

**SUN VALLEY ELKHORN ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
Friday, January 7, 2022
Minutes**

AGENDA BUSINESS ITEMS

1. Review and Approve Financial Reports – <i>September, October & November 2021</i>
2. Review and Approve 2020/21 Audit
3. Consider Auditor Engagement Letter for 2022 Audit
4. Consider Appointment of ADC Members
5. Twin Creek Riparian Restoration Committee Report
6. Discuss Annual Meeting Information – Board Assignments
7. Committee Reports

IN ATTENDANCE

Board Members	Staff, Counsel & Others
Dave Galloway, President	Jim Laski, Legal Counsel
Tom Eklund, Secretary	Chuck Williamson, Staff
Karen Curry, Treasurer	Jon White, Staff
Grady Burnett, Vice President	Sue Ahern, Staff
Laurie Fitzpatrick, Director	Darlene Kuehn, Staff
Tom Kling, Director	
Clark Furlow, Director	
Bob Diercks, Director	Owners and Others:
Pete Petersen - Director	Attending by Zoom – See Attached List
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:

- COVID-19 – Mask mandate remains in effect until February 3, 2022. There is a worrisome combination of testing availability shortage and an increase in positivity rate approaching 30%. The hospitalized patients from covid remains very low in Blaine County. South Central Public health remains the best source for COVID outbreak information. Much of the City operations can be accomplished remotely by City staff if required. All City meetings are being held virtually at this time.
- LOT revenues continue to be very strong. In 2021, revenues totaled 2.2 million and permit fees generated approximately 1 million. For 2022, the City will again waive its ability to increase tax revenues by 3%. In the next fiscal year, funds have been budgeted for fire station improvements, Festival Meadows electrical needs, and initial planning for an 8 unit employee housing development near Greenhorn fire station on land purchased by City for \$1 dollar.
- When questioned on whether the City will be reviewing short-term rental activity in 2022, the Mayor reported while there is some interest by City Council members, nothing is scheduled at this time.

OWNERS ADDRESSING THE BOARD

Randy Beatty – 6 Black Birch – Presented a slide presentation for Board consideration. The images demonstrated his concern for the following:

- 1) Appearance and maintenance of the area where an illegal pond was removed.

- 2) The condition of the area after a pond has been removed.
- 3) The effects of a pond after it “hollows” out the edges near the bank of the pond.
- 4) Opined that “hollowed out” areas will require significant landscaping effort to correct.
- 5) Stated that the current stream needs significant landscaping maintenance improvement.
- 6) Ponds are important for the area wildlife.
- 7) Questioned the Board on what will be done if the ponds return naturally.

Peggy and Hollis French – 5 Aspen Lane

Peggy French expressed her dissatisfaction with the Board of Directors, alleging that:

- 1) The Board refused to meet with the homeowners who object to the restoration of twin Creek.
- 2) Clark Furlow and Chuck Williamson held a “secret” meeting with homeowners who live on ponds 3 and 4.
- 3) Board is not transparent or truthful.
- 4) The Pond Committee changed its name to Riparian Restoration Committee, then tabled all pond discussions.
- 5) The pandemic made it impossible for owners to meet.

Hollis French expressed the following:

- 1) The Board has underestimated the opinion of the owners as to the number of people who want to keep the ponds.
- 2) The Board has underestimated the cost for the riparian conversion.
- 3) The Board will harm the property values of those living near the ponds by their removal.
- 4) The Board will create flood issues by removing the ponds.
- 5) Mr. French asked that pond #2 to be the last considered for conversion to a riparian because he doesn't believe the transition can be handled properly.

Wendy Crimp – 204 Lupine – Alleged the following:

- 1) Current ponds were an expansion of natural ponds which existed at the time the subdivision was developed.
- 2) Returning the area to a stream is not a natural state.
- 3) There is a substantial number of fish in pond #1 which SVEA intends to electrocute.
- 4) SVEA has provided no documentation for the very high bids they received.
- 5) SVEA has not done a soils test as promised near their home.
- 6) Wendy restated her request that SVEA get additional insurance in case lowering the ponds has a negative structural impact on their home.

Dave and Randy Caldwell – 3 Aspen Lane – Mr. Caldwell stated he had a bid in hand for \$200,000 to clean the five ponds, which could be spread over 5 years without significant impact on SVEA's budget, as compared to SVEA's reported bid of \$800,000. He is appalled by Clark and Chuck's actions to meet with 3 owners independently. Randy expressed the riparian conversion will be more expensive than dredging and that owners need a better understanding of SVEA's conversion plan.

