

**SUN VALLEY ELKHORN ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
Thursday, March 17, 2022
Minutes**

AGENDA BUSINESS ITEMS

1. Review and Approve Financial Reports – <i>December 2020, January & February 2021</i>
2. Revenue Analysis Committee – Fee/Dues Recommendations
3. Twin Creek Riparian Corridor – Ad Hoc Pond Committee Recommendations
4. Racquet Sports – Rental Allowance Increase Request
5. Committee Reports

IN ATTENDANCE

Board Members	Staff, Counsel & Others
Grady Burnett, President	Jim Laski, Legal Counsel
Tom Eklund, Secretary	Chuck Williamson, Staff
Karen Curry, Treasurer	Jon White, Staff
Clark Furlow, Vice President	Sue Ahern, Staff
Laurie Fitzpatrick, Director	Darlene Kuehn, Staff
Tom Kling, Director	
Marlene Fletcher, Director	
Bob Diercks, Director	Owners and Others:
Pete Petersen - Director	See Attached – Attendance Information
Board Members - Not Present - None	

CALL TO ORDER

President Grady Burnett 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:

- He introduced long time Sun Valley law officer and newly appointed Police Chief Kim Orchard. Chief Orchard has 33 years' experience in law enforcement. Served as assistant police chief in 2021. He holds certificates in law enforcement and law enforcement management.
- The COVID mandate was rescinded in the City of Sun Valley on March 10th.
- The local option tax collected in February was \$211,000. In January, the tax collected was \$123,000. For the four-month period ending in 2021 the total collected was \$456,000 and the four-month total in fiscal 2022 amounted to \$711,000, which exceeded budget estimates.
- BYLA architecture has been hired for infrastructure design work for Festival Meadows.
- The Greenhorn first responder housing project continues to move ahead. A presentation and funding request has been made to Blaine County for providing first responder housing.
- The Sun Valley City Hall renovations are continuing.
- Sun Valley City is working with Ketchum on road construction and improvements that will continue this summer. Reconstruction of Sun Valley Road from the Highway 75 intersection to the Sun Valley Gun Club will begin as soon as possible weather permitting. A roundabout is being considered at the intersection of Sun Valley Road and Saddle Road. The City hopes to have the road work complete by July.
- Short-term rental discussion will soon be placed on the City Council meeting agenda. The Mayor expects this to be discussed in the fall after having had a chance to observe the impacts of

Ketchum's newly adopted short-term rental restrictions. Fees and limitations on rentals are to be reviewed.

- Chief Orchard reported on Yew plant toxicity to wildlife and humans. Some Yew plants were found on private property in Sun Valley. The Yew was subsequently removed to protect the Elk from consuming and ultimately dying as a result. The City is making a concerted effort to educate the property owners to the danger Yew poses. Both Canadian and Japanese Yew are toxic. Yew remains toxic even after it has been cut down and dries out, possibly posing a threat to family pets if they chew on a dry Yew stick. Yew must be completely removed and disposed of properly to eliminate the risk this plant poses to animals and humans. Landscapers have been informed that they should remove the Yew plants if found on a client's property. More information can be found on the City's website. The toxicity of Yew does not pose a secondary threat to animals eating other animals that have died from ingesting Yew.
- The Mayor reported that on street parking is not permitted in Sun Valley. The City has been accommodating towards property owners with respect to temporary parking of service vehicles and events. The Mayor stated he would provide SVEA with a copy of the parking ordinance for including in SVEA's publications.

OWNERS ADDRESSING THE BOARD

(See comments following Riparian Committee Report)

FINANCIAL REPORT APPROVAL

Board members received the December 2021, January and February 2022 financial statements prior to the meeting. With no corrections or additions, ***MOTION: Tom Eklund moved to approve the financial reports as presented, Bob Diercks seconded, and motion was unanimously approved.***

BUSINESS

1. Twin Creek Riparian Restoration Committee Report:

The report from the Riparian Committee was presented by Clark Furlow. Clark stated that the Riparian Committee was working to provide the board with the best reasonably available information to help make financially prudent decisions about how SVEA should perform its contractual duties and exercise its contractual rights regarding the ponds. Those duties and rights are defined by the Master Declaration.

