



PLCOA  
PO Box 206  
Coolin ID 83821

# Priest Lake Cabin Owners' Association, Inc.

John Brumley – President, Randy Absalonson – Vice President, Maggie Drummond – Treasurer  
Sherry Lee -Secretary, Denny Christenson, Greg Gfeller, Tom Hartanov, Jennifer Lehn, Matt Rudolf  
Trustees: Bud Belles, Jim McLean, Bill Symmes, Jerry Whitehead

PLCOA Annual Meeting Minutes

6/8/2019 – 9:00am

Inn at Priest Lake - Coolin, Idaho

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Board/Trustees Present: John Brumley, President; Randy Absalonson, Maggie Drummond, Sherry Lee, Bud Belles, Denny Christenson, Greg Gfeller, Jennifer Lehn, Jim McLean, Matt Rudolf, Bill Symmes, Jerry Whitehead

The Annual Meeting of the Priest Lake Cabin Owners Association was called to order by President John Brumley at 9:10 a.m. John welcomed PLCOA members, and asked the Board and Trustees to briefly introduce themselves.

## **TRIBUTE TO CHUCK LEMPESIS, PLCOA'S LONG-TIME ATTORNEY: Denny Christenson**

Chuck Lempesis, who served as attorney for PLSLA and PLCOA for over twenty years, passed away on May 9, 2019. Chuck dealt with numerous IDL issues on our behalf. Perhaps most importantly, he worked with Denny and our Association to bring about the lease-to-ownership program which has allowed lessees to purchase their state lease lots.

Chuck is fondly known as the "Ultimate Peacemaker". Chuck participated in over 4,000 mediations.

"If nobody died, there'd be no place to park" is one of Chuck's memorable sayings.

A motion to make a \$1,000 memorial donation to North Idaho Boys & Girls Club in Chuck's name was seconded and passed.

## **TREASURER'S REPORT and ACCOUNTING CERTIFICATION: Maggie Drummond**

Maggie provided a June 3, 2019 balance sheet showing Total Liabilities & Equity of \$65,096.36 in PLCOA checking and savings accounts. She said we have 61 PLCOA members as of 6/8/19.

Our Profit and Loss statement from 1/1/2019 through 6/3/19 showed Net Income of \$11,533.89. PLCOA was reimbursed \$9,750.75 for Court Costs incurred in the Bonner County Lawsuit.

On 5/19/19 Louise Campbell reviewed the PLCOA financial reports for the calendar year 2018. She found they conform to accounting and financial reporting standards. She reported our books to be accurate, organized, and complete.

A motion (by Mark Sondren) to approve the Treasurer's report was seconded and unanimously passed.

**\*\* PLCOA membership dues will remain at \$100/year.**

**2018 ANNUAL MEETING MINUTES: Sherry Lee**

Printed copies of the 7/14/2018 Annual Meeting Minutes were distributed to all attendees. John Brumley asked for a motion to approve these minutes. The motion was made (by Tom Ramsey), seconded, and passed.

**NOMINATING COMMITTEE REPORT: Bud Belles**

*MOTION TO APPROVE 2019 BOARD OF DIRECTORS: Bud Belles, Nominating Committee*

Bud Belles reported for the Nominating Committee that the three Board members whose positions expire in 2019 – Maggie Drummond, Greg Gfeller, and Sherry Lee -- had agreed to be re-nominated for a term ending in 2022. Bud’s motion to approve the Board nominations was seconded and passed.

Bud thanked Jim McLean, who has served our organization for the last 40 years, and will be retiring from our Board of Trustees this year. Bill Symmes, Jerry Whitehead, and Bud Belles were re-nominated as PLCOA Trustees. There were no additional nominations from the floor, and this motion to accept the slate of nominees was seconded and passed.

2020: John Brumley, Randy Absalonson, Matt Rudolf

2021: Jennifer Lehn, Tom Hartanov, Denny Christensen

2022: Maggie Drummond, Sherry Lee, Greg Gfeller

Trustees: Jerry Whitehead, Bill Symmes, Bud Belles

**VAFO AUCTION 2019: John Brumley (reporting for Sid Anderson/Idaho Dept. of Lands - IDL)**

252 Priest Lake lots have been sold in VAFO auctions through 2018

36 Sales are pending for the August 2019 VAFO

288 **Total** Priest Lake lots will be sold as of the upcoming August 2019 VAFO

This will leave **67** unpurchased lots as of August 2019

*A 2020 VAFO Auction sale will be scheduled. Anyone interested in participating in the 2020 VAFO should contact Sid Anderson at the Idaho Department of Lands in Boise.*

VAFO Auction sales will continue through 2024, but will not occur every year.

