

**SUN VALLEY ELKHORN ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
December 29, 2008**

AGENDA

BUSINESS
1. Consider Appointment of New ADC Members (Ned Hamlin, Terry King & Peggy Tierney)
2. Review and Approve 2008 Audit
3. Review and Approve 2009 Tennis Agreement
4. Consider Results of Amenities Questionnaire
5. Twin Creeks Pond Maintenance
6. Presidents' Meeting and Annual Meeting Assignments
7. Schedule 2009 Meetings
8. Consider Fairway Nine II Short-term Rental Prohibition
COMMITTEE REPORTS
1. Architectural Design Liaison
2. Communications/Sub-Association Liaison
3. Executive
4. Finance & Audit
5. Harker Center Improvement
6. Insurance
7. Nominating
8. Pool
9. Tennis
REPORT FROM CITY OF SUN VALLEY
OWNERS ADDRESSING THE BOARD
Steve and Sean Moreland were in attendance to discuss business item #8; Fairway Nine II short-term rentals.
David Taylor was in attendance to discuss tennis issues

IN ATTENDANCE

Board Members	Staff and Counsel	Others & Topic of Interest
Jim Fletcher	Marlene Lowry	Wayne Willich, Sun Valley Mayor – City Report
Cris Thiessen	Darlene Kuehn	Nils Ribi, Sun Valley Council President – City Report
Pam Bailey	Chuck Williamson	Sean & Steve Moreland – FW9II Short-term rentals
Meredith Carnahan	Jan Kaas	David Taylor – Tennis, etc.
Jack Dalieri	Ed Lawson	
Stephen Smith		
Margaret Walker (joined the meeting via phone at 10:00 am)		
Ted Witt		

ABSENT

Patty Rosewater

CALL TO ORDER

Jim Fletcher called the meeting to order at 9:05 a.m.

ESTABLISHMENT OF A QUORUM

A quorum was established with seven of the nine members in attendance. Margaret Walker joined the meeting by telephone at 10:00 a.m.

APPROVAL OF SEPTEMBER 24, 2008 MINUTES

The minutes of September 24, 2008 were reviewed. **MOTION: Ted Witt made a motion to approve the minutes as presented. Cris Thiessen seconded and the motion passed unanimously.**

REPORT FROM SUN VALLEY MAYOR & COUNCIL

Wayne Willich, Sun Valley Mayor and Nils Ribi, Sun Valley City Council President, were in attendance to provide a City report. They addressed:

Community Housing- Wayne reported that nothing has happened during the past year to add to affordable housing in Sun Valley. He mentioned again the two available homes in Elkhorn (Sunrise) that have been or will soon be donated to ARCH (Advocates for Real Community Housing). The City is assisting ARCH in the effort to locate appropriate and available land in the City of Sun Valley to place the donated homes. One piece of property that is of interest to ARCH and the City is an approximate 1.5 acre section of SVEA Open Space in Independence Creek across from the Ranch. The City's motivation is to have housing available nearby for fire fighters and/or police officers. Maintaining a viable volunteer fire fighter roster is very important to the property owners of Elkhorn and Sun Valley. If the time comes when the Fire Department is unable to operate with a volunteer or paid-on-call force and must resort to hiring a full-time staff the current budget of \$380k annually would increase to approximately \$1.2M.

Jim Fletcher reported that the Board had discussed this issue at its September meeting and concluded that it was not in the owners' best interest to participate in affordable housing at this time. Part of the rationale was the reaction of many owners to the possible inclusion of affordable housing in the original Harker Upgrade proposal, and another significant consideration was tying up SVEA open space for the requested 99 year lease, with virtually no income or return to the owners. Despite this position, when the mayor asked for an exploratory meeting, he and Cris Thiessen met recently with the Mayor, Councilman Ribi and ARCH representative Rebekah Helzel to discuss the function/purpose of ARCH and their interest in finding property for housing. The meeting was very informative, and he explained that ARCH is a private housing trust and their purpose is to find solutions to the affordable housing needs of the Wood River Valley Community. ARCH indicated that for every \$1 invested in affordable housing there is a long-term return of \$8. Jim went on to state that even though locating the donated Sunrise homes on SVEA Open Space would not result in a direct cost to our members it would involve a substantial "opportunity lost costs" for the value of our land since ARCH would want a long term lease and a nominal yearly rental. Also, such use would preclude using the land for expanded trails and parks.