In 2019, the Board decided that the financially prudent solution to problems posed by the ponds was to remove the dikes and dams that created the ponds and restore the creek as a natural waterway. The Board based its decision, in part, on a comparison of the cost of dredging the ponds and the cost of restoring the creek. The Pond Committee obtained two estimates for dredging. The first was for boom dredging, and it ranged from a low of about \$399,000 to high of about \$760,500, depending on the depth of the silt to be removed. The second bid was for suction dredging, which the Committee estimated would cost about \$310,000. Regarding the riparian option, the Committee estimated that the cost of removing the ponds, adding topsoil and creating a water channel for the creek would be approximately \$188,000. So, in 2019, the riparian choice was estimated to cost about \$122,000 less than the least expensive bid for dredging the ponds. Moreover, the conversion to riparian would avoid the need for re-dredging about every 15 to 20 years which would be required if the ponds were retained.

During the last year, in response to a request from the Committee (*now renamed the Riparian Committee*), SVEA staff began revising and updating its estimates for each alternative. As of now, the estimated cost for retaining the ponds and repairing the leaking liners in two of the ponds is \$529,575. However, there is a substantial probability that this preliminary estimate significantly understates the likely cost of keeping the ponds. There are two reasons: (1) SVEA does not yet have a reliable estimate on the cost of replacing the lost water rights for all five ponds, and (2) the estimate does not

include the cost of enhancing the areas around the ponds to make them more attractive for use by all members of the Elkhorn community.

The update of the estimated cost for converting the ponds into a riparian corridor began with a base amount of \$376,450. But, for realistic budgeting purposes, the Committee believes that amount should be increased by 10% to cover unexpected contingencies and inflation that will have occurred by the time SVEA is able to begin the project. The Committee believes the best estimate, at this time, for budgeting purposes is \$414,095. This estimate is substantially higher than the 2019 estimate because it includes a number of additional items that the Committee now believes are important. For example, conversion of the concrete dams into spillways, hydroseeding and grading to make the former pond areas into an attractive stream area, and Project management fees.

On March 3, 2022, the members of the SVEA Executive and Riparian Committees met with the homeowners who object to the conversion of the ponds into a riparian way. They claim that the Committee's estimates are wrong and that better estimates would show that retention of the ponds would be less expensive than conversion to riparian. They said that: (1) suction dredging of all five ponds could be done for a price between \$215,000 to \$250,000; (2) the water table in the relevant area is so high that the attempt to create a riparian way will end up creating an unattractive marshy stream bed; (3) the ponds should be retained because they will provide significant extra water that may be required for fire suppression if the City of Sun Valley's fire hydrants fail to function; and (4) some of the communications from the Committee regarding the ponds were misleading. The Committee will investigate each of these issues.

The homeowners also argued that the removal of the ponds and the restoration of Twin Creek as a natural waterway would diminish the value of the approximately nine homes located next to the ponds by 10% to 25%. This argument was based on the proposition that proximity to SVEA's ponds confers extra value on these nine homes because people pay more to be next to ponds. If that is true, it follows that homes located in other parts of Elkhorn, away from the ponds, do not share in this unique value. The Committee will ask legal counsel whether SVEA has a legal duty to spend community funds for a project that would preserve unique value for the homes of a few members when that enhancement of value is not shared by all members of SVEA.

In conclusion, the Committee noted that because IDWR has stayed SVEA's application to restore Twin Creek until after a hearing to be held in August, the Committee doesn't expect to begin the project until next year. Accordingly, the Committee has time to continue to review and refine its estimates of costs. It will report on its progress at the Board's next meeting.

Owner Comments:

Larry Gullickson – Stated his appreciation for Clark's thorough report. He explained that the owners have compiled a significant amount of information and are willing to share it with SVEA. He encouraged the Board members to ask any questions they may have of any of the owners. He expressed that the Board should reconsider their thoughts as to proceeding with the IDWR hearing. Bob Diercks requested a complete packet of information be compiled and submitted to the Board to ensure the Directors have seen everything the owners have provided. Mr. Gullickson agreed to provide a packet of information.

Whitney Ganz – Mr. Ganz asked if a fisheries impact study had been done and inquired as to what benefit the ponds serve the Association. Peggy French commented that there are a large number of trout in the ponds and wildlife observed in the area. She expressed the area provides a wonderful greenbelt for the owners to enjoy. Grady expressed that owners have commented on the recreational uses for fishing, dog exercise area, wildlife observation, etc. Clark explained the agency approvals required for the conversion to a riparian area include Idaho Department of Water Resources, Army Corp of Engineers which has been obtained, City of Sun Valley Planning and Zoning for the plantings proposed and the SVEA Architectural Design Committee. Clark reported that SVEA has been advised from an environmental point of view that a riparian area would be more natural and better for the environment. Grady stated that SVEA has hired a hydrologist, landscape architect and an environmental engineer to provide professional guidance to SVEA. He expressed to those present that SVEA is trying to do what is best for the community and the intent is not to harm anyone in the process.