**LESSEES OPTIONS THROUGH 2024: John Brumley (reporting for Sid Anderson/IDL)**

Leases will continue through 2024.

Idaho’s Land Board will decide whether to continue leasing beyond 2024.

Expired leases still require a Conflict Auction for lease renewals.

IDL will continue to communicate with Lessees regarding leasing issues, options, & requirements.

John noted that our relationship with Idaho Department of Lands is cordial.

**BONNER COUNTY LAWSUIT - 2018: Ford Elsaesser, Attorney**

John Brumley introduced Ford Elsaesser and praised Ford and his daughter Katie Elsaesser for their excellent job in presenting our case.

Ford began his remarks with praise for our long-time PLCOA attorney Chuck Lempesis, who recently passed away after a long illness. He noted that Chuck had created the concept of Mediation Process in North Idaho. In 2018 Chuck was ailing but still handled over 100 mediation cases. Chuck's unfailing good humor was evident in an email with a 'Selfie' that arrived in his friends' inboxes *two days after his passing: "... I told you I was sick."*

*Lakes Commission* -- Ford, who has chaired the Advisory Board of the Lakes Commission since 2002, advised our attendees of an upcoming meeting on June 19<sup>th</sup> at 10 a.m. in the Priest River Event Center. Agenda items will include Pend Oreille lake level issues and Priest Lake Thorofare dredging.

Ford described how the 2018 Lawsuit against Bonner County Assessor laid waste to Bonner County's arguments. Our case was presented in court by Ford and Katie Elsaesser and Ed Morse, our appraiser. Copies of the decision are available. In her decision, District Judge Meyer of Coeur d'Alene adopted key issues our side was fighting for, including:

- 1) Adopting measurement of front footage using the pin-to-pin method as used by the Idaho Dept. of Lands, and
- 2) Adopting VAFO sales values as comparable sales to determine Fair Market Values for assessing land values.

*Bonner County assessments for 2019* are just now arriving, and results are mixed. Assessment values for improvements are increasing. Some land values have decreased. Ford noted that Bonner County Commissioner McDonald argues that Improvements plus Land approximately equal fair market value. As of now, it is not clear whether Bonner County Assessor used the VAFO auction sales as comparable sales in their assessments. Ford noted that there is still some overvaluation of Land. Owners who feel their assessments are too high must appeal to the Bonner County Board of Equalization (Commissioners), or they lose the right to appeal at the next level. As a general rule-of-thumb, Ford suggested that if land values are more than 15% over fair market value, they should appeal. If assessments are ~10% over market, you won't get net savings from the cost of the appeal.

According to anecdotal evidence, Ford suggested that under the new Assessor, Bonner County taxpayers are seeing higher assessments on improvements.

In Bonner County, tax increases are limited to 3% per year.

In our appeals, we need to ask the Assessor's office what specific comparables they used this year to assess our property. Be cognizant of appeal deadline, a necessary step in the appeals process.

It will be necessary to 'play it by ear' as to whether to bring a lawsuit this year. Cost/benefit must be weighed as the assessment results come in. A substantial appeal could cost \$510,000 - \$780,000. Interested parties must give notice to Bonner County in their appeal to the Commissioners.

Questions from the PLCOA attendees:

- In answer to a question about use of the Meandering Line vs. Point-to-Point measurement in assessing front footage, Elsaesser responded that this recent Court Ruling created a strong precedent that Point-to-Point measurement should be used unless Meandering Line is used across the whole of the county. We don't know yet how Bonner County Assessor applied meandering line or point-to-point in this year's assessment.

- Regarding a 2019 Appeal/Lawsuit, Ford Elsaesser said we probably wouldn't be assigned the same judge. The local judge tends to recuse herself/himself. The other judges tend to rotate in taking the cases.
- To a question on 2019 assessments, Ford responded that the assessments are just now coming out, and there is no clear pattern at this time. During the previous 4 years, Land values trended too high on the East side of the lake. This year, it's not clear, and we need to know the comparable sales they used to value their assessments. Ford will be in touch with us as assessments come in over the next couple of weeks as to whether another lawsuit/appeal is called for.
- Question regarding the State influencing land values: "Did the State tell Bonner County that land values needed to be higher?" Ford feels this was more likely a local issue because Bonner County reserves were being overspent. However, the State has been criticized for a Universal upcharge that increased valuations on Timberland in cooperation with Bonner County... The State has also pushed higher valuations by the county on Exemption land and Commercial/Industrial properties.

