

**SUN VALLEY ELKHORN ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
Friday, July 7, 2023
Minutes**

AGENDA BUSINESS ITEMS

1. Review Financial Reports
2. Elkhorn Construction Update – Jericho and Sun Valley Community School
3. Harker Pool Update

IN ATTENDANCE

Board Members	Staff, Counsel & Others
Clark Furlow, President	Jim Laski, Legal Counsel
Pete Petersen – Vice President	Chuck Williamson, Staff
Tom Eklund - Treasurer	Jon White, Staff
Rachel Clark – Director	Sue Ahern, Staff
Kathy Large, Director	Darlene Kuehn, Staff
Tom Kling, Director	
Jeff Mihalic - Director	
Marlene Fletcher - Director	Owners and Others:
	Attending by Zoom – See Attached List – 139 Online
Board Members - Not Present	See Sign-in Sheet – 50 Owners in Attendance
Bob Diercks	

CALL TO ORDER

President Clark Furlow called the meeting to order at 2:00 p.m.

ESTABLISHMENT OF A QUORUM

A quorum was established with eight (8) directors in attendance. Bob Diercks was not available.

REPORT FROM SUN VALLEY MAYOR

Sun Valley Mayor, Peter Hendricks reported on the following:

- The proposed budget for fiscal year 2024 will be approximately 14.7 million.
- Property Tax revenue expected at 2.5 million.
- LOT Taxes are projected at 2.7 million. May revenues are down 17% from May of 2022. Lodging tax revenue is down 50%.
- Capital expenditures in 2024 are anticipated at 5 million with allocations to snowplows and fire vehicles.
- Blaine County ambulance service will have a small effect on budget as negotiations continues for what is anticipated to be a lengthy process.
- Housing for first responders at the Greenhorn station, in cooperation with Blaine County Fire District, is moving ahead and appears to be on time and on budget.
- The Ellsworth Inn was purchased for 2.3 million. Bids are being received for the development of the property.
- The 4 way light on Sun Valley Road needs attention. To date the traffic incident rate is very low due to public awareness and cooperation. Traffic control personnel may be used during times of heavy summer tourism. The City Council is in the process of determining what the final configuration of the intersection will be when renovations are made. Reconfiguration as a roundabout, use of temporary lights, a 4 way stop, or a signal intersection are among the options under consideration.

- P&Z issues potentially under review in August include Jericho, which has not yet been officially requested. Sagewillow project discussions may continue, however, nothing in writing has been submitted for consideration.
- In Festival Meadow a Muffy Davis sculpture is to be installed on September 8th with a small ceremony proceeding. The further development of Festival Meadows is still on the agenda for the City Council.

OWNERS ADDRESSING THE BOARD

Betsy Hauck – Ridge 2632 – Opposes the Jericho project. She expressed the project will not contribute to local workforce housing. The project is unsightly, will cause vehicle congestion and ruin Elkhorn Village.

Christian Wrede – 4399 Fairway Nine II – Expressing his concerns as follows:

- He explained that SVEA had extended an invitation to the Community School to make a presentation, which was later rescinded when Mr. Wrede asked for a similar time allotment to make a rebuttal presentation. Mr. Wrede requested a work around by utilizing his partner's time allotment to allow him 10 minutes agreed to by Clark. *Clark clarified SVEA position in that the Community School was not going to talk about the merits of the project but rather about the process they have been going through with members of the community.*
- Mr. Wrede and others have formed a group named Elkhorn Aware Sun Valley for the purpose of vetting future development. Website: ElkhornAwareSV.org.
- He described the Sagewillow Campus consisting of approximately 40 acres in 2 parcels abutting Bluff and Highland subdivisions. The Sagewillow Campus consisting of 32 acres was gifted to the community school in 1998. The School attempted to develop the property in 2003 which ran into problems with the Elkhorn Association. The School sued the Association indicating they were not subject to restrictions of Elkhorn. This resulted in a 2006 settlement allowing for a school to be developed.
- The second parcel consists of the Arrowleaf subdivision, divided into 5 lots, totaling approximately 6.5 acres and is currently zoned rural estate allowing for 1 dwelling unit per acre. Mr. Wrede states the zoning sought by the School allows for over 70 residential units at 14 units per acre.
- He stated that the SVEA Board determined they had no role in the rezoning application process. He expressed this was in conflict with Article 5 of the Articles of Incorporation and 6.01 of the Master Declaration. SVEA hired an attorney to review the purported conflict. Mr. Wrede articulated his disapproval that SVEA had not yet released their findings to the Elkhorn membership citing attorney client privilege.
- Mr. Wrede reported that SVEA attorney, Jim Laski, is unable to represent SVEA because of a conflict with Ed Lawson, his law partner, representing the Community School in the rezone application.
- Mr. Wrede talked about the Community School survey distributed by SVEA. He reviewed the proposed Community School timeline with those present. He concludes that the school has not met any of the timeline goals.
- Mr. Wrede recommends community mobilization. He believes it is crucial to understand the legal issues and duties of the Board as requested at the last Board meeting. He stated that the SVEA board unanimously decided to annex the Arrowleaf Subdivision. Mr. Wrede argued that this would allow SVEA to unilaterally fix the land use classification.