Larry Gullickson – 7 Aspen Lane – Stated his concerns, alleging that:

- 1) Chuck Williamson phoned Jack Neiman-Kimel to inform him he was not being endorsed by the Board because he favors restoring and maintaining ponds which he believes is very unprofessional since no lawsuit had been filed.
- 2) Clark and Chuck held a secret meeting with the “reasonable pond owners” and offered to deed them the land.
- 3) False information has been provided on the cost of cleaning up the ponds as SVEA won't share their bid information with the owners.
- 4) SVEA provided false information to IDWR on which the approved permit is based.
- 5) He has a soils test analysis report for his property.
- 6) The Board is charged with representing the owners they are refusing to meet.

Al Stevenson – 108 Bluebell – Al requested the Board to review and consider any reasoning as to why the ponds were expanded by the developer. He speculates that this may have been because of the water table and a possible necessity for doing so. He also questions the ability to drain the ponds and keep the area

dry. He asked that this question be addressed before moving ahead with lowering the ponds. He would like the Board to review these matters stating that in a drought year the pond water supply didn't seem diminished.

Taan Robrahn – 3 Mock Orange – He expressed his concern that water level measurements were not taken and that the water depth is reported at 3 to 5 feet. Taan stated that there are areas up to 10 feet deep in pond 4 and lowering the ponds will only create small deep pockets of water. He is concerned about eliminating a fire suppression source of water which is beneficial to the entire Elkhorn community.

Elizabeth Leland – Village Condominiums 2058 – Requested the Board review the reasonableness of the \$600 annual amenity access dues for owners renting their property. There is no differentiation between short and long-term rentals at a time when workforce housing is such an issue. The fee may have a long-term effect on available housing. She requested documentation on the Board's decision for implementing the rental amenity access dues. Chuck stated he would compile and forward the correspondence sent to owners regarding this matter.

Barbara Baer – Ridge Condominiums 2691 – Barbara expressed concern there was no public forum held before the Board imposed the rental amenity access dues. They rent their unit on a short-term basis to help pay the costs associated with having a home in Sun Valley which they can enjoy during the year. The fee imposed does not consider the various sizes of the condominiums treating all units the same, which she believes is not equitable and should be based on a sliding scale.

APPROVAL OF FINANCIAL REPORTS

The financial statements for September, October and November 2021 were provided to all Board Members prior to the meeting.

MOTION: Pete Petersen moved to approve the financial reports as submitted, Tom Kling seconded, and the motion passed unanimously.

BUSINESS

1. Review and Approve the 2020/21 Audit

Chuck Williamson reported that the 2020/21 audit was submitted to the Chair of the Governance Committee, Bob Diercks and SVEA Treasurer, Karen Curry. Karen reported that she has reviewed the audit as prepared by Scott Hunsaker of Mahlke, Hunsaker and Company and confirmed that the audit reflects an accurate accounting of Association revenues and expenses for 2020/21. Governance Chairperson, Bob Diercks, is satisfied that proper accounting procedures have been followed in accordance with the requirements of the Governing documents.

MOTION: Tom Eklund moved to approve the 2020/21 financial audit prepared by Scott Hunsaker of Mahlke, Hunsaker and Company, PLLC, Bob Diercks seconded, and motion passed unanimously.

2. Consider Engagement Letter for 2021/22 Audit

Chuck stated it is staff's recommendation to continue with Mahkle, Hunsaker and Company for the 2021/22 audit. Scott Hunsaker has proposed a \$200 increase in the cost of auditing services. The expense would total \$7,100 for conducting the 2021/22 financial audit.

MOTION: Grady Burnett moved to approve the auditor engagement letter from Mahkle, Hunsaker and Company at a total cost of \$7,100 for the 2021/22 audit, Tom Eklund seconded, and motion passed unanimously.

3. Consider Appointment of ADC Members

ADC Manager, Sue Ahern, recommended approval of Architect Pete Anderson for a three (3) year term on the ADC. Sue stated that four (4) ADC Committee members have term limited and can no longer serve on the committee for the coming year. Sue reported that she has reached out to other potential committee members, and each have expressed that they were too busy at this time. She will present others nominees

to the Board for consideration as they become available. There are currently eight (8) ADC Committee members on the current roster.

After discussion, ***MOTION: Pete Petersen moved to approve the appointment of architect Pete Anderson to the Architectural Design Committee for a three (3) year term, Clark Furlow seconded, and motion passed unanimously***

4. Twin Creeks Riparian Restoration Committee – Report – Clark Furlow

Clark responded to owner comments by stating that there were several factual inaccuracies expressed during owner comments.