### **2019 BONNER COUNTY ASSESSMENTS: John Brumley**

John urged our members to contact the Assessor's office and find out what comparable sales were used in assessing their property. Appeals must be made on a timely basis. The 25<sup>th</sup> of June is the last day to appeal our assessments. Hearings on the Appeals will begin the next Monday.

### **NEIGHBORHOOD HOA'S AND CC&R'S: Denny Christensen**

Denny gave a historical view of where we've been in the Appeal process with Bonner County post-VAFO::

2015: BOE (Board of Equalization) reduced assessments to VAFO sales prices & didn't use the meandering line.

2016: Bonner County went back to its previous assessment methods and again used the meandering line. We challenged them and won.

2017: Lawsuit in District Court against Bonner County Assessor. Case won.

Denny reminded our membership that all of us who purchase our land through the VAFO are *members of a Homeowners Association as prescribed by our closing documents with Idaho Dept. of Lands.*

In a recap of how the VAFO came about, Denny followed the timeline:

**February 2010:** A subcommittee of the Idaho Land Board recommended a Cottage Site Plan for selling cottage sites through a "market-savvy process". The Idaho Dept. of Lands authorized the Land Board to continue working on a process.

**May 17, 2011:** The State accepted the Cottage Site Plan

**2011:** IDL asked the Land Board to prepare a "Lot Solutions Process", a long-term program to dispose of 354 sites at Priest Lake as well as Payette Lake cottage sites. Homeowner Associations (HOAs) plus Covenants, Conditions, & Restrictions (CC&Rs) were required under this process. 18 Neighborhoods and 14 Subdivisions were identified (by proximity). Legal documents were drawn up.

**2012:** These Subdivisions, with legal descriptions and plats and easements, were recorded.

A *Cottage Sites Handbook* was prepared, with the intention of preserving the character of our Lots.

**8/2011 – 1/2012: PLSLA Covenants Committee worked to include regulations that IDL and Bonner County didn't cover. They published the Declaration of CC&Rs. Examples are:**

3.5 – Permits: Construction Standards and use restrictions

a. Restore a 15-foot Side-yard Setback (from dripline of roof) as required in our IDL Lessees handbook (different from Bonner County's 5-foot required setback)

3.9 – Fences not allowed (Fences were not allowed by IDL in our original Lessees handbook)

Note: We acknowledge IDL's representative didn't always interpret their Handbook standards equally  
**2018** - Pinto Point was the first to vote to organize as an official Neighborhood.

Randy Absalonson suggested exploring an idea for PLCOA to be the Home Owners Association for the East Side. He noted the complicated issues involving requirements for Non-Profit HOAs, including required non-profit (tax) reporting, officers, & enforcement of CC&Rs. Randy noted that Bonner County will NOT enforce our CC&R's (e.g. for Setbacks: Bonner Co. uses 5' setbacks and would not enforce our CC&R 15' setbacks.)

We would rely on Pinto Point's experience in following up on this idea.

PLCOA WEBSITE: Bud Belles

Our PLCOA Website is here to disperse information of importance to our members & the Lake community.

Last month we received up to 1,000 hits per day, mostly on weekends.

Association information available on the Website includes:

Calendar

Newsletter

Press Releases

Membership Directory sign-in, etc.

IDL – VAFO Auction information (36 cottage sites are scheduled for the 2019 VAFO)

Bonner County information e.g. spreadsheet with Assessed Values

"The Lake" info: Thorofare Dredging project, Siphon Project/Priest River Cold-Water Augmentation Plan

Blog – Anyone can leave comments here

We need a volunteer with Word Press experience to act as a back-up for Bud in website administration

PLCOA's email address is: [contact@priestlakecoa.org](mailto:contact@priestlakecoa.org)

#### **OUTLET BAY/PRIEST RIVER AUGMENTATION PLAN: Chip Corsi – IFGD**

Chip Corsi of the Idaho Fish & Game Dept. gave a status report on the Concept Phase of the Priest River Augmentation ("Siphon") Plan. He explained that the purpose of this concept would be to improve fishing in the lower Priest River. Corsi said that in late summer the temperature of lake water flowing into Priest River below the Priest Lake's Outlet dam is too warm for native cold-water fish. The result is impaired water quality and an underperforming fishery for west-slope cutthroat, bull trout, and mountain whitefish.

