

**SUN VALLEY ELKHORN ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
Thursday, July 21, 2023
Minutes**

AGENDA BUSINESS ITEMS

1. Review Financial Reports
2. Approve 2023/24 Operational and Capital Budgets
3. Community School, Jericho and Harker Pool Update
4. Fire Break Installation - Discussion

IN ATTENDANCE

Board Members	Staff, Counsel & Others
Clark Furlow, President	Jim Laski, Legal Counsel
Pete Petersen – Vice President	Chuck Williamson, Staff
Tom Eklund - Treasurer	Darlene Kuehn, Staff
Bob Diercks - Secretary	Sue Ahern, Staff
Kathy Large, Director	Mark Lube - Staff
Tom Kling, Director	
Rachel Clark – Director - Zoom	Owners and Others:
Marlene Fletcher – Director - Zoom	Attending by Zoom – See Attached List – 41 Online
	See Sign-in Sheet – 19 Owners in Attendance
Board Members - Not Present	
Jeff Mihalic	

CALL TO ORDER

President Clark Furlow called the meeting to order at 2:03 p.m.

ESTABLISHMENT OF A QUORUM

A quorum was established with eight (8) directors in attendance. Jeff Mihalic was not available.

REPORT FROM SUN VALLEY MAYOR

Sun Valley Mayor, Peter Hendricks reported on the following:

- The 4.7 million fiscal year 2024 budget has been passed. Property taxes will account for 2.5 million and LOT tax will account for 2.7 million. 5.0 million will be spent on capital equipment. LOT receipts are 2.2 million representing a 7% increase over fiscal year 2023.
- Five of the eight total first responder Zip Kit modular housing units at the Greenhorn fire station have been delivered. In addition to the housing units there is a planned garage structure. Infrastructure and landscaping is planned and the homes will be made ready for move in by first of the year.
- The City of Sun Valley is receiving development proposals for the Ellsworth Inn in Hailey. It's anticipated to have 19 to 20 units upon full buildout.
- The City has solicited a request for quote (RFQ) to explore the feasibility of a roundabout at the Sun Valley/Saddle Road intersection. A final determination will be made on whether to pursue the roundabout alternative after the information is received and reviewed by the City.
- Mayor Hendricks explained he could not comment on the Jericho Project or the Community School Rezone as these remain open P & Z applications which restricts his ability to discuss.
- On the October City Council agenda there will be a discussion on procedures dealing with design review by HOA's and the City, and the role of each entity in the review process.

- Sculptures of County Commissioner Dick Fosbury and many other medalists in the Olympic and para-Olympic games will be on display with a dedication ceremony planned in Festival Meadow on October 4, 2023.

In addressing questions, the Mayor clarified that Sun Valley City purchased Sun Valley Road from the State and it will not require State approval for any modification made to the intersection at Sun Valley Road and Saddle Road.

OWNERS ADDRESSING THE BOARD

Christian Wrede – 4399 Fairway Nine II – Commented on the following:

- The school has been working on a development plan with the input of adjacent property owners.
- There is no intent to develop a school at the Sagewillow Campus at this time, or for the next 10 years or possibly ever. This being the case, he questions the need for Public Institution (PI) zoning at this time. Mr. Wrede suggests the School pursue REC Zoning in lieu of PI zoning for now. Mr. Wrede stated that REC zoning meets the current needs of the Community School and is compatible with its existing uses of the land. He states that the best land use practice would be to not seek PI zoning until they can assess the impact of the proposal with a development plan and agreement. He believes the PI zoning should be coupled with a development proposal.
- Regarding the ongoing annexation discussion with SVEA, Mr. Wrede requests that SVEA share its information with the owners, prior to ratifying, so the owners have an opportunity to speak to that issue specifically as to the pros and cons of any agreement.