2. Amenity Card – Proposed Changes

Chuck requested that the Board consider the following Amenity Card policy changes. These changes are in response to a review by staff as to what prompts or initiates a hostile response towards employees from owners or family members when accessing the SVEA amenities. He explained the primary reason for the property owner being upset is due to having an expired card and are denied access to the amenities. Chuck proposed eliminating the expiration date on all owner cards as a way to eliminate owner frustration. Family member cards vary in duration from 1 to 3 years. This is primarily based on age of the children. Chuck requested the Board approve extending family member cards to 3 years in all instances. This will provide a consistent policy for all property owner children who are eligible to possess an amenity card. The restrictions on issuing family member cards will remain in place for all rental properties in accordance with the Board policies. Chuck reported that staff had initiated a temporary card policy to handle situations involving family members with expired amenity cards attempting to access the amenities on weekends and holidays. In this instance, if the family members card is expired staff will keep the card and hand the family member a temporary pass that will allow access over the weekend or holiday when the administrative office is closed. The amenity employee will record the family member name and contact information and the administrative office will reach out to them when the office reopens. The family member will be given the option to have their card emailed or made ready for them to pick up at the administrative office. Chuck explained that these changes should eliminate a vast majority of the confrontational issues involving the property owners and family members. Grady suggested that staff review an automated approach for notifying family members their amenity card is about to expire. After discussion, ***MOTION: Clark moved to approve removing the expiration date from property owner amenity cards, extend all family member cards to 3 years and approve the use of temporary passes for family members after obtaining contact information and verification of permitted access, Karen seconded, and motion passes unanimously.***

3. ADC Review Process Discussion

Grady informed the Board members that he requested this matter be placed on the Board agenda for discussion. Grady prefaced his comments by expressing that he believes the ADC review process is very good and he is not critical of any actions of the staff or the ADC committee members involved in the SVEA review process. The purpose of this discussion is in response to comments received from a property owner expressing their difficulty with the approval process. Grady informed the owner that he would bring the concerns expressed to the Board's attention and discuss if adjustments to the ADC process should be considered. Grady reported that some of the issues raised are a result of outdated subdivision documents in which the ADC relies on for guidance. Grady explained that in the June Day documents homes must conform to single level construction; however, there are two story homes throughout the subdivision. In Twin Creeks, the roof pitch must conform to a certain angle which is not in concert with today's modern architecture. Some subdivisions don't have platted building envelopes, but they have an exhibit within their subdivision documents that does indicate a building envelope location. Often this may require the property owner to go through a variance process which can be challenging. Many of the remaining lots being built on have difficult topography issues which can further complicate the approval process and require several meetings to resolve. This can, and sometimes does, lead to contentious hearings involving attorneys.

ADC Manager, Sue Ahern, reported that over the past 15 to 18 months there have been 22 new homes submitted for approval. Prior to that, the ADC had reviewed a very small number of new homes during Sue's term of employment. Sue stated that admittedly there was a bit of a learning curve on her part with the sudden surge in new home applications. Sue explained that any amendment to the individual subdivision governing documents requires a 2/3rds approval of those owners which is very difficult to achieve. Many of the problems that occurred during the ADC review process resulted from owners submitting their application to the City prior to receiving SVEA approval. Sue reported the variance process is very well defined and requires a reason for granting a variance. Variances may be granted for hardships resulting from topography, environmental considerations, aesthetics, etc. In the two-story home scenario mentioned, Sue explained that while there are many homes which are two stories, they all remain within the height limitation found in the subdivision documents. The ADC Committee at their discretion can approve roof pitch modification and override the subdivision documents if it makes sense to do so. On renovation

projects, the primary concern is to make sure the construction remains within the building envelope requirements.

It was recommended that the Board members attend an ADC meeting and observe the process. If deemed necessary, a Board workshop could be held to discuss possible improvements.

STAFF REPORT

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

GM Report

Twin Creek Riparian Restoration – A substantial amount of time has been dedicated to the matter of the ponds in Twin Creek and Clark will give an update to the Board.