A feasibility assessment was undertaken by an engineering firm, analyzing alternative ideas that might work to improve the fishery through addition of cold water to the river below the Outlet Dam. Their task was to *assess feasibility* of adding enough cold water to the lower Priest River beyond the dam to go forward with a further *study* and a *plan* to improve water quality, protect native fish, & improve sport fishing in the river. Additional parameters for the assessment included: Maintaining statutory lake levels as established in 1950; Aquatic species protection; Cost; Water quality; Public use; Navigation; Aesthetics.

Three of the four possibilities they suggested included “Hypolimnetic Withdrawal”. This method would draw from the coldest layer of water (Hypolimnion layer) from the depths of Priest Lake through a siphon. The cold water would be moved through a pipe over a long distance, possibly miles. Two of the possible options would involve piping the cold water along routes through the Outlet (pipes could be buried for aesthetic and navigational purposes). A third option would be to pump the cold water uphill (overland) along roads, and deposit the water into the river below the dam. All three of these options would affect private land-owners and the public. The fourth option, Groundwater Pumping, is probably not a viable alternative but will be explored. Criteria for this project will include maintaining statutory lake level, aquatic species protection, water quality, land ownership issues, and public uses.

Issues of aesthetics and navigation must be addressed. For example, a pipe through the long, shallow Outlet area would need to be buried so it would not be visible nor an obstacle to navigation.

Lake levels for Priest Lake were set in 1950 by the Lakes Commission and would not be changed for this project. Corsi stated that Outflow volume into the lower Priest River would not change.

Portland University experts were hired by the Kalispell Tribe and have produced graphs showing the projected downstream temperature effect of adding cold water to the river. If 75% of the warm lake-water outflow from the dam was replaced by cold water, their graphs show the benefit would extend 30 miles below the dam. If 50% of warm lake-water outflow was replaced, a smaller benefit would still be helpful.

Corsi said a maximum of 4% of the lake’s Hypolimnion Layer (Cold Water) would be extracted, and he doesn’t believe it would affect water quality. (Editor’s Question: How is that 4% figured? Is it 4% of volume of outflow, and how is that cold water continually replaced without being affected by or mixed with the warmer water above it?)

Chip Corsi addressed public questions & concerns from last summer’s public meeting:

Aesthetics & Navigation: The pipe would be buried, so ‘no worries’.

Effect on Lake Levels: None. Statutory lake levels were established in 1950 & won’t be changed.

Economic Benefit: Corsi said other Idaho streams have seen economic activity amounting to \$1 to \$1.5 million dollars per year.

Chip Corsi offered a project at Payette Lake in Southern Idaho as a model of a working cold-water bypass.

Payette is an oligotrophic (clear, clean) lake similar to Priest Lake, with approximately 1/5th our surface area and 1/6<sup>th</sup> of Priest Lake’s volume. Lake depths are similar. Since the 1970s cold water from deep in Payette Lake has been drawn by a siphon to feed the McCall Salmon Hatchery.

#### **NEWPORT SILICON SMELTER UPDATE: James Lea**

Dr. James Lea, who lives in Kalispell Bay and is associated with the Selkirk Alliance, spoke about HiTest Sand Company’s proposed silicon smelter just South of Newport, Washington on the Pend Oreille River. Washington’s Gov. Inslee supported funding the study for siting the smelter. Newport can provide large amounts of electricity needed for the smelter. Sand is available. High-quality Coal (Carbon) will be imported from the East.

Lea made his case as to how the process of converting sand (silica) into Silicon Dioxide (SiO<sub>2</sub>) for producing solar panels (or silicon chips) will have a high impact on our environment. Coal is not pure carbon, and hundreds of tons of *Sulfur Dioxide* will be released into the atmosphere in the production process. Hundreds of tons of

*Carbon Dioxide* will also be released. *Tons of particulates will be released, particles so small (less than 25 microns in size) that they cannot be filtered out in the airways of humans and animals and will be breathed directly into the lungs. Their effect is untested and unknown at this time.*

*Water used for cooling in the smelting process will be low pH (acid). Acidification of the Pend Oreille River would harm insects, fish, and affect the food chain and health of the river.*

The Kalispell Tribe opposes the Newport Silicon Smelter, as does CANSS (Citizens against the Newport Silicon Smelter). PLEAS (Priest Lake Edition of Anti-Smelter) is a recently-formed group Dr. Lea suggested we might consider joining.