Following lengthy discussion, all Board members present agreed that submitting a recommendation to the membership to vote for donating, leasing, or otherwise encumbering SVEA lands for affordable housing is not something they could support at this time. It was agreed, however, to work with the City to help create an awareness of the issues surrounding affordable housing.

As an alternative to using SVEA open space for affordable housing, Cris Thiessen suggested that the City look at constructing housing on the back portion of their five acre parcel on Sun Valley Road as he believes that 10 units could be easily built there, or consider offering City employees a housing subsidy to make living in the community more affordable.

Idaho Power Supply- Nils informed those present that the only power supply to Sun Valley runs through the Shoshone/Richfield desert and up to and over the ridge between East Fork and Elkhorn. Were this source to become compromised to result in an outage, particularly during the winter months, the damage incurred in our community could be substantial. We are also currently at "peak load", with Sun Valley Company using 25% of the total. Recently, meetings have been held with the County Commissioners, City Mayors and Idaho Power to plan for a second line to supply the north valley. Idaho Power will be proceeding with the permitting process this spring with project completion planned for the end of 2011. At this time it is expected that the line will be overhead on poles and will follow Highway 75 up to the Hospital, Elkhorn Road or Weyyakin at which point it may transition to underground. Undergrounding costs are approximately \$3M per mile versus \$250k for overhead. Idaho Power would cover the \$250k/mile but the difference would need to be paid by someone else. The actual route, whether it is overhead or underground, as well as how undergrounding costs might be covered will be addressed with the various cities and public in the next few months.

Natural Gas- Ted Witt inquired about Natural Gas. Mayor Willich stated that he has met with Intermountain Gas regarding their projections of future needs in our valley and we are fine. They are monitoring all proposed development in the Warm Springs area as a large hotel could create a pressure issue.

New Buses- Jim Fletcher complimented Nils and Wayne on the revised bus schedule and the newly purchased buses benefitting Elkhorn.

Elk- Wayne stated that he remains concerned about the elk situation and the repeated sightings of cougars in the City. The Wood River Elk Trust has been working to locate a feeding site to move the animals up and away from residences but have been unsuccessful to date. He stated that the City will have no involvement in the feeding program and his only concern is that of a safety issue due to predators.

Proposition 2- Wayne reported that the proposition that was on the November Ballot to implement an annual increase in property taxes to fund the operational expenses of the consolidated 911 emergency communication center failed. The various governments are currently working together to develop a cost sharing plan that is fair and benefits all.

STAFF REPORT

Staff provided a written report on several issues. In addition, it was noted that the Restaurant at Elkhorn Springs will be presenting 'The Elkhorn Supper Club' over the next few weeks (weekends only) featuring visiting chefs. This information will be shared with the owners attending the Annual Meeting.

OWNERS ADDRESSING THE BOARD

Steve and Sean Moreland, owners of Fairway Nine II units #4395 & #4396, were in attendance to discuss the prohibition of short-term rentals that has been placed on the owners of Fairway Nine II by the Fairway Nine II Board of Directors. This topic is covered under Business Item 8 below.

David Taylor, owner of Twin Creeks II Lot #38 (4 Huckleberry) and Bluff Unit #4114 was in attendance to discuss the tennis program and guest fees. Details of the discussion of this topic are noted under Business Item #4, Results of Amenities Questionnaire.

BUSINESS

1. Consider Appointment of New ADC Members (Ned Hamlin, Terry King and Peggy Tierney)

Section 8.01 of the Master Declaration allows the Board to appoint up to fifteen voting ADC members and each appointment is for a three-year term. Board appointed members make up a roster, and between three and five members are selected from that "ADC Voting Member Roster" to serve for any given meeting. Every effort is made to select a balance of skills for each meeting with a mix of architects, landscape architects and qualified Elkhorn property owners. With recent term expirations there are currently only nine members on the roster and three people were considered for appointments.

