

**SUN VALLEY ELKHORN ASSOCIATION
BOARD OF DIRECTORS' MEETING MINUTES
Wednesday, September 25, 2024
Minutes**

AGENDA BUSINESS ITEMS

1. Approve Financial Report
2. Authorized Signatory Resolution
3. Community School – Arrowleaf Annexation
4. Sagewillow Annexation
5. 2024/2025 Fiscal Budget – a. Capital Reserve Study b. 2024/2025 Capital Budget c. 2024/2025 Operational Budget d. 2024/2025 Annual Budget and Dues Assessment
6. Financial Policy
7. Amenity Fee for Rental Property
8. Staff Report
9. Committee Reports

IN ATTENDANCE

Board Members	Staff, Counsel & Others
Clark Furlow, President	Jim Laski, Legal Counsel
Jeff Mihalic– Vice President	Linda Horensavitz
Tom Eklund - Treasurer	Sue Ahern - Staff
Bob Diercks - Secretary	Mark Lube - Staff
Pete Petersen – Director	
Tom Kling, Director - Zoom	
Rachel Clark – Director	Owners and Others:
Marlene Fletcher – Director- Zoom	Attending by Zoom – See Attached List – 23 Online
Board Members - Not Present - None	See Sign-in Sheet – 7 Owners in Attendance
Scott Pertel, Director	

CALL TO ORDER

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

ESTABLISHMENT OF A QUORUM

Seven (7) directors were present in person or via a Zoom conference call to establish a quorum.

REPORT FROM THE SUN VALLEY MAYOR

We addressed this issue out of order, following the owner input section of the meeting. Mayor Hendricks addressed several issues in our community, including a structure fire that took place the evening prior to the meeting in the Big Woods area. Fortunately, there were no injuries, but the home sustained significant damage. The city is also addressing traffic issues on Elkhorn Road and has extended the temporary speed limit of 25 miles per hour until the end of the year. The city plan involves ongoing assessments of traffic patterns, the evaluation of the presence of large trucks in the area, and the effectiveness of the traffic patterns and plan. The city has taken steps to address safety concerns on the community's roads. The city has met with owners in the Twin Creek area, implementing measures such as trimming trees to enhance the line of sight, adding additional roadway markings, and adding additional road signs to address resident concerns. The mayor also addressed concerns about wildfire mitigation and the city's and SVEA's processes for dead tree removals. The mayor stated that Mr. Mike Burchmore has filled the open council seat and will abstain from voting on any item he has previously voted on as a Planning and Zoning Commissioner member. The mayor discussed the city budget, workforce, and affordable

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housing. The mayor addressed questions about the next election date, noting that the city has no term limits. He also addressed electric bikes. The city makes every effort to enforce the speed limits on the bike path for electric bikes.

OWNERS ADDRESSING THE BOARD

(During the open forum, Tom Kling, Director, entered the meeting.)

Barbara Baer, Ridge 2691 Mrs. Baer made a statement about her concerns and personal opinions regarding the Rental Amenity Fee Changes.

- Baer believes the board has not considered the owner's input.
- Baer would like the Board to form a committee that includes owners who rent and do not rent to address owner complaints on these issues and to help educate the renters.
- The research on amenity pass numbers has been based on the passes issued, not the actual use.
- The following questions were asked:
 - Are the owner's guests and family considered renters when registering a condo unit as a sort of term rental?
 - No

APPROVAL OF FINANCIAL REPORTS

Jeff Mihalic reported on the 3rd quarter financial statements ending July 31, 2024. He informed the attendees that the website contains the financial statements and committee meeting minutes. He highlighted the following:

The Finance Committee and our Treasurer, a non-voting member of the committee, have reviewed and approved the fiscal 2023/2024 third quarter (May through July) financial statements by general accumulation. At the end of the third quarter, overall year-to-date net income was \$582,605. This is \$257,766 better than the plan. At the end of the third quarter, cash was \$1,628,244, a decrease of \$301,966 in July due to construction payments on the Harker Pool and routine operation expenses. As we pay the final invoices for the Harker Pool, the staff is reinvesting the cash into the Treasuries. As the pool neared completion and the final invoices arrived, the construction on the Haker Pool escalated to \$2,102,678. Despite surpassing the \$2.0 million budget, we used a \$175,000.00 offset from insurance proceeds to replace previously damaged equipment during pool construction. Chuck mentioned that we anticipate final bills in September, with a total estimated cost of approximately 2.2 million. The committee believes this is reasonable.