Clark responded to Mr. Wrede statements by letting owners know Mr. Wrede has expressed partial truths.

- Clark explained that SVEA does not believe they are entirely neutral but rather did not have a role to play before the city zoning commission. There are Elkhorn members "for" and "against" and it is not the Board position to pick sides and become an advocate for one group over the other in the municipal hearing process.
- What SVEA has stated is that they would be advocates for a well-informed good decision making process. SVEA has asked the P&Z Commission to delay any decision in this matter to allow for all information to be provided, for and against, prior to making any determination.

- The SVEA Board will be strong advocates in the enforcement of the Master Declaration because that is an internal affair and duty of the Board. It is the reason the Board is undertaking the annexation of the Community School property. It is not clear that the Arrowleaf Subdivision is part of Elkhorn at this time.
- Jim Laski clarified that Mr. Lawson worked with the school on many issues and was representing the School before the City of Sun Valley. When the issue became a conflict, Mr. Lawson stepped aside and no longer represented the school. Attorney, Fritz Haemmerle, represents SVEA in this matter.

Barbara Baer – Ridge 2691 - Barbara explained that she owns two units at the Ridge, with one rented short term and the other on a long term basis. She wanted to express her concerns about the Rental Amenity Fee. She requested the following:

- She requested that the SVEA Board invite stakeholders to meet and review the rental fee policy. She expressed concern that owner voices are not being heard, the fee is inequitable and there is no review of the policy to determine what is working and what is not.
- She expressed concern that the one size fits all approach is not fair in applying the assessment without review by stakeholders renting their property.
- She stated the \$600 charge is applied to both long and short-term rental property and with regular dues the total is \$1,317 annually. The rate is the same whether a large home or a studio apartment.
- She explained they personally do not produce a large revenue stream, which makes the nightly cost of the rental fee very large. She expressed that long-term renters do not take up any more space than the property owner; however, there is the fee of \$600 that must be paid along with a \$5.00 guest fee for those not living in the unit who accompany her tenant to the amenities.
- She asked owners present to contact the Board if they have similar concerns, and again requested the Board to invite rental stakeholders to meet, review and make improvements to the Amenity Rental Fee annually.

Libby Holtz – Indian Springs 2474 – Libby expressed her concern about the parking situation throughout Elkhorn. She requested that the Board review areas where land could be utilized for overnight trailer parking. This would greatly help in accommodating tourism in the area.

Jeff Kingston – 94 Elkhorn Road – He wanted to discuss the Boards role, the Community School and address the narrative of workforce housing which raises more questions than it answers.

- Does the project fit the location? Mr. Kingston believes the answer is no. He expressed that most people bought in Elkhorn because of its semi-rural character, and what the school proposes does not fit. He believes it will have terrible impacts on those that have to look at it; those living near it; and the wildlife in the area which is not being considered.
- Are there alternatives that would be preferable? Mr. Kingston believes there are many alternatives and if the School has staff that can't afford to live in the area, pay them more. This is the school's burden to solve.
- He expressed his belief that providing affordable workforce housing means it will be cheaply constructed which will not fit the area.
- Traffic has continued to increase in Elkhorn, and he is concerned this project will make it profoundly worse.
- He expressed uncertainty that the workforce housing proposed will actually be used as proposed. He would like to know what qualifies as workforce housing. Can it be used for home offices, and what happens if the worker becomes unemployed after moving into the housing. Can the housing be sold after a few years for a large profit.
- He would like SVEA to take a stand based on the will of the majority of the people.