Economic impact: Trade wars with China have affected the silicon market. As a result, it is estimated that 95% of the silicon produced at the Newport Smelter will end up as silicon chips, *not solar panels using high-grade silicon as originally promised by HiTest Sand Company at the inception of this project.*

The Dept. of Environmental Quality (DEQ) is expected to release its Environmental Impact Statement late this summer.

Dr. Lea also addressed increasing problems with algae and seaweed in our once-pristine Priest Lake. He urged us *NOT TO USE PHOSPHORUS*. Read the labels on your fertilizer and choose wisely. *Established grass does not need Phosphorus*, which leaches into the lake and promotes growth of Algae and Seaweed.

#### **THOROFARE DREDGING UPDATE: Ken Hagman (Waterways Commission member)**

The Thorofare Breakwater was last repaired 30 years ago.

In 2004-2005, Bonner County conducted an engineering study on the best way to repair the Breakwater.

Due to the economic downturn, there were no Bonner County funds available in 2007 to go forward with repairs. An estimated \$1.5 million was needed. Sen. Shawn Keogh and Rep. Eric Anderson turned to Idaho State and secured \$1.5 million funding for the project through its Waterways Commission. In addition to the State funding, \$100,000 to \$125,000 is needed from the Priest Lake Community. If additional funding is necessary, they may request matching grants to complete the project.

The breakwater solution will be to replace the current wood wall with approximately 1400' of rock ballast.

Sand that is dredged from the channel will be deposited on the Lake side.

The Thorofare Project is now in the Review and Permitting stage, with ~7 agencies involved.

The next step is Requests for Proposals. Construction should be underway by late fall/winter of 2019 with completion in the spring of 2020.

*Outlet Dam:* The new ~\$2.5 million dollar project will facilitate managing Priest Lake levels, allowing the lake level to raise 2" to 6" as needed. (In drought years such as the one in 2015, an additional 2" in lake height would have helped solve the problem of low Priest River flow levels.)

**FIRE DISTRICT: Candace Mumm**

Candace Mumm reported on the proposed Fire District which would cover the area from the North end of the Coolin/Cavanaugh Bay Fire District (CCBFD) up through Bear Creek, and from the North of the Narrows Fire District up through Diamond Park.

Next steps:

- 1) Annex this area with the CCBFD. Note: Funding is a problem because Fire District funding from Bonner County is based on valuation of structures and not the land itself. This is not enough to pay the costs of a Fire District on the East Side.
- 2) Prepare a budget
- 3) Identify the land for the Fire Station (Denny Christensen & the Fire District Committee have identified & secured land with IDL for the Fire Station).
- 4) Include Emergency/Rescue in the Fire District plan, including: Helicopter Landing Area, Fireboat, ATVs for remote access and rescue operations, Ambulance, and Equipment such as AEDs/defibrillators.

An additional benefit to Homeowners in the new Fire District will be reduced Fire Insurance rates on their property.

**OLD BUSINESS/NEW BUSINESS**

Ron McKay addressed a Coolin Bay issue. A developer, Cliff Mort /Tricore Development of Post Falls, purchased a large wetland area (~60 acres) in Coolin Bay near Warren Beach Road. They have apparently used/traded Conservation Credits to gain the right to fill the low-lying wetland area and create a development. Sixty acres of wetlands are affected, and 24-27 home-sites are currently being planned. It was stated that approximately 163,000 cubic yards of fill may go into the wetland area.

There are grave concerns about the impact of this development in Coolin Bay, including impacts on water quality and infrastructure. The bay itself is shallow, and navigation is a challenge. Loss of habitat for birds and wildlife could be devastating, as this is an important breeding area for many species. Dr. Robert Bond and his wife, prominent birders residing in Coolin Bay (and author of "Birds of the Priest Lake Ecosystem"), have documented well over 200 species of birds in the area.

The meeting was adjourned at 11:28 a.m. by President John Brumley

Respectfully submitted,  
Sherry Lee, Secretary