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Clark Furlow

Dear Neighbors:

I would like to thank everyone who attended the July 7, 2023 board meeting and expressed their concerns, opinions, and feelings regarding to the Community School rezone application and the Jericho Project. The public comment portion of the meeting, which focused almost exclusively on these two projects, lasted nearly three hours. Given the extraordinary and understandable interest in these matters, I want to tell you what your Board is doing about them.

The Community School's Sagewillow Campus

At the meeting, many of you asked why SVEA won't join the battle against the Community School's effort to rezone its Sagewillow Campus? There are at least three reasons.

SVEA's Purpose

SVEA's purpose is defined in its Articles of Incorporation and the Elkhorn Master Declaration. The Articles state

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that SVEA exists "for the purpose of maintaining and creating an environment that will provide maximum opportunity for the orderly development of a year-round resort." The next sentence explains that SVEA is to be "the Master Association defined in the [Elkhorn Master Declaration]." In other words, SVEA is to create and maintain a "year-round resort community" by performing the duties assigned to it in the Master Declaration. Those duties all involve managing Elkhorn's internal affairs -- things like operating and maintaining Elkhorn's amenities and open spaces, managing the association's budget, upholding the community's architectural design standards, and assuring compliance with its rules and regulations. Nothing in the Master Declaration says, or even suggests, that SVEA is supposed to become an advocate in an administrative proceeding conducted by an independent government agency.

Advocacy Would Compromise SVEA's Ability to Perform Its Duties

The Master Declaration requires SVEA to organize an Architectural Design Committee ("ADC"). The SVEA Board hears appeals from the

ADC's decisions. If SVEA were to become an advocate (for or against the school's rezoning request), it would cease to be impartial. That bias would make any decision by the ADC (or the Board) on a project authorized by the requested rezoning (or any other matter involving the school) vulnerable to challenge in court. Thus, SVEA must remain impartial so that its ADC and Board can properly perform their design review duties under the Master Declaration and SVEA can enforce the Master Declaration when the school seeks to develop Sagewillow. We cannot compromise our ability to make sure that the development of the Sagewillow Campus complies with the Master Declaration.

Advocacy Would Not Be Fair To All Elkhorn Residents

Some argue that SVEA should join the fight because its voice, speaking for the whole community, would be more powerful than the voices of individuals. But to state the proposition is to reveal its fallacy. Some members of the Elkhorn community oppose the school's request; others don't. If SVEA were to speak in opposition to the

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school's request, it would falsely amplify the voices of some of its members while squelching the voices of others. That would not be fair.

Here's What SVEA Is Doing

SVEA is not sitting idly on the sidelines. In the belief that *all* members of the Elkhorn community would be well served by fully-informed decision-making, SVEA has suggested to the P&Z Commission that it should not decide this issue until both sides have had a full and fair opportunity to develop the facts and arguments that support their respective positions. SVEA has also suggested that the P&Z should insist on a better traffic study so that it can accurately assess the potential impact of the school's proposal on Elkhorn residents. SVEA is providing relevant information to its members through occasional "e-blasts." And SVEA's General Manager has attended the working sessions organized by the school to report the concerns (for and against the rezoning request) of members of the community who were not invited to attend those meetings. SVEA has also circulated two surveys prepared by the school to allow members of the Elkhorn community an opportunity to guide the school's decision-making and to keep homeowners informed about the School's evolving plans. SVEA has asked the school to use the results of the survey solely as guidance and not for advocacy purposes before the P&Z.

Finally, SVEA is working hard to perform its duties under the Master Declaration. In this regard, SVEA has hired Fritz Haemmerle, Esq. to advise it. SVEA intends to take steps to ensure that the school's use of Sagewillow complies with the requirements of Elkhorn's Master Declaration. SVEA's jurisdiction over part of the Sagewillow Campus is disputed by the school. SVEA is working with the school to resolve that dispute. SVEA intends to clearly establish that all parts of the Sagewillow campus are governed by Elkhorn's Master Declaration.

The Jericho Project

The Jericho Project is the proposed construction of 19 townhouse-style residential units at 103 Village Way, in Elkhorn Village (the "Jericho Parcel"). The residential units will be offered for rent at market rates. The project is controlled by Mr. Sam Jadallah and his son, Jordan Jadallah. When completed, the project will eliminate the only open grassy area in the village core. It will also eliminate about 20 parking spaces next to Elkhorn's tennis courts.