Liane Deyoung Mynatt – 116 Highlands Drive – She believes both the Jericho Project and SV Community School directly impact all Elkhorn owners. She believes the Board needs to protect the owners by opposing these projects and protect the rural Elkhorn environment. She requested that the Board re-examine its duty to the owners and support the thoughtful development of these properties.

John Kelly – 106 Village Way – John stated he has always been aware that something would be built on the Jericho property. He believes the Jericho project fails to be harmonious with its surroundings. He expressed that the design appears to be stacked shipping containers which is unattractive and out of place under the guise of modern design. He requested the SVEA ADC direct the Jadallah's to redesign the project so that it is harmonious to the neighborhood. He expressed that Mr. Jadallah made modifications to a similar project planned in Warm Springs so it would pass Ketchum's design review process. He stated many owners oppose the current design, and he asked the Jadallah's to make concessions and redesign their project. He distributed before and after renderings for the approved Ketchum project as an example of what could be done.

Barbara or Melissa? – Summit Condominiums – (*Name Uncertain, distorted on tape*) – She expressed concern about Jericho Project as it relates to parking and design. Would like SVEA to acquire the property for a park and doesn't think the rental concept will work.

Marty Erdheim – Summit II – Voiced his support for John Kelly Comments.

Jack Rubin – Morningstar 724 – Jack expressed concern about the density of both projects and asked that the Board take this into consideration when making a final decision.

Mitchell Hollins – 6 Villa Court – Michael expressed concern about the Jericho project and its impact on the parking on all the Village amenities. He expressed concern that Jericho renters and guests will use the parking beyond the bounds of the project, exacerbating a difficult parking situation.

Mr. Kevin Higgins – 101 Camas Loop – Kevin remarked that the Community School housing doesn't belong in the area proposed and opposes its development.

Jack Haase – Fairway Nine II – Recommended that SVEA do a survey to determine whether or not the owners are opposed to the Community School workforce housing development. Clark responded by expressing that the Board does receive emails on a daily basis for and against. The Board doesn't want either voice to be diminished by SVEA taking a stand in a situation where SVEA can't represent all owners equally.

Ralph Fullerton – 105 Meadow Ridge – Concerned about the Jericho Project. This project will fill up all the parking spaces during construction and when constructed leaving none for those that want to use the amenities. Long term tenants will have guests parking for days at a time rather than a couple of hours at a time consistent with amenity use.

Jason Szabo – 4399 Fairway Nine – Quoted from the Articles of Incorporation. He pointed out that it is the Board job to protect the resort community and he believes the Board is failing to meet this obligation.

Lorie Luber – 5008 Fairway One – Opposes Jericho. She accepts there must be change but she promotes good change and Jericho doesn't meet that objective.

Douglas Carnahan – 103 Arrowleaf – Doug expressed his concern about the traffic issue on Arrowleaf. During the months of August and September the traffic congestion can block his driveway access on Arrowleaf. He expects that the added residential uses would generate 400 to 500 vehicle trips per day on Arrowleaf. If a school were added, he calculates it would create a que of cars from the fire station to the school on a daily basis. He does not believe the high density zoning developed with condominiums and a school can work. There has been no measurement of the existing traffic on which to form a basis to start the study. He questions allowing a zoning change that will not work. Mr. Carnahan asks that the Board take action to prevent the rezone from happening.

Scott Albro – 711 Morningstar – Community School Board Member – Scott stated that he is on the Community School Board. he expressed that full time residents care about the quality of the schools. He has a daughter attending the School and he is a graduate of the School. The Wood River Valley is facing a

housing crises. Scott explained that the School is trying to work through a collaborative process to partially solve the housing problem. Scott pointed out the following:

- The school has an issue with attracting and maintaining high quality faculty.
- The school is focused only on developing faculty housing at Sagewillow.
- There is no school development contemplated and there never has been.
- The School is a non-profit and can only build housing for faculty and mission aligned groups.
- The idea there are abundant alternatives to solve the faculty housing situation is not true. The school does support other housing initiatives in the valley and does not view Sagewillow as its only option.
- The statement made during the meeting that the school has done nothing according to the timeline action schedule is not true. Scott stated the School is absolutely taking action on those items shown on the timeline. The School volunteered at the last P&Z meeting to run a collaborative process with differing neighbor groups. The School has hired a third party group to oversee the plan development process that has included multiple workshops with differing constituent groups and surveys. Scott believes the process has gone very well, and significant progress has been made in developing different proposals to meet the needs of the school and community.

