

**SUN VALLEY ELKHORN ASSOCIATION  
BOARD OF DIRECTORS' MEETING MINUTES  
Friday, January 6, 2023  
Minutes**

**AGENDA BUSINESS ITEMS**

1. Review and Approve Financial Reports – <i>Tabled</i>
2. Review and Approve 2021/22 Audit
3. Consider Auditor Engagement Letter for 2023 Audit
4. Consider Appointment of ADC Members
5. Consider ADC Guideline Changes
6. Discuss Annual Meeting Information – Board Assignments
7. Committee Reports

**IN ATTENDANCE**

<b>Board Members</b>	<b>Staff, Counsel &amp; Others</b>
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
Kathy Large, Director	Darlene Kuehn, Staff - Zoom
Tom Kling, Director	
Marlene Fletcher, Director	
Bob Diercks, Director	<b>Owners and Others:</b>
Pete Petersen - Director	Attending by Zoom – See Attached List
	See Sign-in Sheet
<b>Board Members - Not Present - None</b>	

**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, was not available.

**OWNERS ADDRESSING THE BOARD**

**Mary Thiessen – 108 Highlands** – Mrs. Thiessen expressed her concern about the Sleeping Deer (Jadallah) development in the Village core and the lack of notice to all owners. Sue explained the notice process and that SVEA adhered to the notification requirements. Mary expressed that SVEA should consider a wider notification procedure for large development projects. Chuck reported that the project has been reported in the newsletter which is sent to all property owners. Based on Mrs. Thiessen’s comments and description about the proposed project, Rachel Clark commented that Mary may be referring to the erroneous article printed in the Mountain Express which was subsequently retracted.

**David Monroe – 206 Camas Loop** – Mr. Monroe expressed his concern about common area corridors and the overgrowth of willows and grasses posing a fire hazard. He offered to assist the Board in the review and mitigation of these areas. Grady explained that the Board was aware of the concern as reported by the Sun Valley Fire Department. Fire Chief, Taan Robrahn, stated that he was reviewing possible grant funding options. Grady mentioned that the cost for mitigation throughout Elkhorn will be substantial, and the Board is open to discussion as this matter progresses.

**Brian Lawler – 99 Morningstar** – Mr. Lawler expressed his concern about the proposed rezoning being requested by the Elkhorn Community School. The rezone request, if approved, could potentially increase the number of new residential units being developed beyond the current zoning. The Community School reports that the development is needed for employee housing; however, they have not submitted development plans concurrent with the rezone application. Mr. Lawler suggested the Board form a land use committee to review this matter. Grady explained that the Board is aware of the Community School rezone application and understands that this issue will be controversial among many of the Elkhorn owners. Clark expressed that the ADC would need to review the rezone and decide as to its appropriateness. Clark suggested that the Board members refrain from openly discussing the matter at this time as it may come before the Board through the appeals process where impartiality should be maintained.

## **APPROVAL OF FINANCIAL REPORTS**

Tabled pending updated financial information.

## **BUSINESS**

### **1. Review and Approve the 2021/22 Audit**

Chuck Williamson reported that the 2021/22 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 2021/22. Governance Chairperson, Bob Diercks, is satisfied that proper accounting procedures have been followed in accordance with the requirements of the Governing documents.

After discussion: *MOTION: Tom Kling moved to approve the 2021/22 financial audit prepared by Scott Hunsaker of Mahlke, Hunsaker and Company, PLLC, Karen Curry seconded, and motion passes unanimously.*

### **2. Consider Engagement Letter for 2022/23 Audit**

Chuck stated it is staff's recommendation to continue with Mahkle, Hunsaker and Company for the 2022/23 audit. Scott Hunsaker has proposed a \$400 increase in the cost of auditing services. The expense would total \$7,500 for conducting the 2022/23 financial audit. Kathy Large suggested as a matter of due diligence that confirmation be obtained from the Idaho Board of Accountancy that the accounting firm is in good standing as a condition of final approval. *(Subsequent follow-up confirmed that Mahlke, Hunsaker and Company, PLLC, license number FR-0078, is in good standing with the Idaho Board of Accountancy with no reported Board actions against the firm)*