Amenity Conflicts – There continues to be some amount of abuse at the Village hot tub; however, the conflicts between amenity employees and property owners/family members has dropped off significantly. The verbal abuse stems primarily from rental guests as they are frustrated because they do not know the access procedures and requirements. Property managers are often remiss in providing amenity cards. In general, it seems as though issues are starting to settle down. Hopefully, as the access process becomes more familiar to everyone through repeat communications, we can avoid problems altogether.

Pool Opening – Chuck reported that the Village pool will open on Memorial Day weekend. This will allow staff an opportunity to make the necessary repairs on the Harker pool prior to opening in Mid-June. Staff believes the primary leaks have been located and the piping will be lined and repaired by Sweet's Plumbing as soon as weather permits.

AMENITY OPERATIONS

Harker Pool – Harker Pool has been winterized. The Salt Cells have been dismantled, cleaned, and stored for winter. The pool is scheduled for leak repair in April/May of this year. The Harker Pool will open in mid-June this season to allow time for testing of repairs and arrival of late staff.

Village Pool – The village pool is full of water, covered and heated to 50 degrees this season to protect plaster. Minimal chlorine has been added to keep water clean for startup. The village hot tub is currently open through ski season. Usage = 4,710 scanned, 368 had no card for a total of \$1840 collected through February 2022. The pool is scheduled to open Memorial Day weekend this year to allowing sufficient time to complete Harker pool repairs.

Harker Center

Parking lot and Sagehill path are scheduled for repair and sealcoating this spring

Common Areas/Open Space Trails – No report

Village Pond – Village Pond aerators functioning properly and creating oxygen for fish population. Re-stocking of fish is scheduled for June 2022.

Harker Park – Splash pad was winterized, and park umbrellas were stored for winter. Volleyball, Shuffleboard, and badminton/basketball nets were stored for winter. New fencing and Bocce court leveling are scheduled for spring.

Racquet Sports Facilities –

Village - The Har-Tru clay courts have been winterized. Pickleball posts, nets and sound padding were stored in late October. Pro-Shop building was winterized. Snow was removed from new shade structures to prevent damage. Hand towel and soap dispensers will be installed in restrooms. New furniture for shade structures will be purchased and current furniture will be moved back to village pool.

Harker - Shade canopies have been ordered for Harker Tennis courts and are planned for a late spring installation. Water fountain with bottle fill is planned for installation this spring. Additional fencing at entrance will be scheduled with park fence repairs. Funds for a new ball machine have been budgeted.

ADC & Compliance Reports

Project Type	Full ADC Committee Approval First Quarter
New Residences	4
Remodels	1
Additions	1
ADU	1
Project Type	Administrative Approval First Quarter
Tree removal	3
Windows/doors	2
Hot Tub	1
Dog Run	1
Solar Panels	1

Restriction Compliance

Infraction	Total
Trash cans	3
Recycle bins	2
Trailer	3
Unsightly	1

Finance Report

Dues Payments Overview

As of March 8, 2022

- Collections are going well. There are currently three owners that are 90+ days past due for SVEA Operational & Capital dues. Staff is continuing to contact them regularly regarding payment. Liens will be filed mid-March if payment has not been made.
- Three additional owners have not paid their Amenity Access Dues bill that was applied to their accounts on May 1, 2021.

Operational & Capital Overview

As of February 28, 2022

- Total YTD Assessments | Other Income was 8.4% (\$16,557) over budget.
- YTD Rental Amenity Access Dues totaled \$9,600.
- The Capital Reserve asset replacement fund balance totaled \$512,806 up \$125,235 from last year's balance of \$387,571.
- The Operational Account cash and investments balance totaled \$688,551 up \$21,292 from last year's balance of \$667,259.
- Outstanding liabilities (Village Pool Loan) \$1,376,643.