Matt Spanbauer – 4370 Fairway Nine – He agrees with Barbara Baer and has the same concerns about the rental amenity access fees on short term rental properties and believes it may be in violation of State Statute 55.3211 and he quoted from that Statute. He believes the fee may be illegal, but more to the point, unfair. He asks that the Board review the policy again to determine if it is worth keeping.

Bernard Talmas – Indian Springs – He expressed that property owners are not entitled to increased density and he believes increasing the density goes against the owners wishes for Elkhorn.

Carol Benz – 104 Village Way – Very much opposes the Jericho project for the following reasons:

- The buildings are not architecturally aligned with the neighborhood in their sterile appearance with roof top decks.
- The density for this space will be very high attracting young renters with multiple adults living in each unit creating parking issues with multiple cars per unit.
- The landscaping is not in keeping with the surrounding buildings.
- The unsightly roof top decks and stairwell access will greatly devalue the neighboring properties. The SVEA ADC manual states that the design shall not devalue the neighboring property. Her opinion is that the roof top decks do not align with this objective. The decks will increase noise issues. She is worried this may set a precedent for Sun Valley where the only example of roof top decks is downtown Ketchum. Neighborhood design consistency will be lost. She asks that the roof top decks be removed for the design.

Clark explained that the Jericho project has not been submitted to SVEA for review. The project still needs to be approved by the City, after which it must be approved by Elkhorn Springs Master Association. He encouraged everyone to bring their architectural concerns to the City, ESMA and the SVEA ADC.

Mike Wade – 412 Morningstar – He expressed his support for what the community school is doing to assist with the workforce housing issues in the Wood River Valley and providing a place for people to live in the community in which they work. Mr. Wade explained that many non-profits are leading an effort to address work force housing; however, they may not have sufficient land available to address the issue in meaningful way. The community school, being the second largest employer in Sun Valley, fortunately does have the acreage to provide meaningful workforce housing opportunities. Mr. Wade believes the school has demonstrated they are good stewards of the Sagewillow property and he is confident they will provide attractive workforce housing in the area.

Barton Nisonson – 2818 Summit I – Mr. Nisonson stated concerns about sound and noise generated from 19 AC units along Village Way which may be as high as 70 decibels. He explained this amount of noise approaches a level that causes hearing impairment. He expressed concern that this wasn't taken into consideration, and he recommended a requirement for a sound study by P&Z.

Judith Steinbach – 106 Village Way – Judith expressed concern about the plastic flowers planted in front of the Elkhorn Inn, which she believes is unsightly. She would like to Board to look into the clock tower which has not worked for many years, and stated that it is embarrassing that it has gone on so long.

Mike Ackerman – Legends 4516 – He asked who represents the owners in the design decisions if not the Board? Clark explained that the Board does not make the design decisions initially. The design decisions are made by the Architectural Design Committee. There are hearings and owners can attend those hearings to express their concerns. If the decision of the ADC is appealed by a property owner, then it will come before the Board who will make the final decision.

Mary Theissen – 108 Highlands – Mary expressed concern that the Community School was prompted by the City of Sun Valley to rezone their land. Clark confirmed that it was SVEA's understanding that the City did make this request of the community school. Chuck explained that the City is trying to align the future land use map and the zoning map in an effort to clean up the zoning issues outstanding.

FINANCIAL REPORT

Jeff Mihalic reported on the Finances of SVEA. The revenues showing about \$150,000 less income than anticipated is an accounting issue not a cash issue. This occurred when SVEA changed its accounting methods at the start of the fiscal year. Expenses are lower than expected with the exception of snow removal and legal expenses associated with Jericho and the Community School matters.