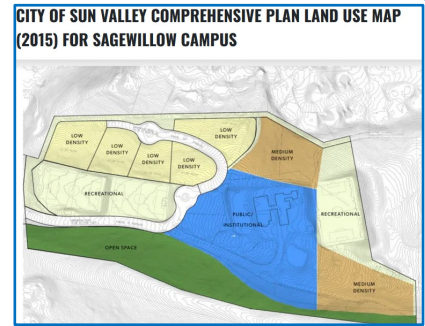
At the beginning of this year, SVEA and Elkhorn Springs Master Association ("ESMA"), the owner of the village parking area, began to explore ways they might be able to preserve the grassy area and the parking spaces. These efforts involved concurrent, but separate, negotiations with the Sun Valley Company (the "Company") regarding the village parking area and Mr. Jadallah regarding the Jericho Parcel.

Negotiations With The Sun Valley Company

In February or March of this year, during a review of the village parking situation, Chuck Williamson (SVEA's General Manager) discovered that there is no recorded deed or other recorded instrument giving the Company a legal right to use the parking area in front of its golf clubhouse. The entire village parking area, including the spaces in front of the clubhouse, belongs to ESMA. SVEA has an easement that allows its members to park there when they use the pool or Racquet facilities. But, the Company does not. Surprised at this finding, SVEA obtained a full title search of the village parking area. It confirmed that the Company does not have a recorded right to use any part of the village parking area.

SVEA and ESMA brought this to the Company's attention and offered a range of possible solutions. All of them focused on ways the Company could gain legal parking rights by participating in the acquisition of the Jericho Parcel for the purpose of preserving the grassy and parking areas.

These discussions, which appeared to be promising, hit a snag when an attorney speculated that the Company might have an unwritten easement. Realizing that the resolution of that issue (which may require litigation) would require more time than the concurrent negotiations with Mr. Jadallah would allow, ESMA and SVEA



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began to look for other ways to preserve the grassy area and parking spaces. SVEA remains confident that in due course it will be proved that Sun Valley Company does not have a legal right to use the parking area.

Negotiations with Mr. Jadallah.

Early this year, Mr. Jadallah asked ESMA for design approval of the Jericho Project. That request was denied at about the same time as the negotiations with the Company were beginning. When SVEA learned about this, it asked Mr. Jadallah if he might be interested in selling the Jericho Parcel. At this point, the negotiations with the Company looked promising, and we hoped they would produce a way to fund the acquisition of the Jericho Parcel.

Mr. Jadallah indicated that he preferred to pursue the Jericho Project but he was willing to discuss a transaction that would preserve the green areas and parking spaces. It should be noted that Mr. Jadallah did this voluntarily. He was under no obligation to discuss these things with us.

Since then, Chuck and I have worked together with Rachel Clark, the President of ESMA, to try to find a deal that would meet Mr. Jadallah's needs. These discussions were cordial, and they, too, were promising. However, when the parallel discussions with the Company hit a snag, we lost the chance to fund the purchase of the Jericho Parcel within Mr. Jadallah's time constraints. As an alternative, Mr. Jadallah suggested that he might be interested in a land swap in which he would trade the Jericho Parcel for land owned by SVEA. SVEA made it clear that any such transaction would have to be approved by the SVEA Membership in accordance with the Elkhorn Master Declaration. Also, SVEA did not favor a land swap because it would simply move unwanted development from one part of our community to another.

By this time, negotiations had gone on for about four months. Understandably, Mr. Jadallah was beginning to run out of patience. He stated that he was willing to continue negotiations, but only for a limited period of time, provided SVEA "had some skin in the game." He proposed that SVEA pay him \$250,000 (half of which would be refundable under certain improbable conditions, some of which conflicted with SVEA's and ESMA's governing documents) in exchange for a 60-to-90-day negotiation period to discuss a land swap or a cash transaction.

At its July meeting the board discussed Mr. Jadallah's proposal in open session and then went into executive session to discuss it with legal counsel. After due consideration the board decided to reject the proposal because, among other reasons, the \$250,000 payment would require SVEA to levy a second special assessment on the heels of the assessment it had just levied for the Harker Pool. The board's reasoning is discussed in more detail in an "e-blast" from SVEA dated July 10, 2023 (available on SVEA's website).