Ned Hamlin is a local architect and has served previous terms as a voting member on ADC. Terry King is a local landscape architect with the firm of Clemens Associates and has presented projects to ADC on many occasions. Peggy Tierney is a property owner in Willow Creek, a former Board Member, and former member of the ADC Liaison Committee. **MOTION: Pam Bailey made a motion to appoint Ned Hamlin, Terry King and Peggy Tierney to three-year terms as voting ADC members. Cris Thiessen seconded and the motion passed unanimously.**

2. Review and Approve 2008 Audit

The 2008 audit of the financial records was completed by Mark Brady of Cooper Norman. The Board reviewed the audit report and discussed the presentation of same to the membership. The Finance Committee will discuss the management letter and report back. **MOTION: Cris Thiessen moved to approve the 2008 Audit as presented. Stephen Smith seconded and the motion passed unanimously.**

3. Review and Approve 2009 Tennis Agreement

The 2009 Tennis Agreement between SVEA and USPTS (United States Professional Tennis Services – owned by Bill Van Deinse) was discussed. Jack Dalieri reported on the negotiations and explained the contract. The 2009 agreement is different than past tennis contracts in that it includes revenue sharing for all programs (10% SVEA – 90% USPTS) and a requirement for providing new programs that will promote the sport of tennis. The Tennis Pro's compensation is another change with USPTS receiving a fee of \$30k toward payroll expenses for staffing the Village and Harker check-in facilities, and \$25k for organizing and managing the programs. **MOTION: Jack Dalieri moved to approve the 2009 Tennis Agreement with an "option to renew" date of October 15th and with the concurrence that, if after Labor Day play is minimal we can reduce the hours of operation for the check-in facilities. Cris Thiessen seconded and the motion passed unanimously.**

4. Consider Results of Amenities Questionnaire

The October 2008 Amenities Questionnaire results had been provided to the Board and the Tennis Committee. David Taylor expressed his displeasure over the tennis guest fees that were implemented last summer. He stated that it may be difficult to find people to play with. The Board considered David's observations and Jim Fletcher reported that we received comments from many owners opposed to non-resident guests using the tennis courts but not contributing financially to the upkeep. In fact, the recent survey showed 83% of all owners and 79% of those playing tennis supported the guest fee program. The data that was gathered last year revealed that approximately 30% of the total tennis usage was by non-residents. David asked about the pool survey numbers and whether or not guest fees would be charged for the pools. It was reported that the survey indicated

owner responses were equally divided with half in favor of pool fees and half opposed and that the Pool Committee would be considering the feedback at their next meeting.

Jack Dalieri informed the Board of the Tennis Committee's recommendation regarding non-resident guest fees and owner punch cards. **MOTION: Jack made a motion that a \$10 tennis guest fee be adopted and that each property receive a 12-pass punch card upon request. Ted Witt seconded and the motion passed unanimously.**

David Taylor asked if unused punches could be carried over from year to year and if discount packages of guest passes (singles & doubles play) could be purchased. The Tennis Committee was directed to consider these issues.

5. Twin Creeks Pond Maintenance

As instructed by the Board, staff scheduled a meeting with the owners who expressed concern during the September meeting about the condition of Twin Creeks Pond #1. Several options were discussed with the owners, including alternative dumping sites for the dredged material, using the dredged material in a coinciding improvement project, purchasing our own dredging equipment, purchase of the pond by the owners, and area owner contributions towards maintenance. The result of the meeting was that the Owners believe the pond maintenance to be the sole responsibility of SVEA and further contributions above their dues would not be appropriate. The Owners would not be interested in purchasing the pond in its current condition as the cost for dredging would not be recouped in increased property valuation. The owners were also concerned about having to form a sub-association, collect dues, management costs and pond maintenance perpetually tied to the property.

A new bid was received from a different contractor but the costs for dredging would still be \$30k, excluding the landfill fee of \$16.2k (the contractor would find a different location to dump the dredged material). Lengthy discussion was again held regarding the level of maintenance required by SVEA in order to meet the intent of the general restrictions. **MOTION: Pam Bailey made a motion that we have evaluated and analyzed the condition of the Twin Creeks Ponds and we will not dredge but will continue to maintain the Twin Creeks ponds by clearing all trash, trimming and pruning the willows and trees growing along the banks, keeping the dams, culverts and head gates in good repair and removing the algae once each summer season. Stephen Smith seconded and the motion passed with Ted Witt opposed.**

6. Presidents' Meeting and Annual Meeting Assignments

The agendas for the Sub-Association Presidents' Meeting and the Annual Meeting were reviewed and various Board and staff members were appointed to report on the issues. The PowerPoint presentation for the Annual Meeting was discussed and edits made.