The capital revenues total 2.1 million dollars with the major source of funding coming from the special assessment. The shortfall on the budget include the discount offered on the special assessment totaling \$49,000 and capital dues of \$46,000 that were collected and accounted for in the prior year. The insurance claim for the water loss in the Harker Center has contributed \$106,000 to income as well as interest income on the money received. SVEA received bids for resurfacing 2 of the Har-Tru tennis courts of \$140,000, the approved budget amount was \$50,000. Facing a \$90,000 shortfall Chuck and Jon did the work and kept SVEA within budget.

Jeff reported that 1234 property owners to date have paid the entire assessment up front, which was a better than expected result. It allows SVEA to proceed on the replacement of the Harker Pool without the need for a construction loan and its associated expense. The funds collected can be invested to recover the discount offered.

Assets increased by \$2,000,000 primarily driven by the special assessment. Accounts Receivable is tracking as anticipated. Liabilities include the Village Pool loan of over 1 million and a payoff date will be set after the Harker Pool project is complete likely in October 2024. In addition, the capital reserve study will be updated and collections reset for ongoing maintenance and replacement of the amenities.

BUSINESS ITEMS

Harker Pool Update – Chuck reported that demolition had started, and reconstruction of the pool and hot tub is scheduled to begin on July 17th. The shells for the pool and hot tub will be completed before winter. During the winter months the equipment room will be constructed and in the spring the pool/hot tub plaster, deck installation, artificial turf, shade structures and fencing will be installed. There is a planned opening date of July 4, 2024.

Elkhorn Construction Update Jericho Project

Clark explained to those present that SVEA understands that the owners are upset about the Jericho project. He reported that the Board appointed Chuck Williamson, Jim Laski and Clark Furlow to review ways that SVEA might be able to preserve the land known as the Jericho parcel. The Jericho Project has been proposed as a 19 unit rental development with market rate rentals. The property is not being developed as affordable or subsidized work force housing. Currently the land is used as a grassy area park by neighboring

property owners, and a portion of the property consisting of 20+ parking spaces has been utilized for amenity access vehicle parking. SVEA does not own the parking spaces being used in this area. The task assigned by the Board was to try to preserve the parking and green space areas.

Clark reported the Village parking area, which encompasses the area in front of the Golf Clubhouse, tennis courts, swimming pool, Elkhorn Inn and the Wood River Jewish Community Center is owned by the Elkhorn Springs Master Association. SVEA has an easement for the areas mentioned which allows for Elkhorn owner vehicle parking when accessing the tennis and pool areas.

In February/March 2023, SVEA initiated a review of the parking situation. Staff discovered that there did not appear to be a recorded easement, or filed agreement, for Sun Valley Company's use of the parking area in front of their clubhouse. SVEA conducted a full title search and a legal review and confirmed Sun Valley Company does not have a right to use any space in the Village parking area. This discrepancy was brought to the attention of Sun Valley Company. In a very cordial manner SVEA and ESMA offered Sun Valley Company assistance in solving their parking problem for their assistance in preserving the Jericho property for a green space and parking area. Sun Valley Company hired a lawyer to investigate the matter and he confirmed there is no documentation granting Sun Valley Company parking privileges in the Village. Negotiations were advancing until an allegation was made by ESMA attorney, in a memo copied to the SV Company attorney, that there may be some unwritten implied easement. However, the use of the parking area by Sun Valley Company remains an issue SVEA and ESMA are pursuing, but not expected to be quickly concluded.