After discussion, ***MOTION: Pete Petersen moved to that the Board Jeff's SVEA's financial results for the quarter, ending July 31, 2024, Tom Eklund seconded, and the motion passes unanimously.***

BUSINESS ITEMS

Authorized Signatory Resolution

In order to update the authorized signatories on bank accounts, credit card users, and online accounts due to the change in staff, the banks are requiring a resolution. We need to remove Chuck Williamson and add Linda Horensavitz to the accounts, and we need to update the SVEA's credit cards by canceling Darlene and Chuck's credit cards and obtaining cards for Sue Ahern and Mark Lube.

Banks to be addressed:

Zion Bank

Idaho First Bank

DL Evans

Treasure Direct

And all other online accounts

After discussion, ***MOTION: Pete Petersen moved to authorize Clark Furlow, SVEA board president, to sign a resolution showing that the board change the authorized signatories for SVEA's bank accounts and to such other things that may be required to accomplish this at each of SVEA's banks. The motion was seconded and passed.***

After discussion, **MOTION: Pete Petersen moved to authorize SVEA's General Manager, Linda Horensavitz, to obtain credit cards from one of SVEA's banks for Sue Ahern and Mark Lube with a limit on each card in the amount of \$5,000.00 or less as she deems appropriate. The motion was seconded and passed.**

Community School—Arrowleaf Annexation

Clark Furlow reported that the community school's attorney sent SVEA a revised version of the annexation document. Clark will discuss the document with SVEA's attorney later this week. We are getting close to finalizing this issue.

Sagewillow Subdivision

According to Clark Furlow, the Sagewillow Subdivision parcel includes homes on Sagewillow Road, which is on the ridgeline above the school's Sagewillow Campus. The 1995 document that created the ambiguity for Arrowleaf annexation is the same document that creates annexation questions for the Sagewillow Subdivision. The Sagewillow HOA has asked their attorney to review the documents. To expedite this process, SVEA has instructed SVEA's lawyer to make his files and research available to Sagewillow so as to avoid duplicating efforts. However, these processes sometimes move slowly.

Jericho Project Update

The City of Sun Valley has informed Rachel Clark that the Jericho Project will not be on the agenda for the City Council's meeting on October 3, 2024.

Capital Reserve Study

Jeff Mihalic presented the 2024/2025 Capital Reserve Study and explained the points below:

Association Reserves, a Bellevue, Washington-based company that completed the last Capital Reserve Study five years ago, has provided the board with the updated Capital Reserve Study. Jeff gave the board a detailed written report on the study.

The study includes an updated inventory of all SVEA capital assets, including their age and remaining useful life. We then use this information to calculate the annual funds required to replace these assets at the end of their useful lives. The study then recommends the annual capital dues required to achieve and maintain capital reserves at acceptable levels to fund all future expected capital needs. The Committee recommends that the Board accept the final version of the Capital Reserve Study, which is included in your meeting packet and described herein. Clark Furlow asked the Board if they were satisfied with the review and discussion of the Capital Reserve Study, and they accepted it without noting any objections.

2024/2025 Capital Reserve Budget

Jeff Mihalic presented the capital budget and provided a very detailed written report to the board.

In this analysis, the proposed 2024/25 capital budget is assumed to be \$198,814. The analysis includes significant items such as the upgrade of SVEA's computer systems and website, the replacement of certain furnishings at Harker Park/Pool and Village Pool, the seal coat of the Harker parking lot, and the replacement of the carpeting at Harker Center. Staff and the Finance Committee Chairs developed four options for capital dues that would achieve a satisfactory level of capital reserves by year 10 and would provide a trajectory that takes us to 70% of full funding near year 20. The committee considered four funding options and, after extensive debate, chose one to recommend. If the Capital Reserves Analysis and the selection of Option D, setting the dues at \$188/year. The Finance Committee also recommends escalating those dues annually in accordance with the CPI. Jeff then directed the board's attention to another document in the board's packet. This document shows the

dues history for the past 34 years, including our dues recommendation for the next fiscal year. He then highlighted the following points for consideration.