7. Schedule 2009 Meetings

The suggested meeting dates were discussed and the calendar was set as follows:

Monday, February 9, 2009	Board Workshop – 12:00 Noon
Monday, March 30, 2009	Spring Board Meeting - 9:00 a.m.
Thursday, July 16, 2009	Summer Board Meeting - 9:00 a.m.
Friday, July 17, 2009	Presidents' Meeting - 3:00 p.m. Owners' Barbeque - 5:30 p.m.
Tuesday, September 8, 2009	Finance Committee Budget Meeting – 3 p.m.

Friday, September 25, 2009

Fall Board Meeting 9:00 a.m.

Wednesday, January 27, 2010

Winter Board Meeting - 9:00 a.m.

Thursday, January 28, 2010

Presidents' Meeting - 3:00 p.m.

Friday, January 29, 2010

Annual Meeting 3:00 p.m.

Board Meeting – Immediately following Annual

8. Consider Fairway Nine II Short-term Rental Prohibition

John Seiller, attorney for Steve and Sean Moreland, owners of Fairway Nine II units #4395 & #4396, contacted Jim Fletcher in late November requesting that SVEA write to the Fairway Nine II Board informing them that their adoption of the rule prohibiting short term rentals is in violation of the Master Declaration, and is therefore, invalid and illegal. Jim requested that Ed Lawson review the request and be prepared to advise the Board at this meeting. Steve and Sean Moreland were in attendance and offered background on this matter.

Following lengthy discussion it was determined that the Master Declaration supersedes the sub-associations and is the overriding governing document. **MOTION: Cris Thiessen made a motion to adopt a policy to promote self-governance of sub-associations while abiding by and enforcing the restrictions imposed by the Master Declaration. Pam Bailey seconded and the motion passed unanimously.**

Ed Lawson will finalize the resolution and prepare a letter to the Fairway Nine II Board of Directors for the Executive Committee's approval and Jim Fletcher's signature.

COMMITTEE REPORTS

Architectural Design Liaison Committee- Ted Witt informed the Board of the home and barn submittal for Twin Creeks II Lot #131 that was tabled by ADC for design revisions. The same project is requesting a conditional use permit from the City of Sun Valley to keep horses on the property.

Jan Kaas informed the Board that she has been working with two of the voting ADC members to rework the ADC Manual to incorporate the design guidelines and standards recommended by Ed Lawson. At this time it is expected that the work will be ready for the Board's consideration and possible adoption at the March 30, 2009 Board Meeting.

Communications Committee- Margaret Walker reported that while we have made progress in owner communications and our commitment to bring transparency to SVEA operations, there are still opportunities for improving content, and the timing of delivery of newsletters and other information. She also reported that the survey response was above expectations and will provide valuable data, and the email communications that we have sent have generated positive feedback from several owners.

Sub-Association Communications Liaison Committee-

Stephen Smith reported that staff obtained the meeting dates, times and locations for the Sub-Association Annual Meetings, scheduled a SVEA Board Member to attend each of the meetings and provided each attending Board Member with a topic/information sheet and packets of information for distribution. Jim Fletcher reported that the sub-associations like our attendance and information and it was agreed that this is an important opportunity to increase/improve communications and needs to be continued in a consistent and professional manner.

Executive Committee- Jim Fletcher informed the Board of the recent amendment to the 2001 SVEA/Brown Landscape Agreement regarding trees on the Brown's June Day Lot #1 that are

blocking the views of the Mulenos' who own June Day Lot #2. The amendment attends to trees that were inadvertently omitted from the first agreement.

Finance & Audit Committee- It was reported that at the last F&A Committee meeting our non-board member committee person, Bill Wright, complimented the process and the reports of the Finance Committee. All agreed that our current process is very strong.

Harker Center Improvement Committee- Cris Thiessen reported on the construction status as of December 15, 2008:

- Tennis Facility - Completely closed in, sided and roofed, rough plumbing and electrical complete, insulation underway.
- Pool Storage Building - Completely closed in, sided and roofed, rough electrical complete, insulation underway.
- Harker Center Addition - Completely closed in, sided and roofed, rough plumbing and electrical complete, interior administrative office framing complete, insulation and HVAC underway.