Clark explained that in March, the Jericho project was submitted to the Elkhorn Springs Master Association for design review and was subsequently denied for non-compliance with the design guidelines of ESMA. Mr. Jadallah expressed that he would challenge the validity of the design guidelines of ESMA. Chuck reached out to the Jadallah's to see if a transaction could be made to secure the property in large part with Sun Valley Company participation in the funding of the transaction. Sam Jadallah expressed his easiest path forward was to pursue the Jericho project, however, he related he was a member of the community and could appreciate the importance of the Jericho parcel to the neighboring property owners and their desire to preserve this space. While under no obligation to do so, he expressed a willingness to work with SVEA in our effort to acquire the property for which SVEA was grateful. All negotiations have been cordial with everyone trying to find a mutually agreeable solution. When the discussion with Sun Valley Company broke down, Mr. Jadallah was informed about the setback. Mr. Jadallah expressed an interest in a land swap with SVEA. SVEA made it clear that any such transaction would require approval and a vote of the SVEA membership. SVEA suggested for consideration a parcel of land that is contiguous to a Sun Valley Company parcel which was rejected by Mr. Jadallah. He stated he would consider a 5 acre parcel positioned in the middle of Elkhorn. That land would be developed with single family homes utilizing traditional construction methods and not the modular rental project currently under consideration. Clark stated that the problem with a land swap is that it moves unwanted development from one location to another. In this instance, it would move development to an area currently zoned open space visible from several locations in Elkhorn. SVEA would not consider something as material as a land swap without first surveying its members. Clark reported that this investigative process has continued for 4 months and Mr. Jadallah would like the matter concluded. Clark explained that Mr. Jadallah has implied that he has carrying costs, associated with the delay in pursuing the Jericho project, that he is no longer willing to absorb. Clark recapped the status of the Jericho project as follows:

- Mr. Jadallah has obtained approval for the Jericho project from the Sun Valley P&Z. He is now able to seek final approval from the City Council and seek building permits.
- Mr. Jadallah must seek approval from the homeowner associations ESMA and SVEA.
- Mr. Jadallah is willing to delay these approvals if SVEA is willing to enter a 60 day negotiation period.

Mr. Jadallah was asked to summarize his proposal. ***MOTION: It was moved, seconded and unanimously approved to allow Mr. Jadallah to present his proposal for Board consideration.***

Sam Jadallah expressed his desire to conclude this matter by either finding an acceptable solution with the owners or moving forward with the Jericho project. He explained he is a long time resident of the area and has observed many changes to Sun Valley and the surrounding area. These changes have resulted in a large investment in the community which he has come to appreciate. He explained that City officials for Sun Valley and Ketchum have provided master planning and codes to guide the growth in these cities. They have identified specific areas in which residential construction may occur, which strictly limit and regulates the available land supply. The locations for potential housing have all been defined. He stated the Village core land is the last commercial lot available in Sun Valley designated for high density residential development. The master plan for the Village core was approved for the construction of 75 residential units of which 35 have been built. Two additional buildings are planned for his land with a 40 unit residential development potential. He stated there have been multiple opportunities for the members of SVEA to acquire the land and what they are presenting could be the final opportunity to acquire this land and preserve it as desired by many owners in the Village core. Mr. Jadallah explained the terms for ongoing negotiation with SVEA to obtain the Village core land parcel as follows:

- The Jadallah's are interested in the land swap to allow them to develop something different while assisting in the preservation of the Village core parcel. They would like owners to think of this as moving Open Space from one location to another.
- If SVEA enters into the negotiation period, they could start using the land within days. He encouraged those present to find a way to secure the land.
- With a land swap they would start over on the design process at their expense and engage local architects for appropriate design for the area.
- Initially, Jadallah's and SVEA would enter an exclusive negotiation period for up to 90 days.
- Parking would be immediately accessible, and it would be managed by SVEA.
- No HOA dues or assessments would be charged by either SVEA or ESMA during the negotiation period.
- SVEA would pay \$250,000 of which half would be refunded if Jericho is approved by both HOA's in 90 days.
 - *Note: If a land swap occurs none of the \$250,000 will be refunded.*
- The Jadallah's would work with SVEA in a review of any potential land swap possibility.
- SVEA would do appraisals on both parcels of land (Jericho Land and Open Space) to assure the swap is of comparable value.
- If a swap can be negotiated, it would go to the Elkhorn owners for a vote.
- If no land swap can be negotiated, a cash offer could be brought to the owners whereby they could be assessed to purchase the land.

Kathy Large clarified that \$125,000 is non-refundable and \$125,000 is refundable only if SVEA and ESMA approve the Jericho Project within 90 days. All funds are lost if Jericho is not approved or if a land swap is approved.

Jeff expressed this as an unfortunate situation which has gone on for some time as the owners have enjoyed the land as a park and parking area. The fact is that the property is zoned for high density development. As with the Community School, SVEA does not control zoning. The opposition to the Jericho project will be through the design review processes. He commented that these reviews are serious processes that will be done in great detail. Jeff stated the land swap deal being considered "takes SVEA down a rabbit hole" which is of great concern. He expressed displeasure at the notion of putting \$250,000 at risk to enter into these negotiations. The land swap requires SVEA to give up 5 acres of open space which he does not support. He recommends continuing through the design review process.