After discussion: *MOTION: Bob Diercks moved to approve retaining Mahlke, Hunsaker and Company, PLLC to perform the 2022/23 audit at a cost of \$7,500 upon receiving confirmation that the firm is in good standing with the Idaho Board of Accountancy, Karen Curry seconded, and motion passes unanimously.*

### **3. Consider Appointment of ADC Members**

ADC Manager, Sue Ahern, recommended approval of Architects Craig Lawrence, Steve Cook and Ned Hamlin for a three (3) year term on the ADC. Sue reported that two (2) ADC Committee members, Mark Corney and Kurt Eggers, have term limited and can no longer serve on the committee in the coming year. There are currently ten (10) ADC Committee members on the current ADC roster.

After discussion, *MOTION: Tom Eklund moved to approve the appointment of architects Craig Lawrence, Steve Cook and Ned Hamlin to the Architectural Design Committee for a three (3) year term, Pete Petersen seconded, and motion passes unanimously*

### **4. ADC Guideline Changes Proposed**

ADC Manager, Sue Ahern, proposed amending ADC Guidelines 4.3.6 Notification and 6.0 Term of Design Review Approvals. She explained that the notification process currently requires a "certificate of mailing". A certificate of mailing is used by the post office for verifying the receipt of the letters being mailed matched to a list of property owners provided by Sue. This process is rarely used by the USPS, and post office personnel have difficulty processing the request. Sue recommended that the notification process be

amended requiring the applicant to provide a list of owners within 100 feet of the project with an addressed stamped envelop for each person on the list. The list of owners within 100 feet provided by the applicant will be verified to by the ADC manager or other SVEA staff member.

The “Term of Design Review Approval” requires an owner to complete construction within one (1) year of design review approval. To extend the ADC approval up to one (1) additional year, it must currently be approved by the ADC committee. This ADC guideline requirement often creates an unrealistic completion timeline when projects are delayed due to contractor availability. Sue recommended the completion date be changed to allow one (1) year from the start of construction date. The ADC approval will remain a one (1) year approval in which the property owner must begin construction or request an approval extension. The approval extension, provided there are no alterations to the original design, could be granted by the ADC manager in addition to the ADC.

After discussion, *MOTION: Tom Eklund moved to approve the proposed ADC Guideline changes to Section 4.3.6 Notification and 6.0 Term of Design Review Approvals as recommended by staff, Pete Petersen seconded, and motion passes unanimously.*

## **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. Chuck requested that he present the 2022/23 budget information with Darlene being out of town and his concern that the Capital Reserve cash flow indicates a deficit in 2022/23 which will require explanation during the annual meeting. He stated the deficit is a result of expediting the replacement of the Harker Center swimming pool. He explained that while there is a deficit, a special assessment of \$1,000 spread over 2 year could be sufficient to pay for the new Harker Center pool, budgeted at 1.9 million, and retire the debt on the Village pool by the end of 2024. It was demonstrated that after the Village pool debt is retired, the capital reserve funds start accumulating quickly under the current dues structure. Chuck explained that this was only one funding option and that the finance committee would need to review available alternatives and make a recommendation to the Board. The actual cost of the pool replacement can be better determined after the architectural and engineering plans are done. No changes to the slide presentation were proposed by Board members.

## **STAFF REPORT**

### ***GM Report***

**Road Maintenance Request in July 2022 – Lisa Wicklund** – Chuck reported that during the last Board meeting, property owner Lisa Wicklund, 3 Firewood Lane, expressed concern about the condition of the shared private drive access to their residence, and the neighbor’s unwillingness to participate in a joint road maintenance agreement to initiate needed repairs. Working through the City to enforce necessary repairs for fire access will be very time consuming and while the City agrees the repairs should be made, it is not a matter of urgency. Chuck stated SVEA may need to initiate action though the association violation process. Staff will seek legal advice to confirm the authority and procedures necessary to pursue the matter as a violation. SVEA’s intent to notify the owners along Firewood Lane that repairs must be made and that each owner accessing their property by this private road will be responsible for a proportionate share of the repair expenses. He explained that similar conditions exist on Black Birch and Mock Orange, which if SVEA pursues in one instance it should be pursued in all similar instances.

