

**SUN VALLEY ELKHORN ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
Friday, January 5, 2024
Minutes**

AGENDA BUSINESS ITEMS

1. Review and Approve Financial Reports
2. Approve 2022/23 Audit & Consider 2024 Engagement Letter
3. Approve Appointment of ADC Members
4. Community School and Jericho Project Update
5. Staff Hiring Report
6. Review Annual Meeting Information

IN ATTENDANCE

Board Members	Staff, Counsel & Others
Clark Furlow, President	Jim Laski, Legal Counsel
Pete Petersen – Vice President	Chuck Williamson, Staff
Tom Eklund - Treasurer	Mark Lube - Staff
Bob Diercks - Secretary	Sue Ahern, Staff
Kathy Large, Director	
Tom Kling, Director	
Rachel Clark – Director	Owners and Others:
Marlene Fletcher – Director	Attending by Zoom – See Attached List – 46 Online
Jeff Mihalic – Director	See Sign-in Sheet – 14 Owners in Attendance
Board Members - Not Present - None	

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 nine (9) directors in attendance.

REPORT FROM SUN VALLEY MAYOR

Sun Valley Mayor, Peter Hendricks reported on the following:

- Council members Michelle Griffith, Jane Conard and Mayor Hendricks were re-elected for a 4 year term on the Sun Valley City Council.
- Reported that the LOT tax collection as of November was down approximately 6%. The City budgeted a 5% decrease. Total LOT in 2023 was 2.9 million.
- The Greenhorn housing project is contending with production delays on the remaining residential units. The housing units are expected to arrive by the end of the month. Occupants are expected to move into the housing units in February. Ellsworth estate in Hailey will be managed and developed by ARCH starting on April 1, 2024.
- Sun Valley Road intersection update. The City is working with Sherry Newland to explore the possibility of a roundabout. The City will be submitting a grant application to Local Highway Assistance Council for 3 million dollars to be used for the project if eventually approved by the City Council. The Mayor explained that crosswalks would be situated before any of the roundabout entrances so as not to interfere with traffic flow and keep pedestrians safe.
- The Elkhorn Springs Condominiums are being reviewed by structural engineers and a report is being prepared. Findings are expected on January 8, to be reviewed by the City Administrator, Building Inspector and Mayor. A communication will be prepared and sent to the owners.

- The Community School rezone was continued to February 1, 2024, for further consideration and possible 1st reading of the ordinance. Council members were directed to submit their comments to the Community Development Director, Brittany Skelton, and she will work on development agreement language acceptable to both parties. No additional public comment will be taken during the continued meeting.
- Mayor Hendricks reported that the Jericho Project applicant is working through matters of concern with the HOA.
- He updated the owners on the land use process whereby applicants would obtain prior HOA approval before submitting applications to the City for approval. Legal Counsel for the City advised against this action maintaining separation between HOA's and the City. Non-binding application wording will be reviewed by Jim Keating that could suggest that the applicant first go to the HOA. This matter will be handled administratively.

OWNERS ADDRESSING THE BOARD

Barbara Baer – Ridge 2691 - Barbara explained she is again approaching the Board as to the inequity of the rental assessment. She read a prepared statement which included the following policy critique:

- The perception that owners who rent are making a substantial income is not the case.
- Many owners like themselves rent to cover the cost of owning the condominium.
- Board members who approved the policy do not rent their units.
- The SVEA dues are \$734 annually and the rental fee is an additional \$600 annually nearly double the cost for those that rent as opposed to those that do not rent.
- She states that less than 20% of the owners rent their units yet they are paying over 30% of the total cost of maintaining the facilities.
- She contends that SVEA claims the renters use the facilities more than non-renters. She would like proof that 20% do in fact use the facilities over 30% of the time. She would like 2021, 22 and 23 user data to confirm who is using the facilities. Owners that rent versus owners that don't rent.
- Owners who rent long term have the same owner usage as those who don't rent but pay double in annual fees. Owners of a studio who rents must pay almost double the annual fees as that of a 5 bedroom home that doesn't rent.
- Older condominiums are experiencing roof, siding and deck issues requiring large assessments for needed repairs. The Rental Amenity Access Fee adds to this burden.
- She recommends basing fees on usage and that an annual review of policy with a committee that includes owners who rent be conducted.

Clark requested that Barbara forward her statements to him so that he might be able to review her concerns in detail. Barbara agreed to do so.