Marlene agrees with Jeff and voiced her opposition to spending \$250,000 or swapping the land.

Rachel Clark reported that she has been involved for some time in reviewing the alternatives proposed. She would like the Jadallah's to consider a negotiation option that the Board can endorse. She suggested the possible consideration of a monthly payment that offsets the carrying costs. And SVEA would allow the project to move forward through the approval processes during the negotiation period. This would prevent

any additional delays in moving the project through the approval processes. Rachel explained she would be obligated to follow the ESMA CCR's and processes required within those documents. She reported to those present that ESMA adopted new regulations in 2018 to clean up what was perceived as a very messy set of governing documents. Part of that process was the development of architectural guidelines which include height restrictions, unit size minimums and parking requirements which may conflict with the Village core master plan.

Tom Kling – He expressed his hesitation in risking \$250,000 of SVEA's money. The land swap would place the current development burden from one location onto another location which he could not support. He encouraged everyone present to reach out to the City of Sun Valley who controls all zoning matters.

Tom Eklund expressed that the proposal deserves more consideration and Board members should be allowed to discuss this in greater detail rather than making an immediate decision.

Pete Petersen agreed that the Board should take more time to discuss and consider the merits of the proposal among themselves. He does not favor spending \$250,000 just for the opportunity to make a deal.

Clark Furlow conveyed that a property swap can't be something that creates new problems by solving old problems. Rezoning open space is a difficult process and is very unlikely to be successful. He suggested more time be spent in Executive Session discussing this matter. Those present agreed.

Additional Public Comment: (No Property Owner Information Available):

The Board was asked if they considered the purchase of the property at the time it was for sale. Pete Petersen explained that the purchase of the land was discussed several times and an offer was made to the previous owner which he determined to be too low. Clark explained the property was purchased for 3.55 million by the Jadallah's and would now be higher than that if a purchase price is negotiated.

Is there a reason why Sun Valley Company is being allowed to continue park for golf operations. Clark stated that he has disclosed all he can at this time regarding the matter.

Buying the property will likely not be a viable solution given the price that will be placed on the property, and the Board was encouraged to allow the project to advance through the design process.

Jack Rubin expressed his concerns that the discussion involving any land swap should not happen. He asks that the Board cease land swap discussion with a developer who has one goal in mind which is to make a profit. He recommended that other means of acquiring the land in concert with the City should be pursued and all land swap discussion discontinued.

A point of clarification was requested by an owner present. ESMA has denied the project based on deficiencies in design and if changed would it have to go through P&Z again? Rachel explained that ESMA did deny the project; however, she was unsure of the City's requirements regarding P&Z. It was suggested that it depends on the extent of the changes in design.

Community School Rezone Application

Clark reported on the Community School status. He explained that Jim Laski had to recuse himself from discussion and SVEA hired another lawyer, Fritz Haemmerle, to represent SVEA. He explained that the SVEA Board has decided to not become an advocate for either side as the matter comes before the City of Sun Valley. The Master Declarations do not allow for SVEA becoming an advocate for one side or the other in matters involving the rezoning of property. The Board is comfortable in that they are acting within the Board legal obligations under the Master Declarations.

In accordance with those obligations, SVEA has been reviewing the status of the Sagewillow Campus as being part of Elkhorn. Clark stated that upon review the answer is complicated. The Sagewillow Campus consist of 2 parcels of land, Sagewillow Campus and Arrowleaf Subdivision. The property was acquired by the School at separate times. The area containing the Barn and athletic fields are clearly part of Elkhorn as a result of a lawsuit settlement in 2006, however, the status of the Arrowleaf Subdivision is unclear.

History

- When Elkhorn was established, it did not include the Sagewillow lands.

