



Sun Valley Elkhorn Association  
Board of Directors' Meeting Minutes  
Friday, January 10, 2025

**Agenda Business items**

1. Approve Financial Report
2. Review of the Audit
3. Review and Approval of Investment Accounts
4. Appointment of ADC Committee members
5. Community School Update
6. Discussion Annual Meeting
7. Other Business
8. Staff Report
9. Committee Reports

**Attendance**

<b>Board Members</b>	<b>Staff, Counsel &amp; Others</b>
Clark Furlow, President	Jim Laski, Legal Counsel
Jeff Mihalic– Vice President	Linda Horensavitz, General Manager
Tom Eklund – Treasurer	Sue Ahern - Staff
Bob Diercks – Secretary	Mark Lube - Staff
Pete Petersen – Director	Kori Brune -Staff
Tom Kling, Director	
Rachel Clark – Director	<b>Owners and Others:</b>
Scott Pertel, Director	Attending by Zoom – 13 Online
<b>Board Members Not Attending</b>	In person – 5 Owners in Attendance
Marlene Fletcher – Director	

**Call to Order**

Clark Furlow called the meeting to order at 2:05 PM

**Establishment of a Quorum**

Eight (8) directors were present in person to establish a quorum.

**REPORT FROM THE SUN VALLEY MAYOR**

The mayor was unable to attend the meeting.

**OWNERS ADDRESSING THE BOARD**

Peggy French, (5 Aspen Lane), addressed the board, expressing her desire for the ponds to receive attention. Mrs. French expressed her belief that the pond number one appears to be in poor condition.



Mrs. French wanted to make sure the new manager was aware of the pond's condition. Clark Furlow reassured her that he had brought Linda up to date and documented all previous work.

Hollis French: (5 Asen Lane) The HOA should maintain pond one, because it is accessible and used by the public and therefore is a public amenity. He believes that the board should address the pond this year.

### **APPROVAL OF THE FINANCIALS**

Jeff Mihalic presented the fourth quarter and full year 2023/2024 financials for review, which have been finalized following receipt and acceptance of the audited financials and completion of journal entries into Quickbooks to reflect the necessary adjustments.

The final fiscal 2023/24 Fourth Quarter (Aug 1-Oct 31) Financial Statements are provided in your board packet. They were completed on January 8th following our review of the audited financial and journal entries. A draft version of these statements was reviewed and approved by the Finance Committee at the November 21st committee meeting. SVEA's Treasurer (who is a non-voting member of the Finance Committee) also approved the draft version by general acclamation.

Following the Finance Committee meeting, adjustments were made to the financial statements to include the final outstanding invoices on the Harker Pool as well as the journal entries identified by our auditor. The most significant adjustments were as follows:

- Accrual of the final outstanding invoices on the Harker Pool (\$110,020 added to accounts payable and the total cost of the Harker Pool)
- Accrual of year end payroll and payroll taxes paid on Nov 1st (\$32,730 added to operating expense)
- A loss on assets at disposal (\$92,930 non-cash charge to operating expense to write down the undepreciated amount of the retired asset)

The figures you see summarized herein and the detailed information provided in SVEA's updated financial statements now align with the audited financial statements without any material differences.

Income Statement- Total Full Year Net Income was \$74,690, which is \$103,912 better than the budget and slightly (\$6,690) better than last quarter's year-end forecast. This, better than the budget result, was driven mainly by lower capital expenditures because planned expenditures were postponed to future years. Total revenues were also better than budget

- Cash Flow- Cash at the end of Q4 was \$1,211,575, a decrease of \$643,610 from Q4 of the previous year primarily due to continued investment to complete the Harker Pool.
- Balance Sheet- As of year-end 2023/24:
- Current Assets decreased to \$1,333,268 as cash was used to complete the Harker Pool.
- Fixed Assets rose to \$6,283,371, an increase of \$740,942 versus the previous year primarily due to completion of the Harker Pool and offset by depreciation.
- Total Assets rose by \$89,729 versus the previous year as the Current and Fixed Asset changes mostly offset.



- Liabilities increased by \$14,977 due to the increase in accounts payable and other current liabilities, partially offset by the \$148,070 reduction in the Village

Total liabilities now stand at \$1,247,760, driven by the remaining balance on the Village Pool loan of \$992,802.

- Homeowner's Equity increased by \$74,751 to a total of \$6,368,878 at year end. This improvement results from our positive net income for the full year.
- Accounts Receivable- At year end our Accounts Receivable totaled \$82,335, which is an improvement of \$43,378 compared to the beginning of the year. We continue to review our collections policy to determine if any modifications are needed to encourage timely payments.