Barbara Baer – Ridge 2691 - Barbara explained that having spoken at the last meeting regarding the rental amenity fee, she wanted to continue with that issue. She read a prepared statement outlining concerns with the rental amenity access fee. That statement included the following policy critique:

- The policy has been enacted with no input from the owners or follow up review.
- None of the Board members who developed the policy rent their properties.
- The rental assessment immediately doubled the fees of the owners that rent.
- The long term rental impact on the facilities usage is no different than a property owner residing in the unit.
- The fee is required no matter the frequency or duration of the rental, and she disputes that rental usage has any more wear and tear on the facilities than that of a year round property owner.
- Barbara asks that the Board review the policy annually and publish the annual usage per unit in the categories of non-rental, short-term rental and long term rental to assess the fairness of the fee imposed.
- She solicited input from owners during the meeting as a means to prove to SVEA she is not the only one who believes this is an unfair policy.

BUSINESS ITEMS

Clark suggested that because Community School Rezoning Application and the Jericho Project were the agenda items of primary interest to most of the homeowners present, they should be taken out of order and addressed next. There being no objection, the Board turned to those items.

Community School Rezone Application

Clark reported on and updated the owners regarding the Community School. He described the Sagewillow Campus property consisting of the barns and fields, and a separate parcel consisting of 5 lots known as the Arrowleaf property. Each of the properties were acquired by the Community School in separate transactions. The barns and fields were given to the School in 1998 and the Arrowleaf property was purchased in 2011.

Clark explained that when Manville developed Elkhorn it did not include the land known as Sagewillow. In 1995, the Sagewillow property owner tried to include the property as part of Elkhorn through the filing of a Supplemental Declaration that would govern Sagewillow Subdivision, and what is now known as the Arrowleaf Subdivision. That Supplemental Declaration excluded the barns and playing fields. In 1998, the owner of the Sagewillow land gifted the fields and the barns to the Community School.

In 2002, the school sought permission from Sun Valley P&Z to build an elementary school which was approved. A month later, the School applied to the SVEA ADC for permission to build the school on the barn and field portion of the Sagewillow Campus land. That request was denied in 2003. The School sued SVEA and alleged the barn and fields were not part of Elkhorn and not subject to the SVEA Master Declaration and under the authority of the Architectural Design Committee. This claim was settled by agreement in 2006. The settlement terms annexed the fields and barn areas into Elkhorn and made it subject to SVEA jurisdiction.

In 2000, the owner of Sagewillow filed an amendment to the 1995 Sagewillow Supplemental Declaration. That document severed the 5 lots, now known as Arrowleaf, from the Sagewillow Subdivision. In 2011, the School purchased the Arrowleaf Subdivision. Now, there is question as to whether Arrowleaf is part of Elkhorn. There are two unresolved issues in this matter. The first is whether the 1995 Declaration effectively subordinated Sagewillow which included the 5 lots known as Arrowleaf to the Master Declaration. The second is whether, if all the land was subordinated to the SVEA Master Declaration, the amendment effectively released the land known as Arrowleaf from Elkhorn jurisdiction. There are arguments for both sides of both issues, and there is uncertainty as to the outcome of litigation if pursued.

The Board believes it is in the best interest of the Elkhorn owners to have jurisdiction over Arrowleaf. The Master Declaration provide two ways to annex property into Elkhorn. The first is by agreement with the landowner. The second is unilateral annexation in situations where a landowner has acted as part of SVEA for over three years by paying dues and acting as if they were already part of Elkhorn. Then SVEA could declare the land is part of Elkhorn. The Board believes the best way to proceed is by agreement with the landowner and not unilateral annexation. The Board has submitted a letter to the School informing them of everything mentioned during this meeting. The School's lawyers have responded and stated that Arrowleaf is not part of Elkhorn; however, the School values its relationship with SVEA and wants to discuss ways to do the annexation.

SVEA's attorney, Fritz Haemmerle, has taken the first steps in the negotiations. He submitted a proposed annexation form for the School's attorney to review. Phone discussions have confirmed they are in receipt of the document and that the School continues to value its relationship with SVEA and is ready to begin discussions. Annexation is the first of two steps. The second step is to apply a land use classification to the land after it is annexed. The use classification defines what can be done with the land and what is ultimately built on the property. SVEA believes that Arrowleaf should be classified for residential use.

