20,409.00)
1 EA Plumbing Savings	-\$ (32,929.00)
1 EA Change from White Diamond Finish to White Plaster	-\$ (43,000.00)
1 EA Reduction of Center Bench in Spa	-\$ (6,500.00)

With these reductions the cost of the project was reduced to \$1,274,927 and includes the rebuild of the walkway heating system. The total project cost is now projected at \$1,489,185.00. Given the uncertainty of construction the overall cost may exceed the 1.5 million loan amount. Chuck reported that in 2019/20 the operational budget had an excess of \$200,000 due to reduced operations and the receipt of PPP government funding. Chuck requested that the Board allow these funds to be available for any overage in excess of 1.5 million during construction.

Chuck stated that as the project progresses, and cost appear to be in line with estimates he would like to add back the bench seating for the hot tub and possibly the white diamond finish. This will be reviewed at a later date.

Dave explained that there are two issues requiring Board approval: 1) The proposed modifications to the Village pool project; and 2) the use of excess operational funds up to \$200,000 as a cost overrun buffer. After discussion, ***MOTION: Grady Burnett moved to approve the Village Pool rebuild as modified, Karen Curry seconded, and the motion passed unanimously.***

Those present expressed that the approval to utilize the additional operational funds as a cost overrun buffer could be reviewed and considered at a later date and would not be necessary for at least six months. This matter was tabled at this time.

6. Sub Association Liaison Committee – Chuck stated that many of the sub-association membership meetings over the summer were cancelled, delayed, or held virtually. Bonne Vie was the only group to invite SVEA to participate by Zoom conference over the summer months.
7. Racquet Sports – Laurie reported that the Racquet Sport Committee met and reviewed the amenity operations. Among the items discussed was the increased use of the facilities, the summer programming and parking concerns. The Committee reviewed and approved for Board consideration an employment agreement for the tennis pros. Chuck reported that the terms of the agreement was structured so that the overall cost of classifying Scott, Collin and Alex as employees would amount to the same as if they were independent contractors. Chuck explained the employment agreement outline provided to Board members shows how the employer portion of the employee taxes would be deducted from the racquet sport program revenues. After discussion, ***MOTION: Clark moved to approve the Tennis Pro Employment Agreement with the terms and conditions as presented in the Employment Agreement Outline presented, Karen seconded, and motion was passed unanimously.***
8. Water Committee – No Report
9. Ad Hoc Pond Committee – Clark reported that at the last Board meeting the Committee recommended, and the Board approved, a motion stating that SVEA would delay any action to restore the Twin Creek ponds to a riparian corridor. Since that meeting, there have been complaints regarding the maintenance

of the ponds. One Twin Creeks owner filed a nuisance complaint with the City of Sun Valley which seems to have gone nowhere at this time. Rumors have circulated in the Twin Creeks neighborhood creating some anxiety and uncertainty as to what SVEA may be doing with the ponds. To date, no group has accepted the SVEA offer, or expressed interest of any kind, in assuming responsibility for the ponds. Clark expressed that for these reasons, the Pond Committee may need to renew its efforts to study the conversion and restoration of the ponds to a riparian corridor. The Twin Creek owners will be notified on any action taken by the Board.

OTHER BUSINESS

Revenue Analysis Committee

Dave Galloway explained that the Board committed to reviewing the SVEA revenue structure after the completion of the racquet sports facilities. He suggested that a committee be formed with the Chairpersons of the Finance, Racquet Sports, Recreation Committee and any other Board members interested in participating. The task of the committee will be to review the current revenue structure of SVEA, investigate other potential revenue sources, and examine the amenity operations for efficiencies which may maximize a return on investment in the recreational amenities. Dave expressed that prior to the Board raising dues, committee members should investigate other opportunities which may be available within the operating structure of SVEA. After discussion, those present agreed an in-depth review of SVEA amenity operations should be implemented.

EXECUTIVE SESSION

MOTION: Clark Furlow moved to approve moving into executive session for the purpose of discussing employee matters, Grady Burnett seconded, and motion passes unanimously.

MOTION: Pete Petersen moved to approve moving back into general session, Laurie Fitzpatrick seconded, and motion passed unanimously,

MOTION: Karen moved to approve an administrative staff salary increase of 2.5% excluding the General Manager, Bob seconded, and motion passes unanimously.

ADJOURNMENT

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

Respectfully Submitted,

/s/ Dave Galloway
Dave Galloway, SVEA President

**OWNER ATTENDANCE RECORD
SEPTEMBER 25, 2020
BOARD MEETING**

ZOOM ATTENDANCE RECORD

Taan Robrahn
Kirk Singleton
Christina Vandenboorn
Reed Boeger
Beverly Tiffany
Latham Williams
Elli & Jerald Bernacchi
Tom Eklund
John & Peg Claghorn
Dale Engel
Tara Fenwick
Tom Wilford
Joe Cannon
Gloria & Doug Brown