Here's Where Things Stand Now

The Board has informed Mr. Jadallah of its decision. He responded in a cordial email saying he intended "to take the final steps for Jericho's approval." Here's what those "final steps" will involve. Mr. Jadallah must: (1) Obtain final approval and building permits from Sun Valley City Council. (2) Obtain approval from the ESMA architectural committee. That committee has already rejected the project once because it did not comply with the design rules established by ESMA's governing documents. (3) Obtain approval from SVEA's Architectural Design Committee. Any Elkhorn homeowner who is dissatisfied with the Architectural Design Committee's final decision may file an appeal to the SVEA Board.

In a recent email, Sam and Jordan Jadallah stated that, while they intended to pursue ESMA's and SVEA's design review processes, they remained willing to consider a transaction that would preserve the green area and the parking spaces. For their part, SVEA and ESMA are examining ways they may be able to raise money to fund such a transaction.

As I hope the foregoing discussion makes clear, your board is working diligently within the scope of its authority under the Elkhorn Master Declaration to serve the best interests of the Elkhorn community in both matters. Please be assured that it will continue to do so.

Sincerely,
Clark Furlow



Jericho Project—FAQ's

This newsletter is primarily dedicated to informing our Elkhorn owners on the Jericho Project and the Community School Rezone Proposal. During the July 7, Board meeting a large number of owners were in attendance and a number of questions were asked by those owners. The following addresses the most common questions asked and we hope you find them informative.

What is the Approval Process and Status for the Jericho Project?

- ◆ The Jericho Project has been approved by Sun Valley Planning and Zoning.
- ◆ Final approval is still required by the Sun Valley City Council before building permits can be issued. The date of the hearing has not yet been finalized.
- ◆ Elkhorn Springs Master Association must review and approve the Jericho project and issue a letter of approval to initiate the SVEA review process.
- ◆ The Jericho project must be submitted for review. The SVEA ADC can approve, approve with conditions or deny the Jericho application.
- ◆ The SVEA ADC decision can be appealed by the applicant or any property owner in Elkhorn where a final decision will be made by the SVEA Board of Directors.

If alterations to the Jericho project are required by ESMA or SVEA prior to issuing final approval, will the project have to go back to the City of Sun Valley Planning and Zoning?

- ◆ This would be based on the extent of the changes required. Building relocation, setback encroachments, unit total reduction or expansion, etc. could rise to a level requiring review by Planning and Zoning. Matters involving changes to exterior color, exterior finishes, landscape alterations, etc. most likely would not rise to the level necessary for review by Planning and Zoning.

The Jadallah's have requested to meet with the SVEA ADC and ESMA ADC and work through the design issues together. Why won't SVEA allow its ADC members to meet with the Jadallah's?

- ◆ The SVEA ADC, consisting of local architects, is an unbiased review body. Their job is to review projects, not assist in the design of the projects. By assisting in the design, their impartiality is compromised, and they expose themselves and SVEA to potential liability claims.
- ◆ The review processes are designed to be fair and impartial for everyone. Deviation in the established approval procedures, to accommodate the developer, compromises the entire review process.

Is it possible for SVEA to acquire the Jericho Parcel and keep it as a green space with additional parking?

- ◆ Options to acquire Block 7 (Jericho Parcel) in the Village core are still under review. The Jadallah's have expressed a willingness to continue discussions for which we are all grateful. Owners will be kept informed as this matter progresses.

If Jericho is developed, does SVEA have a plan for parking given the loss of approximately 20 parking spaces situated on the Jericho property?

- ◆ The Village parking area is owned entirely by Elkhorn Springs Master Association (ESMA). SVEA has an easement that allows owners access to the pool and racquet sports facilities. SVEA continues to be in discussions with ESMA on options for accommodating the existing parking demand and increased future demand. The parking area in front of the golf course clubhouse may be used by Elkhorn property owners accessing the SVEA amenities.

Community School Rezone—FAQ's

Why has SVEA taken a neutral posture on the Community School rezone of the Sagewillow Campus and Arrowleaf Subdivision?