**Water Loss – Damage Repair Status** – Chuck reported that Board members have been notified that the Harker basement was flooded with approximately 4 ½ feet of water when a sprinkler main check valve froze and broke due to an electrical panel breaker failure. The failed electrical breaker controlled the primary ceiling heater that keeps the basement space from freezing. The insurance company has been contacted and an adjuster assigned to the claim. Damaged sheetrock has been removed. Small content items have been inventoried and discarded. It is estimated that approximately 5 to 6 tons of Har-Tru tennis court material has been damaged in the loss and will need to be replaced. Independent contractors for electrical, plumbing, HVAC and pool and hot tub equipment specialists have been contacted. Required electrical

repairs have been completed. Pool and hot tub electrical panels, heaters, pumping and chemical distribution equipment will be priced for repair and/or replacement. It is the recommendation of Staff that the Harker pool and hot tub, scheduled for demolition in August 2023, not be placed in use for a shortened 2023 summer season. To prepare the Harker facilities for use in the 2023 summer season the pumps, heaters, electrical supplies and chemical monitoring equipment may require costly repairs and/or need to be replaced. Chuck suggested that insurance proceeds would be better utilized in a manner that achieves SVEA's goal of replacing the Harker pool and hot tub facilities. It is estimated by staff that total equipment damages could be \$75,000 to \$100,000. Board members agreed that closing the Harker pool in 2023 and initiating replacement after the winter season would be a prudent course of action.

*Note: The following Staff report is an excerpt from the Board meeting packet provided for owner information:*

**Accounting Changes in 2022/23** – The Executive Committee met with SVEA auditor CPA Scott Hunsaker in November. The purpose of this meeting was to discuss the feasibility of a significant change in SVEA accounting and financial reporting practices. Currently SVEA operates its accounting as if it were two separate businesses. One business for operational accounting and one for capital accounting. Operating in this manner introduces complexity in the internal accounting practices. The required cross over journal entries results in reporting that tends to be overly difficult to explain and understood by the owners. SVEA is registered as an accrual accounting business; however, throughout the year revenues are reported on a cash basis due to the current advance billing practices. With the assistance of CPA, Scott Hunsaker, staff will be merging the Capital Reserve accounting operations into the Operational Accounting operations so that clarity in financial reporting can be achieved.

**Operations Manager Report**

**AMENITY OPERATIONS**  
**December 2022**

**Harker Pool** – Harker Pool has been winterized. Furniture has been stored for winter.

**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. All building heat and snow melt systems are functioning as intended. Pool furniture has been stored for winter. Additional staffing remains critical to continued uninterrupted operations.

**Common Areas/Open Space** – No report.

**Harker Center** – The Fire system main backflow valve failed and split due to a faulty heater circuit breaker. This caused flooding in the basement/pool equipment areas (approx. 4.5 ft deep) on Dec 20th at approx. 7:45 PM. Fire dept, Water/Sewer dept and Idaho Power responded to the incident. Pool equipment including boilers, pumps and electrical panels were damaged. The insurance company has been contacted, as well as various vendors to complete immediate repairs.

**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. Splash pad drained and winterized for season.

**Tennis Facilities - Pickle Ball** – The Village racquet sports facility has been winterized. Snow has been removed twice from shade structures to prevent damage

**ADC Managers Report**

**December 26, 2022**

**ADC & Compliance Reports**

<b>Project Type</b>	<b>Full ADC Committee Approval</b>
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	<b>Fourth Quarter</b>
New Residences	23
Remodel	1
<b>Project Type</b>	<b>Administrative Approval Fourth Quarter</b>
Tree removal	6
Add trees	1
Exterior facelift	1
Replace deck	1
Add awning	1
Add outdoor BBQ area	1
Hot tub	1

Sunshine Townhomes Phase 2 has been approved. The second (and final) phase will add 23 units for a total of 42.