Liane Deyoung Mynatt – 116 Highlands Drive - She explained she would like the Board to consider the impact the Community School and its proposed 40 residential units would have on the amenities. Sagewillow campus currently pays one dues payment, and she would like to know what their financial obligation is going to be when the units are built. She would like to understand what the land use designation for these units will be; townhouses, condominiums or apartments which affects how SVEA can charge them. She states the impact of 40 units goes beyond SVEA amenities and includes City services. Snow plowing, road maintenance, road replacement, fire department and police department expenses will increase as a result of the Community School housing development. Clark assured Ms. Mynatt that the Board is aware of the concerns raised and is working with legal counsel to resolve these questions and issues.

Jeff Kingston – 94 Elkhorn Road – He would like assurance that SVEA will have jurisdiction over the development of the Sagewillow Campus and Arrowleaf properties. In addition, he would like SVEA to closely monitor development of the land and maintain the rural character of Elkhorn. He does not believe the Board should assume that the development must be 40 units in accordance with the development plan, which may not be in the best interest of Elkhorn. He believes that SVEA requirements supersede that of Sun Valley with

the primary population base living in Elkhorn. He asks that the Board not get wrapped up in the language of “workforce housing” which may not be in the best interest of Elkhorn. He suggests paying the worker more to find appropriate accommodations and not place the burden of providing housing on the Elkhorn owners.

Pam Larsen – Bluff 4023 – She expressed her concern about short term rentals and stated her support for the Rental Amenity Access Fee charged. Short term rentals place an undue burden on the association amenities, common areas and services. Those owners complaining about the rental fee enjoy having a vacation home for free while renters pay the owners expenses. She understands that there is little SVEA can do to restrict rentals; however, she encourages the Board to keep the rental fee in place.

Christina Vandenkoorn – 2243 Bonne Vie – She wanted to express her support for the statements made by Pam Larsen as an owner who also experiences the burden of short term rentals in their condominium association.

APPROVAL OF FINANCIAL REPORTS

Board members received the September, October and November financial reports prior to the meeting for their review. ***MOTION: Pete Petersen moved to approve the financial reports as previously provided to the Board members, Marlene Fletcher seconded, and motion carried unanimously.***

BUSINESS ITEMS

Review and Approve the 2022/23 Audit

Jeff Mihalic reviewed and highlighted the significant financial events of 2022/23. The Harker pool replacement was advanced a year ahead of schedule due to severe leaks. Funds were being accumulated to minimize any possible assessment required to rebuild the pool. The Finance Committee provided a plan for Board approval that would spread a \$1000 assessment over two years. Jeff explained that prepayment of the assessment by a large number of the owners was necessary to avoid the need for a construction loan to rebuild the Harker pool. There currently exists a loan, with a balance of over 1 million to rebuild the Village pool, and the Board was trying not to increase the indebtedness of the Association. To accomplish this goal, the Finance Committee recommended that the Board approve a 4% discount for early payment of the entire assessment. The 4% discount was comparable to treasury bill investment for individuals at the time. Jeff reported that 75% of the membership took advantage of the discount offered making a construction loan for rebuilding the Harker pool unnecessary. The assessment amount included the ability to retire the Village loan when fully paid and received in 2025. SVEA has invested the unexpended capital funds, not yet utilized for the Harker pool rebuild, in treasury bills to offset the discount offered. In addition, the Village pool loan has a 3% fixed rate which creates a 2% spread in SVEA’s favor investing funds in US Treasury Bills at 5%, so there is no rush to pay off the Village loan at this time. The Harker pool expense to date is 1.2 million with \$800,000 remaining. Jeff stated that the Finance Committee chairs have reviewed the audited statements in detail, and they are satisfied that the statements reflect an accurate accounting of SVEA finances.

After discussion, ***MOTION: Bob Diercks moved to approve the 2022/23 audited financial statements as prepared by Mahlke, Hunsaker & Company, Rachel Clark seconded, and motion carried unanimously.***

Jeff reported that for the 2023/24 fiscal year the dues will remain the same; however, the amounts allocated to operational and capital reserves will be adjusted to meet the increased operational budget projections in legal fees and staff payroll. Legal fees increases are projected because of land use issues which are still pending. Payroll increases are anticipated with staff hiring and the anticipated overlap in staffing to fill Darlene’s accounting role, the hiring of a new office administrator, and the General Manager replacement. The capital reserve dues will be readjusted after a new capital reserve study is performed and the cash requirements for future asset replacement are determined. The updated capital reserve study will be done in the current fiscal year with the replacement of the Harker Pool. The Finance Committee will assess the need for future operational and capital dues increases as more information becomes available.