Clark explained that an Elkhorn owner demanded in accordance with Idaho Statute to inspect the internal books and records for the purpose of understanding the Community School contention that Arrowleaf is not part of Elkhorn. The Board held a special meeting to review that request which was subsequently denied based on the fact that the full demand did not comply with Idaho Law; however, the Board decided to provide the relevant information anyway. After the special Board meeting concluded, Mr. Wrede was invited to meet with Clark and Chuck and was provided with access to the relevant information. The meeting was cordial and informative and resolved most of the concerns raised except for one.

What's next? Clark explained that Mr. Haemmerle will begin formal negotiation in the coming weeks to accomplish the annexation. The Supplemental Declaration details will be developed to define the residential land use requirements. In response to Mr. Wrede's comments, Clark explained that SVEA has been as visible as possible in providing all the information it can with respect to this matter. With regard to voting, the Board as in all matters before them will be governed by the Master Declaration. The Master Declaration does not require a vote of the membership, and annexation remains exclusively under the authority of the Board of Directors. Clark assured those present that the Board will decide the matter in what they determine to be in the best interest of the Association. If SVEA wants to have control, it must annex the Arrowleaf property. There may be concern that SVEA may not be able to negotiate a good enough deal for SVEA, Clark assured the owners that the Board is going to do the very best they can on behalf of the owners.

Jericho Project – Chuck reported on the following explaining that very little has occurred since the July Board meeting:

- 1) The Jericho application has not yet been requested for review by the City Council. When it does come before City Council, notification will be sent to the adjacent property owners two weeks in advance allowing an opportunity to be heard prior to approval.
- 2) There are still some pending issues the developer needs to resolve with the Elkhorn Springs Master Association. Items pending include easement and construction issues with the current design. Jericho has not been scheduled for review by SVEA.
- 3) SVEA has been informed that there is a group of owners forming a coalition to raise funds to purchase the Jericho Parcel. Rachel Clark has approached the city for funding assistance and SVEA remains in talks with Sun Valley Company for possible assistance in acquiring the property.
- 4) If the Jericho property is ultimately acquired, and if SVEA decides to assume responsibility it would likely require a vote of the membership since the asset acquired would be in excess of \$100,000.

Chuck stated the owners will be kept informed of any progress through the newsletters and eblasts.

The Board returned to the agenda

FINANCIAL REPORT

Board members received the July and August 2023 financial reports prior to the meeting. ***MOTION: Pete Petersen moved to approve the financial reports as presented, Bob Diercks seconded, and motion passes unanimously.***

BUSINESS ITEMS

Consider Approval of the 2023/24 Operational and Capital Budgets – The proposed budgets were sent to all Directors for review prior to the meeting. Marlene reported that Board received a summarized detail of the 2023/24 budget being proposed. Marlene reported that the operating revenue will increase by 5%; the members' total dues will remain unchanged; operating expenses will increase by 10%; the capital revenue will be down approximately 13%. Clark thanked Marlene and Jeff for the budget summary.

Bob Diercks commented on the recommendation to extend the payoff date of the Village pool loan into 2025. The loan is fixed at 3% and treasury investment returns are over 5%, so it makes sense to defer paying off the loan while SVEA generates higher returns than the loan costs. By deferring the loan

payoff, it would allow SVEA to build up their capital reserves quicker and capitalize on the differential between the 3% loan cost and the 5.1% treasury yields. By approving the budget as proposed, this action is approved.

After discussion, ***MOTION: Tom Kling moved to approve the proposed 2023/24 Operational and Capital Budgets, with the recommendation to defer the Village pool loan payoff into 2025, as proposed, Kathy Large seconded, and motion passes unanimously.***

Harker Pool Update

Chuck reported that the pool reconstruction remains on schedule. The shotcrete for the hot tub will be installed the first week of October. The pool framing will continue with the expectation that the shotcrete for the pool will be installed by the first week of November. The goal is to have both pool and hot tub shells completed prior to winter. July 4, 2024, continues to be the planned completion date. The exterior work will be concluded for the winter season after the shotcrete is installed and all other outside activity will resume in the spring. The pumproom work will continue through the winter months.