- Sagewillow, which included the Sagewillow Subdivision, the barn area and the athletic fields were all not part of Elkhorn initially.
- Sagewillow was eligible for annexation, however, the task was never completed by Grantor (as defined in the Master Declaration).
- In 1995, the owner of Sagewillow filed a notice of addition of territory which included the Sagewillow property and the Sagewillow Subdivision and that portion of land which is now called Arrowleaf. These areas would be governed by the Elkhorn Master Association Declarations. However, that addition did not apply to the barn or the fields. The addition of territory was not countersigned by SVEA or the grantor.
- In 1998, the fields and barn were gifted to the School.
- In 2003, the School applied to SVEA ADC to build additional structures. The request was denied and upon review the School determined they were not part of Elkhorn and therefore not subject to the restrictions of Elkhorn. This dispute resulted a lawsuit which was settled in 2006 with the fields and barn subject to the Elkhorn Master Declaration.
- In 2011, the School purchased the parcel of land which is now known as the Arrowleaf Subdivision. The separation of Arrowleaf from the rest of the Sagewillow Subdivision has created a legal issue as to whether Arrowleaf is governed by the Elkhorn Master Declaration.

There are arguments for both sides. If the School is correct and they are not part of Elkhorn, then they do not have to seek approval from SVEA on any matters including architectural design approvals. Either the 1995 document was effective, or the argument involving the separation of Arrowleaf from Sagewillow was valid, the answers are not clear. If the matter is litigated the outcome is uncertain.

Clark explained that Arrowleaf needs to be formally annexed into Elkhorn. The Master Declaration provides two methods. The first is by agreement between the owner of the land and SVEA. The second, is where the owner of the land has acted for over three years as part of Elkhorn and a member of SVEA, which is the case in this instance, then SVEA can unilaterally declare the annexation.

The Community School has been notified by SVEA about the annexation requirement. The School responded by saying it values the relationship with SVEA and wants to be part of the Association under certain conditions. Clark suggests that SVEA should continue discussions with the Community School to determine if there are acceptable conditions on which annexation can be achieved.

OTHER BUSINESS

None

EXECUTIVE SESSION

Motion: Jeff Mihalic moved pursuant to Section 55-3204 (2) of the Idaho Homeowners Association Act and Article V, Section 12 of the SVEA Bylaws that the Board adjourn this meeting and reconvene in executive session for the purpose of consulting with Mr. Haemmerle for legal advice for the possible annexation of the Arrowleaf Subdivision and consulting with Mr. Laski regarding the Jericho Project and to discuss personnel matters, Pete Petersen seconded, and motion was unanimously approved.

Note: At 6:05 p.m. the Executive Session was continued to the following day, and Board members scheduled to reassemble Saturday at 1:00 p.m. at the Harker Center.

Motion: Pete moved to come out of executive session and return to the general session, Rachel seconded, and motion carried.

Actions and Motions from Executive Session discussion.

Annexation of Arrowleaf Subdivision

Board members reviewed the merits of cooperative annexation versus unilateral annexation. Given the uncertainty of a positive outcome and the expense involved if the matter is litigated as a result of unilateral annexation, Board members concluded that Fritz Haemmerle should continue his pursuit of a cooperative annexation agreement with the Sun Valley Community School. *Motion: Pete Petersen moved to approve that Fritz Haemmerle begin negotiations for a cooperative Arrowleaf annexation agreement with the Sun Valley Community School, Rachel Clark seconded, and motion was unanimously approved.*

Jericho Project

Motion: Marlene Fletcher moved that the Board of Directors reject the terms and conditions stipulated by Sam Jadallah for entering into negotiations for the acquisition of the Jericho property, Tom Eklund seconded, and motion passes with Rachel Clark abstaining.

Clark was asked to notify Mr. Jadallah of the Board's decision.

ADJOURNMENT

President Furlow adjourned the meeting at 4:20 p.m. Saturday July 8th.

Respectfully Submitted,

Bob Diercks
Secretary

SUMMARY OF MOTIONS, DECISIONS & ACTION ITEMS

Motion or Decision	Page #
Motion to Approve allowing for Mr. Jadallah to present his proposal for SVEA to acquire Block 7 in the Village core.	8
Motion to adjourn into Executive Session	10
Motion to come out of Executive Session	10
Motion to approve Fritz Haemmerle enter into negotiations for cooperative annexation of Arrowleaf subdivision into Elkhorn.	11
Motion to reject the terms of the Jericho land purchase proposed by Mr. Jadallah	11

ACTION ITEMS	
Who	Does What