- ◆ SVEA's governing documents identify the Board's duties and responsibilities. The rezone of property is a City of Sun Valley process in which SVEA has no authority under the Elkhorn Master Declaration.
- ◆ SVEA has received numerous letters and emails from owners "for" and "against" the rezone of the Sagewillow Campus and Arrowleaf Subdivision for the purpose of developing employee housing for the Sun Valley Community School. SVEA is unable to fairly represent the owners on a clearly divided issue for those for and against within the Elkhorn community.

How can my voice be heard if not represented by SVEA?

- ◆ The most effective way to voice your "concerns" or "support" for the rezone application is to appear at the Planning and Zoning meeting when the application is heard. If you are unable to attend in person, Zoom conference calling is often available allowing you to attend City meetings remotely and voice your comments.

Why is SVEA coordinating with the Community School to circulate their information and surveys?

- ◆ During the January 2023, Annual Membership meeting, several owners expressed their frustration at the lack of information and/or the timeliness of notification from SVEA when the Community School initially applied for a rezone of the Sagewillow Campus. The Board committed to keeping the owners informed during that meeting.
- ◆ In answer to a request by the Planning and Zoning Commission, the Community School has been working with community representatives in developing their rezone and employee housing plan. SVEA staff has attended the meetings to listen and convey information in a timely manner to owners as agreed to by the Board at the Annual Meeting.
- ◆ SVEA has circulated the Schools surveys and development information because SVEA has the capability to keep a vast majority of the Elkhorn owners informed through the eblast system. SVEA will never distribute or provide owner email addresses to any individual, group or organization for any reason without the owners permission.

Why won't SVEA send out a survey to the SVEA members for those opposing the Schools plan for rezoning when they circulated the Schools survey?

- ◆ SVEA has circulated the surveys from the Community School for the purpose of conveying information to keep the owners informed and allow the owners an opportunity to provide input, as requested during the Annual Meeting. By circulating the community school surveys, the property owners were given advance notice of the development plans under consideration. SVEA did not endorse or ask owners to participate in those surveys.
- ◆ The latest survey from the Community School sought Elkhorn owner input on the development plans under consideration. It was not a survey for the purpose of answering the question of whether there should be development or not, but rather your thoughts on the plans under consideration.
- ◆ The first survey from the Community School circulated to all owners earlier in the year included a question asking if you were opposed to all development on the Sagewillow Campus. The second survey had a comment section at the end of the survey where participants could state their objection to all plans under consideration.
- ◆ For SVEA to circulate a survey in opposition to the Sagewillow Campus development plan would go beyond keeping owners informed to actively promoting and becoming involved in open debate, which was not the intent when the Board agreed to keep owners informed.

When does SVEA become involved in the approval process?

- ◆ SVEA is currently working with the Community School in clearing up annexation questions with regard to the Arrowleaf Subdivision.
- ◆ SVEA will become involved during the design review process in accordance with the Master Declaration requirements. All owners will be kept informed when the Sun Valley Community School submits their application for design review to SVEA.

SVEA Financial Report

Balance Sheet Snapshot

The Board of Directors have received and reviewed all financial statements as of June 30, 2023.

The SVEA fiscal year began on Nov. 1, 2022 and ends on October 31, 2023

The Capital Reserve asset replacement fund balance as of June 30th, totaled **\$1,349,320**

The Operational Account cash and investments balance as of April 30, totaled **\$1,002,509**

Treasury Bill investments as of June 30th, totaled **\$742,591**

The Property Owner Accounts Receivable balance as of June 30th, was **\$277,582**, the number of accounts **90** days or more delinquent stood at **4** as of June 30, 2023.

Current Liabilities - Village Pool Loan Outstanding Balance Due - **\$1,182,071**

Operations	YTD Actual	YTD Budget	Difference
Dues and Assessments	\$854,284	\$1,003,769	(\$149,485) Under
Expenses	(\$616,083)	(\$629,785)	(\$13,701) Under

For the eight months ending June 30, 2023 revenues are less than budgeted due to an accounting change in fiscal year 2022/23. A portion of the dues revenues billed in advance were accounted for in the prior fiscal year 2021/22. The Expenses to date \$854,284 represent approximately 76.5% of the total annual budget. Complete financial information available online at www.elkhorninsunvalley.com.

Board Members Wanted!