Consider Auditor Engagement Letter for 2024

MOTION: Tom Kling moved to approve the engagement of Mahlke, Hunsaker & Company for the SVEA 2023/24 Audit at a fixed cost of \$7,750, Marlene Fletcher seconded, and the motion carried unanimously.

Consider Appointment of ADC Members

Sue Ahern reported that Rob King has reached his term limit and must step down from the Architectural Design Committee. She proposed for Board approval Landscape Architect Kurt Eggers and AIA Marc Corney to be appointed to the ADC. Both recommended individuals have served on the ADC in the past and are highly recommended. After discussion, *MOTION: Jeff Mihalic moved to approve staff recommendation of Landscape Architect Kurt Eggers and Marc Corney AIA be appointed to the Architectural Design Committee, Tom Eklund seconded, and motion carried unanimously.*

Community School Rezone Application Update

Clark updated the owners on the Community School rezone application. He explained that the Sagewillow Campus is divided into two subdivisions. One is the Arrowleaf subdivision consisting of five (5) residential lots, and the second parcel is the playing fields and barn areas. The School has proposed that Arrowleaf lots 1, 4 and 5 remain open space. On Lots 2 and 3 they are planning to build 2 apartment buildings with five (5) units each designed as townhomes with individual outside entrances. The units will be rented to employees of the School, first responders and employees of mission compatible entities. In November, the Sun Valley P&Z recommended approval of the Community School Rezone Application, which includes both the Arrowleaf and Sagewillow Campus to the Sun Valley City Council. The City Council heard the application and received public comment. The City Council hearing has been continued to February 1, 2024.

Clark explained that there is a question as to whether the five (5) Arrowleaf lots are part of Elkhorn. SVEA intends to resolve the dispute by annexation of the Arrowleaf parcel to legally bring it into Elkhorn. The Master Declaration identifies two ways to annex this land. Annexation can be done by agreement with the owner of the land, or, unilaterally by SVEA because of factual circumstances where for a period of over three years the landowner acted in a manner that the property was part of Elkhorn by paying dues, voting, amenity access, etc. Annexation would make the land subject to the Master Declaration and the Architectural Design Committee regulations. Annexation does not dictate land use guiding the number of structures on a parcel of land or the buildings use as multifamily, single family, commercial, etc., which must be agreed to by the landowner. SVEA legal counsel has prepared documents for review by the School allowing for its annexation into Elkhorn.

Bob Diercks asked Clark if he or the Board has heard any rational reasoning as to why the Arrowleaf subdivision should not be annexed by Board action. Clark explained that if Arrowleaf is not annexed into Elkhorn there would be no SVEA oversight over the Community School to development of the area. SVEA has remained neutral to preserve its ability under the Master Declaration to maintain design control over the development of the Sagewillow Campus and Arrowleaf subdivision.

Jericho Project Update

Elkhorn Springs Master Association ("ESMA") governs the land where the Jericho project is proposed. The property is owned by Village Townhouse Homes, LLC, an LLC owned by the Jadallah's. The plans presented for a 19-unit rental property did not comply with ESMA's development guidelines. SVEA opened discussions to investigate different ways in which the property could be acquired. Despite good faith efforts by all parties, SVEA was unable to find a mutually satisfactory transaction. ESMA has hired a Boise law firm to represent them, identifying building deficiencies and the lack of an easement across land that belongs to ESMA. The easement would require approval of 75% of the ESMA membership and the burden to obtain approval would be that of the developer. The developer hired legal counsel and sent correspondence which argues that ESMA has waived its right for design enforcement and that the easement required does not take up as much land as ESMA claims. The developer would like to reach a development agreement if possible

or sell the land. The developer presented revised construction plans which slightly alter the appearance of the Jericho project. ESMA responded by conveying that ESMA would not consider reviewing the revised construction plans until the required easement is approved by the ESMA members, and the City of Sun Valley has approved the developer's application for an amendment to the Master Plan and the Plat.

Rachel Clark explained that the applicant submitted the revised plans which basically required that ESMA respond within 30 days of submittal. The attorney letter was in response to meet the 30 day review requirement. In regard to purchasing the land, it is difficult for the City officials and/or ESMA representatives to engage in conversations for funding the purchase of the property with an active application before the City and ESMA.