Fire Break Installation

Chuck explained this topic was included on the meeting agenda for the Board to consider the installation of a fire break around Elkhorn, similar to what was done approximately 20 years ago. At that time, SVEA and the Fire Department utilized grant funding to create a 50 foot wide fire break in the hills of Elkhorn. This matter is being raised at this time due to a growing problem with rapidly escalating insurance rates on sub-association properties in Elkhorn. Chuck requested that Fire Chief, Taan Robrahn, and Fire Code Official, Reid Black speak to this issue and whether a fire break would be beneficial for the Elkhorn community. Clark asked for a motion to approve Chuck's request for Taan and Reid to address this matter before the Board. ***MOTION: Tom Eklund moved to approve allowing Fire Chief Taan Robrahn and Fire Code Official Reid Black to address staff's inquiry as to the benefits of a fire break in Elkhorn, Tom Kling seconded, and the motion passes unanimously.***

Taan explained the reason he was in attendance during this meeting was to listen to what SVEA was planning with regard to this topic. Fuel reduction and mitigation is something the fire department has been pursuing. Taan explained a review of the easement and access areas (common area corridors) is underway in Elkhorn. These areas are substantially overgrown with grasses and willows and pose a threat in the event of a fire incident. These areas are a point of access to fight fires between homes. Taan explained the fire department has prepared a Community Wildfire Protection Plan. They would like to meet with SVEA and outline their plan which is required for potential grant funding. They have secured some grant funding but will need SVEA approval to implement their recommendations. The fire department is looking to be proactive in risk reduction in the community. Taan stated that in order to be a success it will require community-wide cooperation. The projected timeline would be to obtain all approvals to initiate a spring plan of fuel mitigation and open the corridors to fire protection vehicles as well as public access. Taan expressed that the fire break concept, while it sounds like a good idea, its effectiveness would be limited. Wind driven embers are the main problem and the fire break would provide limited benefit. He suggested that financial resources would be better spent reducing fuel in and around structures. Reid offered to come to individual homes at the owner's request to review and make recommendations for fuel reduction. Taan suggested consideration for a community cleanup day. Property owners would remove dead limbs and other wildfire fuel materials from their property and place the debris on the road right of way where a chipping service would come by and remove the debris. Taan expressed the use of the newsletter and eblast to convey the message to owners would be helpful. Whether these actions would effectively reduce insurance costs remains a question. If the owner's property is evaluated by the insurance company risk assessment department, it may help with securing insurance coverage if they can see that the property owner has taken action to reduce potential loss from wildfires. However, there has been no indication from the insurance carriers that it would help reduce the cost of insurance. When asked if there was any coordination among the various

fire departments in other resort areas with similar insurance concerns, Taan explained they are working on a few of these issues through the Fire Chiefs Association. SVEA will be kept informed of any new developments and programs which may assist in addressing the insurance coverage and cost issues raised.

STAFF REPORTS

Board members received the staff reports prior to the meeting. Chuck introduced Mark Lube who has taken over the maintenance responsibilities upon Jon's departure. Chuck stated that he has received compliments from the property owners about Mark's performance in maintaining Har-Tru tennis courts and pool amenities over the past few weeks.

COMMITTEE REPORTS

Communications – Tom Kling stated there was not much to report on at this time, however, he encouraged everyone to sign up for the eblast if they have not already done so. The eblasts and newsletters are the primary communication vehicles used by SVEA to provide information to the owners. With additional groups emailing owners in Elkhorn, Kathy asked if there was any confusion expressed by the owners as to where the information they receive may be originating. After discussion, staff was directed to identify on the email subject line that the message is official SVEA business. Kathy suggested that staff continue to use FAQ format to address owner questions in the newsletters.

Executive Committee – No Report

Finance Committee – Included above.

Governance Committee – Bob reported that three directors whose terms are up at the end of the year have expressed they would be running for the Board. No other application had yet been received. The Governance Committee will form the Nominating Committee if others volunteer between now and the end of the month. Kathy inquired as to the frequency of notification to the owners requesting their consideration in running for the Board. Bob reported that it was in every newsletter and some eblasts. Kathy suggested that SVEA issue a final call for volunteers to assure the owners that the Board has made every attempt to solicit volunteers. Rachel expressed that the message may have been overlooked given the amount of information sent each year to owners. Pursuant to discussion, staff was directed to send an eblast notifying members the cutoff date for Board applications is September 30th.

