MINUTES OF 2024 ANNUAL MEETING
ASPEN HOLLOW HOMEOWNERS ASSOCIATION (AHHOA)

DATE & TIME: Saturday, July 06, 2024, 9:00AM

PLACE: Sawtooth Botanical Garden, Gimlet Rd, Ketchum, ID 83340

ATTENDANCE: In Person: Andy Berman, Will Cannell, Robert Griswold, Todd Harmon, Rich and Amy Hanley, Sue Dumbke McKinney, Tim Mascheroni, Pat Millington, Drew Merklinghaus, Marcelo Mourier and Michelle Floyd, Carol and John Matkins, Dr. Nancy Parry, Steve Riccabona, Timmi and Rick Ryerson, Deanna Schrell, Robert Witsil

BY PROXY:, Jenny and Nello Budson, Stephanie Carlson, Jonna Mendes, Marshall and Judith Meyer, Glenna Otley, Midge Patzer, Barbara Smith, Lois Ukropina,

The attendance count was sixteen (16) Households. The Households submitting Proxies represented another eight (8) members. To those who could not attend in person, we thank you for providing your proxy to your representative. Your proxy gives us the ability to make decisions at the annual meeting that serve all of us.

There was a quorum, and the meeting was called to order by President, Steve Riccabona, at approximately 9:05AM.

MEETING DOCUMENTS

- Agenda for the 2024 Annual Meeting
- Minutes from the 2023 Annual Meeting Available for Review
- AHHOA Annual Meeting, Presentation Slides, July 06, 2024, prepared by Steve Riccabona (Copy Attached)
- Water Update prepared by Steve Riccabona
- Financial Report by Steve Riccabona
- 2024 Financial Reports
- Assessment Discussion

ASSOCIATION REPORTS

1. **ANNUAL MEETING MINUTES:** The 2023 Minutes, previously distributed by e-mail, were reviewed, and approved with no additions or deletions.

2. **WATER REPORT:** Steve Riccabona introduced the report with a review of the annual water usage "Tree Top Whispers", Presentation page 5. After several years of exceeding the AHHOA water rights, the association has maintained a conservation program that has allowed us to meet the water

rights usage. Since 2021, the association has consistently reduced water usage and in 2022, we were under by 5%, and in 2023 we were under water rights allocation by 6%. The Department of Environmental Quality (DEQ) used these numbers as part of the justification of providing AHHOA the $37,500 water grant, and were also included in the DEQ approved Water Facility Plan (Presentation page 8). Steve then reviewed the usage from July 2023 to July 2024 as an indicator of estimated 2024 water usage. DEQ uses water used from Oct 1st to Sept 30th. Based upon the 12 month estimate from July 2023, we are very close to our total water rights for 2024. (Presentation page 6) Steve also reviewed the current program of homes irrigating every other day based upon their home address. (Watering allowed on even or odd days based upon address). Also, the importance of only watering specific areas and not mature trees that don't need as much water. When the new water pumps were installed, the water table was only 16 feet below surface and most mature trees have roots that access water. Our water quality report, also included in the DEQ report, Table 1, (Presentation page 7) has meet all quality requirements. There is 13,000 gallons of water available per day, per homeowner and it cannot be used for irrigation. The excess water needs to flow downstream. The IDWR is also suggesting voluntary installations of water meters, which may be a requirement for communities in the coming years. Homeowners are encouraged to cut back their irrigation usage by turning it off when it rains, hand watering flowers, and adding sensors to water controllers. The Association needs to continue to work together to help conserve water.

3. **2024 <u>WATER UPGRADE:</u>** Mr. Riccabona reviewed the current water requirements implemented by the (DEQ). (Presentation page 9). In 2021, the DEQ survey of our water distribution system identified two major deficiencies, the lack of standby power and the potential health risks from depressurization. In the response, the association complied with the DEQ recommendation to complete a Water Facility Plan (WFP) and contracted with a State approved water engineer. (Presentation page 11) The plan was initiated in December 2022 and approved by the DEQ on March 29, 2024. A complete copy of the WFP was emailed to all homeowners, as part of the required Notice of Public Comment Meeting, on March 23, 2024. With the approval of the WFP, the association was able to begin Phase One by installing new motors and water controllers on May 20, 2024, (Presentation pages 12&13). The pumps were delayed and finally installed on July 19, 2024. Questions from homeowners during the discussion of Phase Two of the WFP, which requires the installation of a generator/back up power source, included: "Why do we need a generator if we've lived without one for all these years" and "Have you considered anything other than Natural Gas systems"? Answers to "why we need it?" (Presentation page 14). The simple answer to the first question is that any changes made to any associations water distribution system requires compliances

with new DEQ rules. And, a back up power source or water supply tanks are now required. The Board recently wrote a letter to the DEQ requesting specific answers to information included in their documentation on generator requirements. We received a very clear response that if any substantial changes were made to existing "public water distribution systems" a generator would be a required upgrade. The AHHOA Board over the past two years had reviewed all approved alternatives and have adopted the most reliable and cost effective natural gas system as the back up power source. This decision was also influenced and recommended by both the DEQ and our consulting engineer as the most reliable alternative. The Engineer's Opinion of Probable Project Cost, dated July 12, 2023, (Presentation page 15) was reviewed and discussed to explain why the Board was required to divide the project into two phases due to the total financial requirement. Items listed as numbers 1, 2,3,& 6 were grouped into Phase One, and the others into Phase Two.