Other items of interest:

- Harker Pool- Total cost to construct the Harker Pool came in at \$2,224,132, roughly 11% above the initial estimate. This is consistent with the forecast provided at the end of Q3, which we feel is a reasonable outcome given the very high construction costs prevailing over the past two years. Net of \$175,000 of insurance proceeds on the flood damaged old Harker Pool equipment, total construction cost was \$2,049,132.
- Village Pool Loan- As expected, the balance on the loan decreased to \$992,802 at year-end. The Finance Committee still recommends that we hold the loan through its full term (6 more years) for two reasons. One, the loan's interest rate is only 3% and we are currently able to invest our funds at an after-tax interest rate that is roughly break-even with the loan interest rate. Two, after receiving the results of the Capital Reserve Study earlier this year, we believe it is prudent to keep our capital reserve balance at \$1,000,000 or better in the event of unexpected above plan capital expenditures. We will continue to monitor this annually.

Jeff Mihalic moved for the board to approve SVEA's Q4 and full year 2023/24 financial statements as summarized herein and included in your board packet. The motion was seconded and passed unanimously.

#### **Audit Engagement letter**

Jeff Mihalic presented the audit and clarified that several errors in the final report required correction. The finance team's recommendation is that we have a discussion with the auditor prior to approving the proposed engagement letter for future services and try to address the issues that arose this year. Many corporations have a practice of changing their auditors every ten years.

Rachel Clark moved that the Board authorize the Executive Committee to approve the auditor engagement letter upon satisfactory resolution of issues identified in this year's audit. Bob Dericks seconded, and the motion passed unanimously.

Jeff Mihalic then reviewed the annual meeting presentation, as it pertains to the financials.

#### **ADC Member Approval**



Sue Ahern presented two licensed landscape architects to be added to the ADC; she reviewed their resumes and requested the following persons be appointed to the committee:

Rob King & Mary Alexander

**Tom Eklund moved to appoint Rob King and Mary Alexander to the ADC Committee. Tom Kling seconded, and the motion passed unanimously.**

### **Investment Accounts**

On behalf of the Finance Committee and SVEA Staff, Jeff Mihalic made a recommendation to establish investment accounts to hold SVEA reserves.. The Finance Team’s evaluation revealed that the brokerage firms were more attractive than banks in terms of meeting our selection criteria, particularly because of greater investment options and higher yields, as well as the online capability to view and manage our accounts. Both Schwab and Fidelity have very similar products and are top-tier brokerages. Both firms offer the ability to self-manage an account, as well as managed account products should we decide to let a professional do the investment for us. Additionally, both offer a wide variety of mutual funds and ETF’s should we decide to invest a portion of our longer-term funds into higher yielding alternatives. The one negative for Schwab versus Fidelity is that Schwab does not automatically sweep cash into a Core Money Market Account. Schwab understands this disadvantage and has committed to working with us to set up notifications when cash has not been moved into a Money Market. Between the two brokerage options, we agreed that Charles Schwab is preferred Fidelity for the following reasons:

Local team- The Schwab team in Boise would handle our account. Terry Jones, Manager, would be our focal point. Regional Specialists (such as fixed income specialists) are available for us at their regional (Denver) office. Administrative support would come from the Boise team. If we need Terry to attend a Board meeting to discuss the account, he can arrange to be here.

Customization- The Schwab team can create a managed account tailored specifically to the desires of SVEA. In other words, if we want them to only invest in fixed income and build a ladder of a specified durations, they will build it and maintain it and keep the fees as low as possible.

During our discussions, Schwab demonstrated a wealth of experience with Business Accounts. Each of our questions was answered clearly and thoroughly.

**Bob Dericks Moved to open two brokerage accounts with Charles Schwab. One account will be for Operating Reserves, and one account will be for Capital Reserves. The amounts to be placed in these accounts will be approximately \$100,000 and \$800,000 respectively and will grow over time. Tom Eklund seconded the motion and it passed unanimously**

**Bob Dericks Moved that the Board make the following appointments regarding these accounts:**

- Linda Horensavitz to serve as “Primary Authorized Agent” and Sue Kwapich as “Authorized Agent,” and
- Jeff Mihalic and Tom Eklund to serve as “Authorized Viewers.”

**The motion was seconded and passed unanimously.**



## **Community School**

The attorneys are currently reviewing the annexation documents to clarify the five lots initially excluded from Elkhorn at a slow rate.