Applications are now being accepted for serving on the SVEA Board of Directors. All Board applicants will need to submit the following:

- 1) Completed online Board Application
- 2) A short Bio of no more than 1 page in length
- 3) A picture of yourself that can be sent to owners with your Board application information

The online application can be found on the Elkhorn website at: <https://elkhorninsunvalley.com> - click on Resources tab - click on “Board Members and Board Application” and under Board Application click on “click here” where indicated. Or, just type or copy and paste the following into your web browser:

<https://elkhorninsunvalley.com/wp-content/uploads/2015/12/BOD-App-2015.pdf>

Please fill out the online application, print, sign and email back to the administrative office at: svea@elkhorninsunvalley.com along with your Bio and picture.

All applicants will be schedule for an interview with the nominating committee in October. The general election voting will begin in November and the results of the election will be announced at the annual membership meeting in January. We thank you for your consideration and look forward to hearing from you. If you need assistance with any of the documentation, please contact the General Manager, Chuck Williamson, at 208-622-7420 or Email: chuckw@elkhorninsunvalley.com

Elkhorn Quick Hits and Updates

AMENITY STAFFING ANNOUNCEMENT - SVEA summer staffing will be returning to school starting mid-August. Amenity operations will continue; however, adjustments after August 15th will be made as follows:

Tennis Amenities - Staffing will be intermittent. Owners can make reservations for pickleball and tennis by calling 208-622-5535 or 208-622-9282. The court reservation schedules will be posted daily at the amenity locations. Please use your SVEA amenity cards to access the Village courts when staffing is not present. The \$5 guest fee box will be available and guest usage will be on the honor system. Cooperation is greatly appreciated.

Village Pool Operations - Hours of the Village pool operations will be **11 a.m. to 6 p.m. daily after Labor Day**. After Labor Day the Village pool will remain open daily as weather permits. Owners will be kept informed when the closing schedule has been finalized which is anticipated to be mid to late September.

Harker Pool Update - The Harker pool renovation project is underway. Excavation is nearing completion and framing of the pool and hot tub shell will start soon. The plan is to complete the construction on the pool and hot tub shell and surge tank by October. The pool equipment room will be under construction during the winter months. The pool and hot tub plaster will be installed in the spring as soon as weather permits. The pool deck, artificial turf areas, shade structure and fencing will be installed in the spring and early summer months with a scheduled pool opening date of July 4th. Owners will be kept informed as this project moves forward.

Seeking Nominating Committee Members - If you are interested in helping in the SVEA nomination process for Board of Director elections, please consider applying for the Nominating Committee. The Nominating Committee is comprised of a seven (7) member panel. The seven (7) member panel consists of three (3) past board members, two (2) current board members and two (2) at large owners. Property owners and past board members wishing to serve on the Nominating Committee are encouraged to submit their names and a random drawing will be held to select the committee members from each qualifying group. The Board would also like to encourage those interested in serving on the Board to submit their names to the administrative office and you will be contacted in October to schedule an interview with the Nominating Committee. Board Member applications can be found on our website at: www.elkhorninsunvalley.com.

“Proactively keeping members well informed of issues affecting them and the broader Elkhorn community”

Bus Route information for Summer 2023:

During the Sun Valley Music Festival (formerly SV Symphony) the **Red Route** will run on all Music Festival nights.



Bus picks up in Elkhorn to Dollar Circle:
· 4:45pm
· 5:15pm

Bus will pick up at Dollar Circle (bus circle by SV Inn pool)

15 minutes after the concert ends and will drop off at all bus stop locations in Elkhorn

The **Blue Route** (Connecting Elkhorn Springs and Warm Springs via Sun Valley Village and Ketchum) will run every 30 minutes from Elkhorn Springs at 7:30am to 10:00pm with late night hourly service until 12:00am. Service runs daily.

Sun Valley Elkhorn Association

FUTURE EVENTS

Board, Membership, and Sub-Association Presidents' Meetings

Date	Event or Meeting	Location
Thursday, Sept. 21, 2023	Board Meeting (2:00 pm)	Harker Center
Friday, January 5, 2024	Board Meeting (2:00 pm)	Harker Center
Friday, January 5, 2024	Association Presidents' Meeting (4:30 pm)	Harker Center
Saturday, January 6, 2024	Annual Membership Meeting (3:00 pm)	TBD
Saturday, January 6, 2024	Board Meeting (After Annual Meeting)	TBD