Clark reported that the pond removal and riparian restoration requires approval from the Army Corps of Engineers, IDWR, City of Sun Valley and SVEA Architectural Committee. The Army Corps and IDWR have reviewed and approved the stream alteration plan and a permit was issued. An appeal was filed by concerned homeowners. Idaho Code provides that when an appeal is filed there must be a hearing. The Stream Alteration Permit issued by IDWR has been subsequently “stayed” until a IDWR hearing can be held. A pre-hearing has been scheduled for January 12, 2022. The City of Sun Valley has received SVEA’s Riparian Restoration application and supplemental information requested. SVEA is awaiting a P&Z meeting date to be scheduled. The SVEA ADC approval will be the last approval pursued in the process after all other issues have been resolved at the State and City levels.

Regarding the request by homeowners to meet with the whole Board, that request came from Jim Speck, attorney for the homeowner who object to SVEA’s plan to restore Twin Creek as a natural waterway. SVEA declined the request because they had already considered the issue at several meetings, including a special meeting to consider Mr. Speck’s letter to the Board, and such a meeting would have required SVEA to organize a second special meeting with membership noticing requirements. As an alternative, SVEA offered through attorney Jim Speck to have owners meet with the Executive Committee and the Riparian Restoration Committee. Holiday events have delayed scheduling; however, Jim Laski continues to work with Mr. Speck to find a mutually convenient meeting time.

Regarding the meeting with homeowners on ponds 3 and 4, Clark explained that on December 1, 2021, with Dave Galloway’s approval, he and Chuck met with these owners to explore whether they might be interested in negotiating some kind of arrangement by which they would take responsibility for these two ponds. He and Chuck did not propose a specific transaction. Rather, they suggested that the homeowners engage an attorney to discuss the matter with SVEA’s attorney to see if the two attorneys could find an arrangement that would benefit both parties. The homeowners said they were interested in exploring that possibility. Clark reported that SVEA is waiting for the homeowners to identify an attorney who will represent them in these discussions. Clark stated that any other homeowners who might be interested in discussing such an arrangement should contact Chuck.

5. Annual Meeting Assignments (Review Slide Deck)

Staff provided the annual meeting PowerPoint presentation slides for Board review. Board members were assigned to report on various items as it directly relates to their respective Committee Chairperson roles. Chuck reported that SVEA auditor and CPA, Scott Hunsaker, would report on the audited financial statements. There were several additions to the balance sheet which could require in depth explanation best reported on by our CPA. No changes to the slide presentation were proposed by Board members.

STAFF REPORT

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

GM Report

Capital Reserve Funding – Harker Pool – The Harker pool continues to leak at a substantial rate. After the Harker pool closure for the season, staff arranged for plumbing inspection and found cracked piping near the diving Board that could be a major source of the leaking now occurring. The pipes have been exposed and arrangements have been made to sleeve the seal the pipes in the spring of 2022. There is concern that if the leaking cannot be sufficiently reduced it may result in an accelerated replacement schedule. It is our hope to extend the life of the Harker pool an

additional 4 years to allow for the accumulation of funds in capital reserves for Harker pool replacement. To be prepared, it is recommended that the Recreation Committee meet in the coming year to discuss pool design and desired features for the eventual replacement of the Harker pool. After the design and features have been decided upon then actual replacement costs can be determined. After replacement costs have been determined, the finance committee should be engaged to review financing alternatives. This advance planning is recommended so that all funding options beyond special assessment might be considered, i.e. long-term increase in capital collections, financing options, increased public access fees, memberships, special assessment, etc.

Twin Creek Riparian Restoration – Funding for Twin Creek restoration will be required in 2022. The restoration plan will either start with pond 1 or 2. This will be determined last minute depending on the neighboring property owners desire to acquire and maintain the ponds personally or as a group. If negotiations between the owners and SVEA are successful, and the owners desire to assume the pond property, this will most likely require a vote of the membership as the value of the land could exceed \$25,000 triggering voting requirements as stipulated in the governing documents.

Operations Manager Report

AMENITY OPERATIONS
December 2021

Harker Pool – Harker Pool has been winterized. Repairs as indicated in GM report are scheduled for the spring of 2022.