- Over the course of 34 years, there were only 8 increases in fees. The size of the increase varied quite a bit, reaching as high as 21%. But on average, over 34 years, Operating dues increased on par with CPI growth while Capital dues fell short. The Committee believes that having annual dues keep pace with inflation is a much more logical and fair policy for all members.
- The Committee is proposing a total annual dues increase from \$734 to \$876 per member per year. (\$688 Ops and \$188 Capital). The proposed increase is 19%, which feels like a large number. But if you look at our history, total dues have increased only 9% over the past 9 years, while inflation as measured by the CPI increased 30% during the same period. Therefore, increasing dues by 19% for the coming year once again keeps us aligned with growth in the CPI.
- As previously mentioned, our valley's costs are increasing at a faster rate than the national average. Consequently, our staff has carefully managed our finances to propose the current budgets and dues levels, while also compensating our staff at local market rates to foster team continuity and growth.
- Bob Dericks asked whether, given the fact that the existing and proposed total annual assessment seem to be substantially less than other annual assessments for the capital homeowner associations in this region with similar amenities and the low percentage increases SVEA has made in recent years, the option of the capital reserve analysis should be selected at a higher rate and the total annual dues should be increased to \$891 per year. The Board discussed this matter and unanimously decided to implement the Finance Committee's recommendation.

2024/2025 Operating Budget

Jeff Mihalic then presented the 2024/2025 operating budget with the following comments:

The board packets included the proposed fiscal 2024/2025 budget spreadsheet and an explanation of the Y-O-Y variance from Linda Horensavitz. At the August 29th Finance Committee meeting, the committee reviewed and approved the proposed operating budget. The Committee is now recommending approval by the board. The highlights of the proposed budget are as follows:

Linda Horensavitz and Chuck Williamson collaborated to develop the proposed budget. They both believe the budget is satisfactory, meeting the forecast operational needs for SVEA.

They budgeted \$1.404 million for operating expenses, a 16% (\$194,016) increase from the current year's budget. The main drivers of this year-over-year increase include \$87K for the administrative budget, \$63K for a full year of Harker Pool operating expenses, \$25K for income taxes and property insurance premiums, and \$19K for other expenses due to inflation.

The Finance Committee suggests increasing operating dues annually after the 2024/25 fiscal year to align with the consumer price index's inflation rate. The forecast rate of 2.3% for 2024/25 would be applied to the following year's dues. Compared to the sporadic increases over the past 34 years, which cumulatively increased at roughly the same rate as inflation, we viewed this approach as favorable and fair to all members.

The Finance Committee unanimously approved the fiscal 2024/25 operating budget, operating dues, and future annual dues increases in line with the CPI (Consumer Price Index), recognizing the need for a policy to define our expectations.

2024/2025 Assessments Dues Comparison

Actual Prior Year	Actual Current Year	Approved Revised Ops bud
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	2022/23	2023/24	2024/2025
Operations	\$577.00	\$626.00	\$688.00
Capital	\$157.00	\$108.00	\$188.00
Total	\$734.00	\$734.00	\$876.00
Increase vs prior year	9%	0%	19%
Increase Amt (full year)	\$60.00	\$0.00	\$142.00

2024/2025 Overall Budget and Assessment Rate

After discussion, ***MOTION: Pete Petersen moved that the Board approve the annual Budget and Dues Assessment for next year as recommended by the Financial Committee as reported by Jeff Mihalic, the motion was seconded and passed.***

Financial Policy

Jeff presented the proposed financial policy to the Board of Directors. These policies will set expectations and provide guidance for SVEA staff regarding financial matters to ensure our association's long-term financial stability. Staff will also allocate the revenue from the rental amenity fee, analyze the capital reserve annually, and develop an investment strategy.

After discussion, ***MOTION: Pete Petersen moved that the Board approve the financial policy with two changes: in section 1, it will be changed to "Annual Member Dues Assessment," and in section 2, we will add "Reserve target level." The motion was seconded and was passed.***

Amenity Fee for Rental Property

Jeff, on behalf of the Rental Amenity Fee & Technology Committee ("RAFT Committee"), has concluded its review of the Rental Amenity fees. This is the committee's report.

Following community discussion meetings, consultations with the auditor, and legal counsel, we recommend raising the guest fee from \$5.00 to \$10.00. This fee structure provides many options for homeowners and landlords to choose from. Fee levels are based on SVEA costs allocable to amenities and distributed according to historical amenity usage by category of user. Given the added flexibility for homeowners and landlords, we anticipate a decline in the annual revenue SVEA receives from the fee. We envision an annual reset of the fees, accounting for inflation as measured by the CPI index and any necessary adjustments resulting from changes in amenity usage.