As of January 31, 2022

- *Total YTD Expenses were 5.2 % (\$12,620) over budget. Legal fees, natural gas at the Village Pool, and a 2021 FY budgeted expense for the Village Pool rebuild which was received in this FY contributed to the overage.*

COMMITTEE REPORTS

1. **Communications Committee** – Tom Kling reported the committee member list is being finalized. Grady will continue to participate with this committee to assist in the transition. Wendy Eklund has volunteered to serve and assist with the survey preparations. Tom stated that he and Darlene are working on the survey rewrite and will soon have something for the Board to review. The Riparian Committee has requested that the survey feature some questions with respect to the ponds. Tom requested that the committee prepare the questions for Board review. The committee would like to have the survey submitted to the membership in the spring and hopefully receive some responses prior to the next Board meeting. Grady requested that the committee when developing questions related to the ponds, those questions be reviewed by one or more of the owners in Twin Creek as to the neutrality of the wording. Bob Diercks clarified in that the Committee is seeking owner input; however, the questions would be prepared by the Committee. Grady agreed.
2. **Executive Committee** – The Executive Committee and Riparian Committee members met with the Twin Creek owners to discuss their plan for pond retention. Grady expressed it was a very productive meeting and has prompted SVEA to review in greater detail some of the issues raised during that meeting.
3. **Finance/Long Range Planning Committee** - Karen reported that the committee member list has been finalized. The committee will meet later in the year to prepare the budget. Marlene Fletcher will co-chair the committee.
4. **Governance Committee** - Bob Diercks reported that the Governance Committee had not yet met. Bob reported that he has added property owners Karen Nestor and Mike Duval to serve on the Committee. The Committee will be reviewing “electronic voting” for Board elections in the coming year. Bob encouraged Board members to submit any governance items they would like the Committee to consider.
5. **Recreation Committee** - Pete reported the Recreation Committee has prepared and is finalizing the summer programs brochure. The fishing derby will start off the summer programming in July and the dog pool festival will end the programming season in September. The Committee is working to secure a second chef for the summer grilling class. Sue reported that new program items include a landscape architect to do a presentation on drought resistant planting, irrigation and noxious weed identification, and Reid Black from the Sun Valley Fire Department will be doing a Firewise presentation. Sue reported the vendors for the owner’s picnic have been confirmed.
6. **Sub Association Liaison Committee** – No Report
7. **Racquet Sports** - Laurie reported that the Racquet Sports Committee has not met but will be doing so in mid-April. The committee member listing has been finalized. Jon reported that housing for Scott Teller and Don Becker has been secured. He is still in the process of trying to find an additional one or two bedroom unit depending on the number of pro’s SVEA will be hiring for the summer season.
8. **Water Committee** – No Report

OTHER BUSINESS

Village Core – Hennessey Property for Sale – Grady reported that the Hennessey property in the Elkhorn village core has been listed for sale at \$4.4 million. Grady reminded those present that at one time the property was approved for construction for a three-story Elkhorn Springs type building. Grady suggested

that someone is likely buy the land and development will occur. Chuck stated that the Board may want to consider possible due diligence action to review this matter on behalf of the Elkhorn owners. Clark recommended an ad hoc committee be formed to consider the question of purchasing the property even if it seems unlikely SVEA would be willing to take on this debt. Those present agreed.

Community School Rezoning – Tom Kling stated that he has been approached by owners concerned about the Community School plans to rezone their property. Chuck explained that the Community school is trying to rezone OR-1 property, which is no longer an official zoning designation. The Community School is trying to officially zone their OR-1 property to align with the Future Land Use Map. The rezone is primarily an administrative action. Sue reported that the P&Z tabled the application requesting development plans be submitted at the same time the rezone application is submitted. Chuck reported the Community school has not proposed any development plans. When the Community School eventually develops their plans, there are many issues that will need to be resolved, including traffic concerns, prior to approval. Elkhorn owners will be given multiple opportunities to comment on any proposed development plans prior to approval by the City and SVEA.

EXECUTIVE SESSION

None

ADJOURNMENT

MOTION: Clark moved to adjourn the meeting, Pete seconded, and the meeting was adjourned at 4:18 p.m. by unanimous vote.

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 December 2021, January and February 2022		2
Motion to approve amenity card policy changes		4
Who	Does What	
Darlene	Send out Yew Plant Information in Eblast.	
Chuck, Clark, Grady	Follow up on Twin Creek investigative work and costs projections.	
Chuck	Review family card expiration auto notification.	
Board Members	Attend and observe ADC Meeting.	
Darlene, Tom Kling	Prepare owner survey for board review.	
Chuck, Bob Diercks	Prepare information for electronic voting.	
Sue, Pete	Find 2 nd Summer Chef.	
Chuck, Jon & Laurie	Finalize Pro agreement and secure housing.	
Chuck & Grady	Discuss Due Diligence review of Hennessey Property.	