## **Annual Meeting Reminders**

Linda Horensavitz provided the details of the annual meeting location and time and thanked the owners for submitting proxies representing slightly more than 63% of the total Membership of SVEA.

## **Other Business**

Jericho Project:

Rachel [who also serves as president of Elkhorn Springs Master Association (“ESMA”)] reported that she had met with Mr. Jadallah. He has made some updates to the plan and has requested to present them to the ESMA members. The ESMA board hopes to organize that meeting in the next few weeks.

Clark reported that Blaine County Housing Authority, (“BCHA”), has asked SVEA to waive annual assessments for residential properties in Elkhorn with which it is involved. He responded by letter telling BCHA that while the members of SVEA’s board commend its good work, SVEA must comply with the terms of the Elkhorn Master Declaration, and it requires that assessments be divided equally among all homeowners – no exceptions. Thus, the Master Declaration does not allow SVEA to grant BCHA’s request. BCHA responded in an ambiguous letter that apparently asked the SVEA Board to seek to amend the Master Declaration to excuse BCHA from having to pay its annual assessment. Clark reminded the Board that at its July meeting it had decided that it would not seem to amend other provisions of the Master Declaration because of the difficulty of achieving the necessary super-majority approval from homeowners for the changes then contemplated. The amendment requested by BCHA would require affirmative approval by 75% of all homeowners – an even higher threshold. Also, Clark pointed out the good work being done by BCHA was for the benefit of all the people in Blaine County; and accordingly, it should be funded by all of the people of Blaine County; not just the 1,642 homeowners of Elkhorn who would in effect be forced to pay a higher assessment to compensate for the amount not paid by residential units affiliated with BCHA. A discussion ensued. At the end of that discussion, there was no interest on the part of members of the Board in granting BCHA’s request. Scott suggested that SVEA’s response to BCHA informing it that the Board would not sponsor an effort to amend the Elkhorn Master Declaration also include an explanation of SVEA’s new policy regarding amenity fees for rental units.

## **Staff Reports**

Linda Horensavitz provided a staff update that included

- The Annual meeting time, date and location
- Village Pool usage stats for the last thirty days – over 1600 patrons
- Staff focus for the 2025 focus

## **Committee updates**



- Communications Committee – No update currently
- Technology Committee - Tom Kling provided an update on the website and technology update. The website is being designed so that an app can be considered later.
- Executive Committee – Clark Furlow has no update currently
- Finance Committee – Jeff Mihalic had no further update at this time
- Governance Committee - Bob Dericks has no update currently
- Recreation Committee – Pete Petersen
  - The committee is all quiet
  - The Harker hot tub is closed at this time, we hope to open it next season if staff are available.
- Raquet Sports – Rachel Clark provided the update below on the fall committee meeting a few of the highlights shared:
  - The committee considered several comments
  - Pickle Ball – extended hours Monday through Friday: From 8-9:30 with the clinics starting at 9:30 to allow for more owner access to the courts.
  - Looking into a Paddle Up program
  - Ladies Day program expansion
  - Possible additional Elkhorn merchandise
  - Discussion of USTA play on Harker in the off hours for a fee
  - Meeting again this spring with Scott Teller
- Water Committee – Clark Furlow, no update currently. Jeff Mihalic suggested that this committee be disbanded as Sun Valley Water District has offered to come to our meetings as needed.

#### Other Business:

Jeff Mihalic, on behalf of the staff and board, thanked the departing Board members, Clark Furlow and Bob Dericks, and presented them with a parting gift.

#### EXECUTIVE SESSION

*Motion: Clark Furlow 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 adjourns this meeting and reconvenes in executive session for the purpose of discussing personnel matters and legal issues. Tom Eklund seconded, and the motion was passed unanimously.*

*Motion: Tom Eklund moved to come out of executive session and returned to the general session, Scott Pertel seconded, and motion passed unanimously.*

Pete Peterson Moved to allow Chuck Willimson to work for ESMA. The Motion was seconded by Scott Pertel. It passed with seven members voting in favor and Rachel Clark abstaining.

Pete Petersen Moved to adjourn the meeting; it was seconded the meeting was adjourned at 4:29 pm. Respectfully submitted



Peter Peterson, Secretary

**Action Items**

<b>Action Items</b>
Operations Staff will re-inspect pond one
Post Financials on website
Post Approved Audit on website
Reach out to Auditor for meeting
Update ADC roster notice new members
Open investment accounts
Send Letter to Blaine County