Proposed Rental Amenity Access Fee Structure:

- **Rental Administrative Fee:** \$100/ Year
To be paid by all Homeowner/ Landlords who plan to rent their properties for any duration regardless of whether they provide amenity access for their tenants. Homeowner/ Landlords with a tenant on lease for 12 months or more may receive amenity access for that tenant at no additional cost by presenting the lease to SVEA.
- **Standard Rental- Annual Access:** \$900/ Year
Provides annual amenity access for tenants of any duration for the full year
- **Standard Rental- Seasonal Access:** \$850/ Summer Season (May – Oct)
\$150/ Winter Season (Nov - Apr)
Provides seasonal amenity access for tenants of any duration
- **Occasional Rental- Weekly Access:** \$210/ Week Summer Season (May – Oct)
\$40/ Week Winter Season (Nov – Apr)
Provides weekly amenity access for tenants of any duration

After discussion, ***MOTION: Pete Petersen moved to approved the Amenity Fee Schedule for Rental Properties as proposed by the Rental Amenity Fee and Technology Committee and reported by Jeff. It was seconded and passed.***

After discussion, ***MOTION: Pete Petersen moved to increase the Guest Fee for use of the SVEA’s amenities from \$5.00 per visit to \$10.00 per visit and that the General Manager be direct to make the appropriate revisions to the SVEA’s Rules and Regulations and other documents as necessary to implement this charge, the motion was seconded and passed.***

New Policy

Clark recommended the following policy, which the Board considered and approved: Staff has the authority to decline a homeowner's request if it would require an extraordinary amount of time to provide an accurate answer. Staff should inform the homeowner of the Idaho code's established procedure if the request involves sensitive internal operation information. Staff can ask the president or executive committee for advice on how to handle the situation.

Village Parking

Clark addressed the board. To address the previously discussed parking issues and prevent any complications during the ongoing discussions, SVCO has requested temporary parking authorization. ESMA and SVEA are willing to agree to this, provided that the temporary agreement can be terminated by any party if that party gives thirty days' notice that it no longer believes that the discussions are likely to lead to an agreeable result. SVEA has prepared a simple, one-page temporary agreement that seems to be agreeable to all parties.

After discussion, ***MOTION: Pete Petersen moved that Board authorize Clark Furlow, SVEA’s President, to sign on behalf of SVEA the temporary parking agreement by and among SVEA, Elkhorn Springs Master Association, and Sun Valley Company and that a copy of the temporary parking agreement be attached to the minutes of this meeting.***

STAFF REPORTS

GM Report

Community Associations offered a professional development online course that Sue Ahern and Linda Horensavitz participated in, providing an overview of the Idaho Non-Profit Corporation Act. Staff is reviewing the office IT and technology requirements with the goal of upgrading the association's current technology systems, website, and software systems to better fit the association's needs and increase the efficiency of the office processes. This is a large endeavor but necessary to meet the needs of the association. Preparation for the annual meeting has started; staff will review possible meeting locations and will report its findings to the board. Staff has scheduled the annual audit to begin at the end of November. It is also in the process of renewing the HOA's insurance and are currently awaiting a proposal for renewing the HOA's insurance coverage. SVEA filled the year-round administrative position with KoriOnna Brune, who has worked in the office for SVEA for the past three years. Linda believes she is an excellent fit for the position. Kori will start her new position at the end of November after a short break. Harker Pool Rebuild Update: SVEA made a few final equipment adjustments that began with the pool's closure. The Village Pool closed yesterday (Tuesday, September 24) for the season. SVEA is hiring hot tub workers for the winter season, and it intends to reopen the hot tub on Thanksgiving weekend. SVEA has issued a call for board member candidates, with a submission deadline of September 30, 2024. The staff changeover is progressing nicely. Linda concluded her presentation by expressing her gratitude to the owners, board, and employees for their support as she acclimates to the role.

Regarding the Elkhorn Village Pond, Idaho Fish and Game is planning to address the goldfish problem in January and February; SVEA is waiting for a confirmation on when they will complete the project before announcing the date. We will notify the community and sub associations when the project is completed.