The 103 Village Way (Sleeping Deer – Jadallah) project was reviewed during the December ADC meeting. The project was continued to a date uncertain in order for applicant to address the concerns discussed during said meeting.

#### **Restriction Compliance**

<b>Infraction</b>	<b>Total</b>
Trash cans	5
Recycle bins	1
Trailer w/snow machines	1
Pop up camper	1
Fence in disrepair	1

#### **Finance Directors Report**

**December 18, 2022**

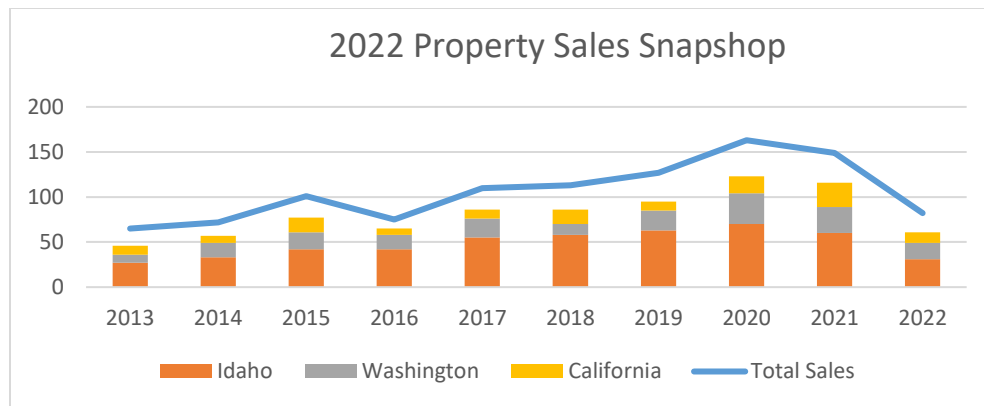
##### **Dues Payments Overview**

- As of December 18, 2022
  - Collections are slower than typical. There are currently 96 owners that are 31-60 days and 3 owners that are over 90 days past due for SVEA Operational & Capital dues.
  - The average number of past due owners at this time of year is usually around 50.
- In addition, there are 4 owners that are delinquent paying their Amenity Access Dues.

##### **Operational & Capital Overview**

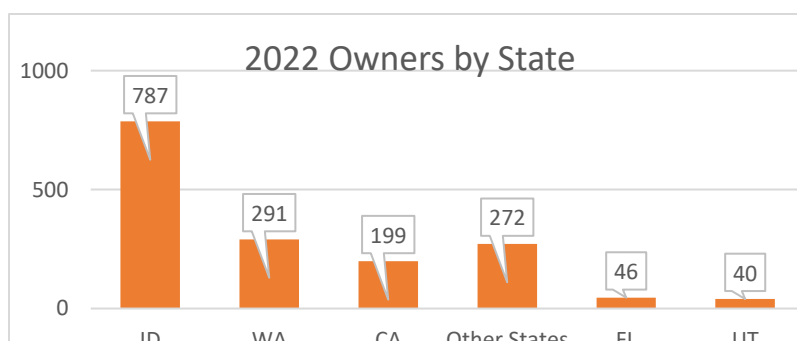
- As of December 18, 2022
  - The Capital Reserve asset replacement fund balance totaled \$1,100,159
  - The Operational Account cash and investments balance totaled \$467,357

##### **New Owners**



### Owners by State

People from 42 states and 2 foreign countries own property in Elkhorn 48% (787) of Elkhorn owners have Idaho mailing addresses – a 4% Increase from 2018 data 33% (539) receive their mail in Blaine County



### E-blasts in 2022

A total of 37 e-blasts were sent out during the past year with an average open rate of 69% - up 8% from the previous 12 months. SVEA has a total of 2239 email addresses for 1494 (91%) of Elkhorn properties.

E-blasts covered a range of topics from information about amenity access updates, newsletters, and reminders about future Board and Annual Meetings. They also included messages noting the SVEA survey and end of season closures. The eblast top performers were the June and October newsletters.