4. **FINANCIAL REVIEW-ANNUAL:** The first report was the combined financial showing the P&L for the last four fiscal years(Presentation page 17). The obvious indicator was the association costs exceeding revenue for the last three years. But, Mr. Riccabona wanted to highlight the items that contributed to the deficit spending, saying that all were associated with capital expenditures. In 2021, road maintenance for $13,869 and water distribution expenses of
(3,763 + 8,341=) $12,104 combined to exceed our revenues. In 2022, again, water related expenses of ($5,963 + $23,736=) $29,699. Also in 2022, we experienced a heavy snow year requiring increases to snow removal($14,740) when averages years cost between $3,000 to $6,000. In 2023, revenue was increased by the DEQ Grant deposit of $21,468, which was for AHHOA expenses incurred and reported in 2022. Also, revenue in 2023 increased from $27,920 to $35,790 as a result of the 2022 Annual Meeting vote to increase association quarterly dues. The emphasis on reviewing in more detail the combined financial was to highlight the need to plan in advanced for future capital expenses, with the maintenance of a specific capital expense reserve fund.

   FINANCIAL REVIEW-WATER SYSTEM UPGRADE: The details of the costs associated with the upgrade to our Water Distribution System started with a review of costs estimated versus money expended during fiscal 2023(Presentation page 18). The chart showed the project listed in two phases. The decision to split the project into phases was initially due to the immediate requirement to get a reliable two pump water system installed. The installation of any new equipment requires DEQ prior approval. When the water system failed in December 2023, AHHOA requested an emergency approval to replace equipment, and with the agreement to also initiate a formal Drinking Water Facility Plan, we received DEQ approval to install new equipment. In December 2023, the estimated total cost was

$200,000, which included the cost of back up power source, a generator. With the emergency approval and dividing the project into phases, we were able to pay for the majority of Phase One using operational cash and the redemption of our certificate of deposit ($35,000). As of July 6, 2024, the total cost estimate was $164,733. The details of Phase Two, and remaining Phase One Payables were illustrated and reviewed (Presentation page19). We have received a bid from Intermountain Gas to install the natural gas line from Canyon Dr into the Water Shed, $5,312. We have already remodeled the inside of the Water Shed, but have not paid that bill, $10,000. We have three estimates for the purchase and installation of a generator and the amounts vary significantly based upon the size of the generator bid. At the time of the Annual Meeting we had not resolved the generator size issues and estimated the highest bid for cash flow purposes.($60,978). Additional expense items are still in deliberations with the DEQ, but listed as possible cash flow issues. The new Variable Speed Pumps and drives may not require as many pressure tanks. Our Water System in 1977, required 10 pressure tanks. Currently, we use 6 pressure tanks, but may need 2 more.($4,000) Our consultant is recommending the use of a pressure relief valve, but it may not be required. ($8,000). A total of $32,000 may be required to finalize the Engineering Report/Construction Plan and Certification. But, we may be excused from detailed engineering report because we were an emergency replacement installation and made no changes to the exterior of the water shed. In addition to the above potential expenses listed for Phase Two, we needed to include the payables still due from Phase One, ($19,921) The cash flow estimate for Phase Two is $**140,211.**

FINANCIAL REVIEW-ASSESSMENT OPTIONS: Mr. Riccabona had initiated the process of submitting an application on behalf of the Association to obtain a state grant to help with funding of the water distribution equipment. There is a state sponsored water loan fund available for non-profit public water distribution systems. These are low interest loans that could be repaid over 20 years. If approved for a state loan, AHHOA could amortize the cost of the new Water Distribution System over 20 years and add the additional costs to normal monthly dues. This payment process would spread the capital expense to both current and future homeowners on a prorate basis. After initial review, it was determined that AHHOA did not have sufficient/any common property that could be used to guarantee the loan, and discussions related to homeowners personnel guarantees was not favorable. The Board took the approach of presenting five (5) Assessment Options.

Option 1: **Phase Two Cash Flow -** Assessment based upon current Phase Two requirements. Using the cash flow estimate to complete Phase Two and pay existing payables of $**140,211** and dividing that requirement by thirty-six (36) lots, the CC&R per lot requirement, would be a per lot assessment of **$3,895**.(Presentation page 21)

Option 2: **Short Term Combined -**Assessment based upon the combined Phase Two cash flow and anticipated short term, five (5) year capital requirements. (Presentation page 20) of **$222,265** and dividing that requirement by thirty-six (36) lots, the CC&R per lot requirement, would be a per lot assessment of **$6,174**.(Presentation page 21)

Option 3: **Combined Estimates-**Assessment based upon the combined Phase Two cash flow, five (5) and ten (10) year capital requirements. (Presentation page 20) of **$397,265** and dividing that requirement by thirty-six (36) lots, the CC&R per lot requirement, would be a per lot assessment of **$11,035**.(Presentation page 21)