Financial Status as of December 1, 2008:

	<u>Budget</u>	<u>Expenses to Date</u>	<u>Estimate to Complete</u>	<u>Estimate Total Costs</u>
Soft Costs	\$100,000	\$106,172	\$ -0-	\$106,172
Construction Costs	<u>\$750,000</u>	<u>\$386,579</u>	<u>\$331,092</u>	<u>\$717,671</u>
Total	\$850,000	\$492,751	\$331,092	\$823,843

Amount under budget as of 12-1-08 is \$26,157

Change Orders/Code Requirements: There have been no official change orders though we have had to address some code compliance issues such as the ADA ramp that was too steep, a required second exit in the basement, ADA access to the existing showers, etc. The City of Sun Valley Building Inspector, Eric Adams, has been extremely helpful with our project and has worked hard to help us find ways to meet code without incurring large expenses. Pam Bailey asked about code compliance insurance coverage. Marlene Lowry will review the policy and discuss this issue with our agent. Cris reported that he continues to be very impressed with Warner and Associates, as well as his subs.

Insurance Committee- Marlene Lowry stated that our insurance policies were recently received. Pam Bailey has had very recent experience with hurricane losses and offered to review the policies.

Nominating Committee- Meredith Carnahan offered to meet with next year's chairperson to go over the process and also agreed to serve on next year's committee if needed.

Pool Committee- Ted Witt reported that our pool systems are very complex. The Committee has been proactive with improvements such as the exterior improvements to the Village Bathhouse and the planned salt water purification system. The Committee will consider the issue of guest fees at their first meeting in the New Year.

Tennis Committee- Jack Dalieri addressed the importance of infusing new programs next summer. All other tennis issues were covered earlier.

OTHER BUSINESS

Jim Fletcher presented Meredith Carnahan with a small gift of appreciation and extended thanks for the six years she has tirelessly served on the SVEA Board. All in attendance echoed the gratitude.

Marlene Lowry was directed to set up a meeting with CG-Elkhorn representatives Dave Hennessy and Don Shirey, and Board Members Jim Fletcher, Cris Thiessen and Sid Alpert to discuss a reduction in golf greens fees for SVEA owners. Cris and Sid both agreed to serve on an Ad Hoc Golf Committee in 2009.

In addition to golf fees, Jim will be meeting with Dave Hennessy to discuss XC skiing, land for the Village Tennis Center and other matters of interest.

ADJOURNMENT

With no other business to discuss, the meeting adjourned at 1:50 p.m.

Respectfully submitted,

Pam Bailey, Secretary

SUMMARY OF MOTIONS & DECISIONS

Motion or Decision	Page #
Minutes of 9-24-08 were approved as presented	2
Begin educating membership on community/affordable housing issue	2
Ned Hamlin, Terry King and Peggy Tierney were appointed as voting ADC members	4
The 2009 Audit was approved	4
The 2009 Tennis Agreement was approved	4
A \$10 tennis guest fee and a free 12-punch card per property was adopted	5
Twin Creeks Pond #1 will not be dredged but maintained as in the past	5
2009 Meeting Schedule was set	5
Resolution was adopted regarding short term rental prohibitions by Sub-Associations	6
Executive Committee approved amendment to SVEA/Brown Landscape Agreement of 2001	6
Appoint Ad Hoc Golf Committee	8

ACTION ITEMS

Who	Does What	By When
Jim/Communications	Begin educating members on community housing issue	2-1-09
Jan	Update ADC roster and inform new members of appointments	1-15-09
Finance Committee	Consider details of Audit management letter	2-15-09
Chuck	Finalize Tennis Agreement and obtain Bill's signature	1-15-09
Tennis Committee	Consider discounted guest passes and punch card carry-overs	3-15-09
Darlene/Marlene	Post 2009 meetings on website & include in newsletter	2-1-09
Ed & Jim	Finalize short-term rental resolution and inform FWN II	1-15-09
Jan/Marlene	Finalize ADC Manual changes for March 30 Board meeting	3-1-09
Marlene	Review policies and discuss code updates with insurance agent	1-15-09
Pam	Review insurance policies	1-15-09
Chuck/Pool Committee	Consider Pool guest fees	3-15-09
Marlene	Schedule meeting with CG-Elkhorn	3-1-09

/ml
BOD/2008 Meeting Minutes