### COMMITTEE REPORTS

1. **Communications Committee** ~ Tom Kling reported that he would be reviewing the owner survey data and have comments prepared for the Annual meeting.
2. **Executive Committee** ~ Grady Burnett reported that the Executive Committee met between meetings and considered on the following:
  - a. *The Executive Committee met with CPA Scott Hunsaker, Darlene and Chuck and approved financial reporting and accounting changes in 2022/23.*
  - b. *A Keystone Road Maintenance Agreement was approved by Executive Committee that allows a mining claim property owner to improve a portion of road owned by SVEA and transfers all future maintenance responsibility to the property owner. The road improvement is a requirement for fire access to a new residence proposed on the mining claim property.*
  - c. *GM Contract Renewal and Succession Planning – To be reported on in Executive Session.*
3. **Finance/Long Range Planning Committee** ~ Karen stated there was nothing to report beyond the audit and financial reports previously discussed.
4. **Governance Committee** ~ Bob Diercks reported on the success of the nominating committee process and use of electronic voting in this year's proxy solicitation and Board election. Chuck reported that approximately 50% of the owners submitted their annual meeting proxy online and another 20% returned paper proxy/ballots.

5. Recreation Committee ~ Pete Petersen reported that the Recreation Committee held meetings to decide on the Harker pool design and renovation plans. Staff has requested that the Harker pool be closed in 2023 due to recent flood damage to pool equipment and severe pool leakage of approximately 5-10,000 gallons per day. Staff has proposed accelerating the Harker pool replacement which will require architectural and engineered drawings necessary to compile accurate cost estimates. This expense is estimated at \$30-\$35,000.

After Discussion, *MOTION: Clark Furlow moved to approve the expenditure of up to \$35,000 to prepare architectural and engineering drawings to rebuild the Harker Pool as recommended by the Recreation Committee, Marlene Fletcher seconded, and motion passes unanimously.*

6. Sub Association Liaison Committee – No Report
7. Racquet Sports ~ No Report
8. Water Committee - No Report
9. Ad Hoc Village Parking Area Committee – Chuck reported that the Committee will be holding its initial meeting on January 10<sup>th</sup> and will report back to the Board after that meeting.

## **OTHER BUSINESS**

### **EXECUTIVE SESSION**

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

- 1) Discuss Allocation and Vote of Board Assigned Proxies; and,
- 2) General Manager Employment Agreement.

*MOTION: Pete Petersen moved to approve moving into Executive Session for the purpose of discussing the allocation of Board assigned proxies and the General Manager employment agreement, Kathy Large seconded, and motion passes unanimously.*

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

Motions as a result of Executive Session are as follows:

*MOTION: Clark Furlow moved to approve that the Board proxies be divided equally among the three candidates, Kathy Large seconded, and motion passes unanimously.*

### **ADJOURNMENT**

With no further business Grady Burnett adjourned the meeting at 4:00 p.m.

Respectfully Submitted,

/s/ Tom Eklund

Tom Eklund, SVEA Secretary

**SUMMARY OF MOTIONS, DECISIONS & ACTION ITEMS**

<b>Motion or Decision</b>	<b>Page #</b>
Motion to approve the 2021/22 Audit	2
Motion to approve Auditor Engagement for 2023	2
Motion to Craig Lawrence, Steve Cook and Ned Hamlin to ADC for 3yr term.	2
Motion to approve up to \$35,000 to develop Harker Pool plans and engineering drawings.	6
Motion to approve Board proxy vote distribution for Rachel Clark, Tom Eklund and Jeff Mihalic	6

<b>ACTION ITEMS</b>	
<b>Who</b>	<b>Does What</b>
Chuck	Send Signed Engagement Letter to Scott Hunsaker for 2023 Audit
Chuck/Sue	Pursue Private Road Maintenance action
Chuck/Jon	Continue Harker Center water loss remediation
Chuck/Jon	Start Harker Pool Replacement Process
Chuck/Darlene	Pursue Accounting Changes in 2022/23