Option 4: **Assessment Plus 5 Year Dues Increase-**Assessment based upon the immediate assessment of Option 1 with the difference between Option 1 and Option 2 prorated by an immediate dues increase over a five year period. (Presentation page 21) The Assessment would be **$3,895 plus an increase of $38 per month per lot over five years.**

Option 5: **Assessment Plus 10 Year Dues Increase-**Assessment based upon the immediate assessment of Option 1 with the difference between Option 1 and Option 3 prorated by an immediate dues increase over a ten year period. (Presentation page 21) The Assessment would be **$3,895 plus an increase of $60 per month per lot over ten years**.

The Board explained it's fiduciary responsibility in presenting the estimated capital requirements. And, emphasized that at this time, the association had no remaining reserve funds. In some states, Associations are required to have a percentage of money set aside for emergency and infrastructure capital requirements. Plus, it does make common sense to have reserve funds available as opposed to emergency assessments.

After several minutes of discussion and reviews of how the amounts were calculated, a motion, on Option 1 above, was made and second to:

"Assess $3,895 per lot, billed in September and payable by December 2024."

The motion was passed.

The Board suggested that it would authorize our Property Management Company some liberty in extending some payment options on a limited basis.

6. STREET REPORT: Steve Riccabona reported that the streets are in fair condition, and approximately $16,000 had been recently spent to maintain the streets. The Association has been crack filling and applying a slurry coating on the streets over the last few years, but, the streets may require a complete rebuild in in the next few years. The estimated costs were included within the five year estimates.

7. OLD BUSINESS: Mr. Riccabona called for any Old Business. Snowplowing continues to be an issue as far as berms are concerned. When All Seasons plows the roads, berms are left in the owner's driveways, particularly in the corner lots. The HOA will again ask how much All Seasons would charge to plow some of the driveways to help eliminate this issue for owners.

The homeowners also discussed trees in the community that belong to the Blaine County Recreation District (BCRD). The BCRD is not interested in trimming or removing fallen trees. The homeowners also discussed the purchase of land bordering their properties and the bike path.

8. NEW BUSINESS:
Mr. Will Cannell had previously contacted the Board to recommend that the association consider building a noise reducing berm on the East Side of the Highway. With the increase in speed limits, additional traffic and more construction trucks, Aspen Hollow has been subjected to the elevation of traffic related noise. Mr. Riccabona introduced Mr. Cannell's request and suggested that it was a good idea. A quick review of the owners who would be required to allow the berm to be on their property line are all AHHOA members and we would assume they would all allow for the construction. An opinion vote indicated major support for the project. A committee will be organized to determine the process required and estimated costs. The committee would submit recommendations to the Board. The Board would consider the project implementation within normal operational landscaping.

Two years ago a tree fell onto Gimlet Rd, and the Gimlet Association did not responded to the issue. Steve Riccabona and Andy Berman had to take it upon themselves to cut up the tree and move it off the main road. Gimlet property management and Gimlet Master Association Board were notified that the tree and other fallen trees were on the side of Gimlet Rd. Currently, the fallen trees and limbs are still on the side of Gimlet Road. The AHHOA Board has an interest in taking back control of certain areas of the Gimlet Road that the Master Association claims they take care of and have initiated conversations with several members of the Gimlet Associations. After several meetings with the Gimlet Master Association, Gimlet is requesting that AHHOA pay an annual fee of approximately $2,800 to pay for the maintenance of Gimlet Rd, from the freeway to the bike path. The AHHOA meeting minutes were reviewed going back to the original agreement in 1978 when the original Estate sold the land that is now Gimlet to a developer. In that agreement in which AHHOA gave away rights and responsibilities to Gimlet Road in an agreement that AHHOA would not be financially responsible for that Road or other Assessments. The AHHOA Board is in discussions with the Gimlet Master Association to resolve the issues.

9. ELECTION OF NEW BOARD MEMBERS: Mr. Riccabona announced that Judith Meyer, who had served the Board for two years, had requested to retire from the AHHOA Board. She would remain a valuable member as a special consultant to the Board for pending legal matters and review of contracts to be issued by the AHHOA. Mr. Riccabona asked if there was any Board Nominations from the floor. Mr. Drew Merklinghaus's name was submitted for nomination. Mr. Merklinghaus, being in attendance, politely acknowledge the nomination, but requested that he not be considered at this time. Mr. Andy Berman had been previously nominated, and along with Mr. Tim Mascheroni and Mr. Steve Riccabona agreeing to remain on the Board, a motion was made and passed electing Andy Berman, Tim Mascheroni and Steve Riccabona, to the 2024 Board for an additional 1-year term.

There being no other business, the meeting was adjourned at approximately 11:30AM.

The Association provided coffee, juices and assorted breakfast pastries.

Thank You…for your attendance and participation in our neighborhood annual meeting. Please join us again next year!

Reported by:
Steve Riccabona President
Judith Meyer
Tim Mascheroni