Recreation Committee – Pete reported the summer programs were very successful and the Committee is looking forward to planning for next summer.

Sub Association Liaison Committee – Chuck reported that several Association groups had SVEA attend and report during their annual meetings. Many of the questions were directed towards the topics of Jericho and the Community School projects. Chuck stated that he encouraged owners to contact him if they have any questions and he would gladly address their concerns.

Racquet Sport Committee – Rachel reported that she met with racquet sports director, Scott Teller, and developed the following list for Committee review and possible Board consideration. The following changes and improvements to the current racquet sports programming will be under review:

- 1) It has been requested that the hours of pickleball be extended during the week M-F from 8:00 a.m. to 6:00 p.m. and leave the hours 9:00 to 4:00 p.m. on the weekends. Chuck reported that the decision to amend the hours would have to come from the Board since the Board established the original schedule. Chuck explained that he would need time to calculate the

effect that extended hours might have on the operational budget for staffing. The Committee could review in March prior to opening in the summer of 2024. Those present agreed.

- 2) Walk on open play pickleball programming in the afternoons.
- 3) Negotiate with the Elkhorn Grill for a coordinated social pickleball program “Dinks and Drinks” two days each week on Tuesdays and Thursdays.
- 4) Expand the pro shop merchandise offerings and sales.
- 5) Review the feasibility of an online court reservation system.
- 6) Have a cancellation fee that is enforced. There seems to be a lot of last minute cancellation or no-shows to lessons and clinics costing the pros in time and lost revenues.
- 7) The pickleball boot camp was well received this past summer, and Rachel would like to review the possibility of running this camp twice next summer.
- 8) Expanding and improving the Lady’s Day Programming which has fallen off in recent years.
- 9) Establishing a multi-year contract with the Racquet Sports Director, Scott Teller.

Water Committee – No Report.

OTHER BUSINESS

None

EXECUTIVE SESSION

Motion: Pete Petersen 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 discussing personnel matters and legal matters which may have come before the Board during the general session meeting, Tom Kling seconded, and motion was passed unanimously.

Motion: Pete moved to come out of executive session and return to the general session, Tom Eklund seconded, and motion passes unanimously.

Actions and Motions from Executive Session discussion.

During Executive Session Chuck requested Board review of a proposed administrative reorganization plan that incorporates a full time administrative receptionist/office executive, and a part time CPA or Accounting firm. The proposed plan is in preparation for Darlene’s retirement on December 30, 2023.

Those present agreed to hold a Board workshop on November 7, 2023, at 1:00 p.m. at the Harker Center to review succession planning.

MOTION: Pete Petersen moved to approve the first phase of the proposed administrative reorganization plan with the advertising and hiring of an individual CPA or accounting firm to fill the accounting role vacated by Darlene’s retirement, and to adjust the General Manager salary for the transition to Medicare health coverage and his removal from the company provided health insurance program, Kathy seconded, and motion passes unanimously.

ADJOURNMENT

President Furlow adjourned the meeting at 4:50 p.m..

Respectfully Submitted,

Bob Diercks
Secretary

SUMMARY OF MOTIONS, DECISIONS & ACTION ITEMS

Motion or Decision	Page #
Motion to approve July/August financial statements	2
Motion to approve 2023/24 Operational and Capital Budgets	3
Motion for public discussion on Fire Break Installation	5
Motions to move in and out of Executive Session for personnel matters	6
Motion to approve hiring and accountant and adjust GM salary for transition to Medicare from company provided health insurance.	6

ACTION ITEMS	
Who	Does What
Darlene	Post approved budgets to website
Chuck	Work with Taan Robrahn and Reid Black on Community fire fuel reduction program.
Chuck/Darlene	Send out Eblast for Board Members Applications
Chuck/Bob	Set up Nominating Committee
Chuck/Rachel	New Racquet Sports programming in 2024
Board	Prepare for Nov. 7 th Board workshop for succession planning