COMMITTEE REPORTS

Communications – No Report

Executive Committee: Clark provided an update on the Executive Committee meeting and its actions on the following items: The Committee unanimously agreed to reaffirm and clarify a 1998 Board resolution about developer assessments. The committee provided clarification on the due dates for developer assessments. The committee approved the budget for next year's staff compensation, which was part of the presented and approved budget. The Committee approved Chuck's transition plan into retirement. On September 9, 2024, Chuck transitioned to part-time hours. After October 18, 2024, he will transition to a contractor to consult at an hourly rate. The Committee approved giving Chuck a river cruise for his years of service. By unanimous written consent, the Committee approved spending up to \$10,000.00 to update SVEA's computer systems.

Finance Committee: Jeff Mihalic pointed out that the capital budget doesn't include new items; the committee will attempt to launch the Master Amenity Plan update next year to identify any new capital items desired by the membership.

Governance Committee: Bob Diercks reported on the committee's work to organize the election of directors at this year's Annual Membership Meeting. The Nominating Committee will meet on October 25th. The updated draft proxy includes a deadline for submission of proxies, which will be the Wednesday prior to the annual meeting. The new proxy due date will allow the HOA time to count the proxies in an adequate manner. We have scheduled the annual meeting for January 11, 2024.

*After discussion, **MOTION: Pete Petersen moved that for this year's Annual Membership meeting only proxies received by SVEA on or before midnight Wednesday, January 8, 2025 shall be considered valid. They seconded the motion and approved it.***

Recreation Committee, Pete Petersen, reported that the facilities have closed for the season. We will open the hot tubs the Saturday after Thanksgiving.

Sub-Association Liaison Committee: No Report

The Racquet Sport Committee, as reported by Rachel Clark, has scheduled a meeting for October. One member has stepped down, and one new volunteer member has been added to the committee.

Water Committee – No report.

OTHER BUSINESS

None

ADJOURNMENT

President Furlow adjourned the meeting at 4:16 p.m.

Respectfully Submitted,

Bob Diercks
Secretary

Temporary Parking Agreement

This temporary parking agreement (the "Agreement"), dated as of _____, is among Elkhorn Springs Master Association, an Idaho nonprofit corporation ("ESMA"), Sun Valley Elkhorn Association, an Idaho nonprofit corporation ("SVEA"), and the Sun Valley Company, a Wyoming corporation ("SVCo")

Recitals:

A. "Block 10" as defined in the "Elkhorn Springs Large Block Plat," dated May 2, 2006, and filed with the Blaine County Recorder's Office on June 2, 2006 as Document # 536008 contains a paved parking area surrounded by SVEA's pool and racquet facilities, SVCo's Elkhorn Clubhouse, and Blocks 7, 8 and 9 (the "Parking Area");

B. By virtue of an Easement Agreement dated February 12, 1998, and filed with the Blaine County Recorder's Office on November 13, 2001 as Document # 457771, SVEA has a non-exclusive easement allowing its members to park in the Parking Area when they are using SVEA's pool and racquet facilities;

C. By virtue of the deed filed with the Blaine County Recorder's Office on January 6, 2010 as Document # 573991, ESMA is presently the owner of the Parking Area;

D. SVCo claims to be the beneficiary of an unrecorded common law easement that allows it to use the Parking Area as a parking facility for customers of its Elkhorn Clubhouse and its Elkhorn Golf Course, a claim that is disputed by ESMA and SVEA;

E. The parties desire to negotiate a resolution of the issues raised by SVCo's disputed claim and during these negotiations the parties desire to have a temporary agreement regarding their rights and responsibilities associated with the Parking Area.

Now Therefore, in consideration of the foregoing recitals and the following mutual covenants and conditions the parties agree as follows:

1. ESMA grants SVCo a temporary license to use the Parking Area as a parking facility for customers of its Elkhorn Clubhouse and its Elkhorn Golf Course, the acceptance of which shall not be deemed an admission that it does not already have an easement allowing such use of the Parking Area.


2. The purpose of this license is to allow the parties time to attempt to negotiate a resolution of the issues created by the dispute referred to in Recital D, above.

3. This license shall remain in effect until the earlier of June 31, 2025 or a date 30 days after any party to this Agreement sends a notice to the other parties stating that it no longer considers the negotiations to be leading toward an acceptable resolution of the issues raised by the dispute referred to in Recital D.

4. While this temporary license is in effect, each party will continue to clear snow from the portions of the Parking Area from which it has cleared in years past.

In witness whereof, the parties have signed this Agreement as of the day and year above written.

Elkhorn Springs Master Association, Inc.


By _____
Rachel Clark

Sun Valley Elkhorn Association, Inc.


By _____
CLARK FURLOW

Sun Valley Company

By: _____