Village Pool – The Village pool water level has been lowered and water circulation reduced to one pump and heat lowered to 50 degrees. The pool will circulate throughout the winter with small chemical feed to maintain chlorine levels for pool sanitization and algae growth prevention. The mechanical room operation is being fine-tuned with building heat, hot water, snow melt and hot tub operations. At this time all systems are functioning as intended. Additional staffing remains critical to continued uninterrupted operations. Recent COVID scare with only permanent employee threatened the closure of the hot tub.

Common Areas/Open Space – No report.

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

Harker Park – Winterized and closed.

Tennis Facilities - Pickle Ball – The Village racquet sports facility has been winterized. Harker tennis courts and building have been winterized. The Harker Tennis building will have water fountain installed in the spring of 2022.

ADC Managers Report

December 30, 2021

ADC & Compliance Reports

Project Type	Full ADC Committee Approval Fourth Quarter 2021	Full ADC Committee Approval 2021
New Residences	6	17
Retaining wall	1	1
Front entry upgrade	1	1
Sunshine Parcel changes	1	1
Remodels		2
Deck/Landscape		4
Additions		2
Garage		1
ADU		1
Project Type	Administrative Approval	Administrative Approval

	Fourth Quarter 2021	2021
Address Monument		2
Paver walkway		2
Tree removal	6	21
New Awning		2
New paint color		9
Fence	2	6
Whole Association repaint		1
Pergola		1
Air Conditioner		3
Deck/Deck Railing/Patio Expansion	1	6
Replace deck railings whole association		1
Landscape		
Reroof - homes		13
Reroof – whole association	1	1
Siding		2
Windows/doors	2	8
Hot Tub	3	4
Dog Run	1	1
Screening	1	2
Solar Panels		1
As Built		2

Restriction Compliance

Infraction	Total
Trash cans	7
Recycle bins	2
Trailer	3
Boat	1
Camper	2

Finance Directors Report December 30, 2021

Dues Payments Overview

As of December 30, 2021

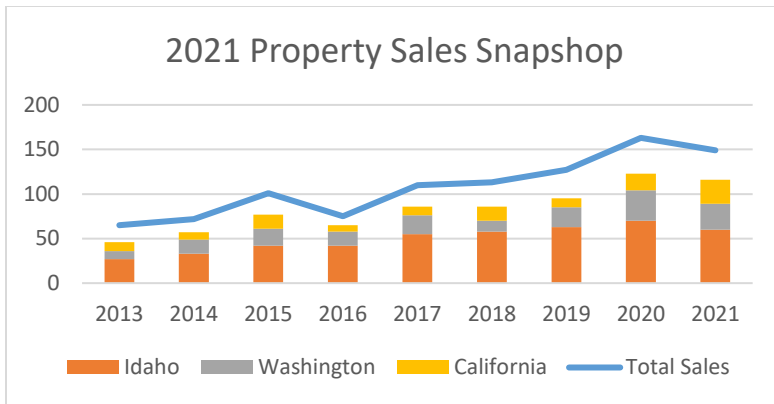
- o Collections are going well. There are currently 34 owners that are 31-60 days past due for SVEA Operational & Capital dues. The average of past due owners at this time of year is usually around 50.
- o Five (5) owners have not paid for their Rental Amenity Access dues bill.

Operational & Capital Overview

As of December 30, 2021

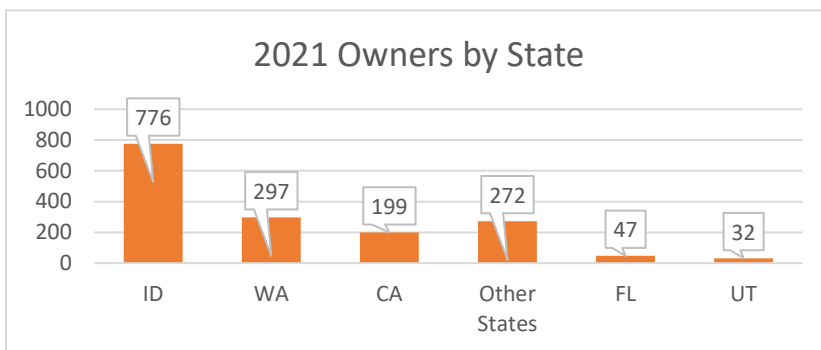
- o The Capital Reserve asset replacement fund balance totaled \$532,683.
- o The Operational Account cash and investments balance totaled \$816,972.

New Owners



Owners by State

People from 42 states and 2 foreign countries own property in Elkhorn
 47% (776) of Elkhorn owners have Idaho mailing addresses
 33% (538) receive their mail in Blaine County – a 3% Increase from 2018 data



E-blasts in 2021

A total of 36 e-blasts were sent out during the past year with an average open rate of 61% down 1% from the previous 12 months. SVEA has a total of 2210 email addresses for 1464 (89%) of Elkhorn properties.