Elkorn Springs Condominiums – Condemnation Update

Rachel explained that ESMA is not involved in the construction issues of the Elkorn Springs Condominium Association. The condominium association expanded their Board of Director from three (3) to five (5) individuals. The new Board brings expertise that can assist in resolving the construction issues. The ES Condominium Association is working on a plan for repair. The deterioration to the foundation is from inadequate drainage and poor water barrier installation around the building perimeter.

Staff Hiring Report

Chuck reported that he had hired an individual with accounting expertise to work with Darlene prior to her retirement and departure from SVEA. Sue Kwapich worked with Darlene two (2) to three (3) days a week for the past six (6) weeks to facilitate a smooth transition. Accounting responsibilities will be Sue Kwapich's only job for SVEA. This position is anticipated to be part time. Office responsibilities performed by Darlene will be handled by existing Staff and the hiring of an Executive Office Assistant that will be tasked with reception responsibilities as well. The plan is to let the new General Manager have input about the individual that might fill the Executive Office Assistant role. As directed by the Board, Chuck reached out to a qualified individual to determine if there was interest in the General Manager position. He was informed that while they appreciated the offer, and after due consideration, their family responsibilities and the need for schedule flexibility would prevent them from accepting the position.

Kathy Large explained that the Search Committee will be reviewing the General Manager job description and preparing a plan to fill the position. She expressed to those present that the person will not replace Chuck or potentially have the same skillset. Kathy explained that Chuck has committed to reviewing and updating his job description for the search committee to finalize and use in finding another individual with the proper skillset.

Annual Meeting Information Review

Those present reviewed the slide presentation for the annual meeting. Rachel Clark requested the inclusion of expanding pickleball hours under Recreation and Events. No other changes were made.

STAFF REPORTS

Board members received the staff reports prior to the meeting.

COMMITTEE REPORTS

Communications – Rachel asked that the Harker Pool update be e-blasted to owners and to let owners know that their paying in advance was important in the effectiveness of the of the project scheduling. Tom wanted to ask owners about SVEA communications methods and how SVEA might be seen as the official news source for Elkorn. Owners have been receiving mass email communications from various sources that are often questionable as to their accuracy.

Executive Committee – No Report

Finance Committee – Included above.

Governance Committee – Bob reported that the Committee will be reviewing the proxy and ballot form with intent to incorporate efficiencies and simplify the voting process. A review of the governing documents will be performed for possible updates and compliance with State statutes and the Homeowners Act.

Recreation Committee – No Report

Sub Association Liaison Committee – No Report

Racquet Sport Committee – Rachel reported that the pickleball camp offered by the pros was very well received and will be made available again next year. The committee would like to arrange with Sun Valley Company a Dinks and Drinks night throughout the summer where owners can play pickleball in the evenings and after the courts close have a social event at the Golf Clubhouse. The Committee will be working with Scott Teller to promote an active Ladies Day program. In addition, Scott will work on improving the merchandise availability with SVEA logo such as shirts, hats, bags, etc.

Water Committee – No Report.

OTHER BUSINESS

None

EXECUTIVE SESSION

None

ADJOURNMENT

President Furlow adjourned the meeting at 3:45 p.m.

Respectfully Submitted,

Bob Diercks
Secretary

SUMMARY OF MOTIONS, DECISIONS & ACTION ITEMS

Motion or Decision	Page #
Approve Financial Reports & Audited Statements	3
Approve Engagement Letter with Scott Hunsaker	4
Approve ADC Appointments – Marc Corney AIA & Kurt Eggers Landscape Architect	4

ACTION ITEMS	
Does What	Who
Send Engagement Letter to Scott Hunsaker – 2024 Audit	Chuck
Post Audit to Website	Chuck
Send Notice to Marc Corney & Kurt Eggers about ADC Appointment	Sue
Work With Community School on Annexation	Chuck/Clark
Hiring of New GM and Office Executive	Chuck/Committee
Approach Sun Valley Company about Burger Night & Dinks and Drinks	Chuck/Clark/Rachel
Review Proxy/Ballot Form and Update Governing Documents	Chuck/Bob D./Clark
Communications Improvements – Newsletter, Eblast, Websites, Etc.	Rachel/Tom K. Chuck/Sue