E-blasts covered a range of topics from information about amenity access updates, Covid-19 updates, newsletters, and reminders about future Board and Annual Meetings. They also included messages regarding the amenity access fees and the success of the Village Pool reopening.

COMMITTEE REPORTS

1. Communications Committee ~ Grady Burnett reported that the Communications Committee had not met; however, communications through eblasts have been very effective over the past year with a high open rate. Some items such as the owners survey and website update have been put on hold during the pandemic; however, the committee looks forward to pursuing this items in the coming year.
2. Executive Committee – No Report
3. Finance/Long Range Planning Committee ~ Karen stated there was nothing beyond the audit and financial reports already discussed.
4. Governance Committee ~ Bob stated there was nothing more to report beyond the approval of the 2020/21 financial audit. Chuck stated that in the coming year he would like to review the possibility of electronic voting as a means to achieve a better response from the membership in the solicitation of proxies and Board voting.
5. Recreation Committee ~ Pete reported that all programs were very successful in 2021 and thanked the staff for all their hard work over the summer. He is looking forward to next year.
6. Sub Association Liaison Committee – No Report

7. Racquet Sports ~ Laurie reported that racquet sports committee will meet in March to outline the upcoming racquet sports season. The racquet sports program was again very well received and the pros have agreed to return in 2022.
8. Water Committee - No Report
9. Ad Hoc Riparian Renovation Committee – As reported above.

OTHER BUSINESS

Anger Directed at SVEA Staff – Chuck reported to the Board an alarming trend by owners and guests to take out their frustrations on SVEA staff. Incidents of abuse and bullying of the staff have occurred almost on a nightly basis. The abusive behavior is a result of the Owners or Guests not bringing or having an amenity pass to gain access to the facilities. When a guest or owner is told they must have a valid amenity card to enter, they become abusive, argumentative, and bullying to get their way into the facilities. Staff members are called names and in one recent incident, a property owner threw their amenity card at the attendant after having to go back to their car to get their pass. Chuck asked Board members for their advice and invited them to spend an evening at the facilities where they will most likely witness this behavior firsthand.

After discussion, Board members expressed that staff should not have to endure this kind of behavior and that if it is threatening in any manner to call the Sun Valley police. Grady stated that eblast communications should be sent to all owners asking for cooperation. Board members expressed concern that given the difficulty in finding help and if we lose employees because of abuse, we may need to close the facilities. Staff was instructed to post additional signage displaying access rules.

EXECUTIVE SESSION

The Board adjourned into Executive Session to discuss two (2) matters:

- 1) Discuss Allocation and Vote of Board Assigned Proxies; and,
- 2) Discuss Past Due Accounts.

MOTION: Pete Petersen motioned to approve moving into Executive Session for the purpose of discussing the allocation of Board assigned proxies and past due accounts, Karen Curry seconded, and motion passes unanimously.

MOTION: Pete Petersen moved to approve moving back into general session, Tom Eklund seconded, and motion passes unanimously.

Motions as a result of Executive Session are as follows:

MOTION: Tom Kling moved to approve that the Board proxies be allocated 1/3 for Bob Diercks, 1/3 for Clark Furlow and 1/3 for Marlene Fletcher, Tom Eklund seconded, and motion passes unanimously.

ADJOURNMENT

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

Respectfully Submitted,

 /s/ Tom Eklund
Tom Eklund, SVEA Secretary

SUMMARY OF MOTIONS, DECISIONS & ACTION ITEMS

Motion or Decision	Page #
Motion to approve Financial Reports for September, October & November 2021	3
Motion to approve the 2020/21 Audit	3
Motion to approve Auditor Engagement for 2022	3
Motion to approve Pete Anderson appointment to the ADC for 3 Yr Term	3
Motion to approve Board proxy vote distribution for Bob Diercks, Clark Furlow and Marlene Fletcher	8

ACTION ITEMS	
Who	Does What
Chuck	Send Signed Engagement Letter to Scott Hunsaker for 2022 Audit
Chuck/Clark	Continue to move ahead on Riparian Restoration Approvals
Sue	Continue to solicit for ADC members for Board approval
Chuck/Jon/Committees	Start Harker Pool Replacement Process
Staff/Board	Communicate Staff Abuse Concerns
Chuck	Work with Jim Laski on Past Due Accounts