Sun Valley Elkhorn Association
Board of Directors Meeting Minutes
Friday, January 9, 2026

Attendance

Board Members	**Staff, Counsel & Others**
Jeff Mihalic- President	Jim Laski- Legal Counsel
Oleg Elkhunovich– Vice President	Linda Horensavitz- General Manager
Tom Eklund – Treasurer	Sue Ahern, SVEA Staff Member
Pete Petersen – Secretary	KoriOnna Brune, SVEA Staff Member
John Sobba – Director	Jay Pedro, Operations Manger
Tom Kling- Director	Cammi Russel, Accounting Staff
Rachel Clark – Director	
Marlene Fletcher – Director (zoom)	**Owners and Others:**
Board Members Not Attending	8 Owners attended by Zoom
	6 Owners attended in person 2 City Officials

Call to Order

Jeff Mihalic called the meeting to order at 2:00 PM

Establishment of a Quorum

Eight (8) directors were present in person and/or by Zoom to establish a quorum, both in person and by Zoom.

REPORT FROM THE SUN VALLEY MAYOR

Mayor Hendricks and Jim Keating from the City of Sun Valley presented several topics:

- The first topic of discussion was the swearing-in of the two newly elected City Council Members.
- Ordinance 588 (Title 7)—The City Council discussed this at the last meeting and provided direction to City Staff on this complex issue. While this is not a land use matter requiring public comment, the mayor has announced that public input will be accepted at the next city meeting.
- An update was given regarding the blinking light located at Saddle and Sun Valley. The city has accepted a federal grant and is currently evaluating the types of upgrades that will be funded with the grant money in this area.

- E-Bikes: The city is beginning to explore potential regulations for e-bikes and is considering requiring helmets for minors. SVEA can assist the City by providing information to the ownership as this issue moves forward.
- Jim Keating discussed fire mitigation efforts, noting that the city has secured a federal grant aimed at addressing fire mitigation in Sun Valley. He has requested a meeting with the newly elected executive committee in the coming weeks to discuss mitigation efforts in Elkhorn. ~~the details of this partnership.~~

OWNERS ADDRESSING THE BOARD

John O'Shaughnessy (227 Blue Bell) addressed the Board regarding the following items:

- Twenty-two individuals submitted a petition to the SVEA, voicing concerns about the proper enforcement of the association's governing documents and Willow Creek's CC&R's. This petition was acknowledged as received and forwarded to the Board by Jim Laski, SVEA General Counsel.
- Concerns were raised about the lack of alignment between the SVEA Architectural Design Committee (ADC) process and the City of Sun Valley's Planning and Zoning Commission (P&Z) process. Mr. O'Shaughnessy emphasized that the Board should address this issue.
- The owner urged everyone to educate themselves on the Sun Valley issues related to Title 7 and the potential impact on the community.

Jeff Mihalic noted that several years ago, SVEA requested that the city refrain from reviewing projects items in the P&Z until the SVEA ADC approval process was completed; however, this request was denied. It was also pointed out that the two entities look at different items.

APPROVAL OF THE FINANCIALS

Jeff Mihalic presented the end-of-year financial statements for 2024/2025, which concluded on October 31, 2025. These statements were included in the board packet along with a summary. The Finance Committee has reviewed and approved these financial statements and recommends that the board also approve them. Jeff provided the following highlights:

He noted that the end-of-year reports differ from the audit because vendor invoices were submitted after the books were closed.

SVEA's liabilities have decreased by $300,000 due to two factors:

- The principal amount on the Village loan has decreased.
- SVEA has experienced a significant improvement in the number of delinquent accounts and accounts payable. Thanks to the efforts of Cammi Russell, those numbers have markedly decreased. (At the beginning of the year, accounts payable stood at $100,000, and we are now in a negative position. SVEA has filed liens on delinquent owners required by the collections policy).

Income exceeded expectations, as staff have restrained spending on both operating and capital expenses.

Consequently, as of October 31, 2025, cash has increased to $1.2 million, divided between operations and capital.

- Capital: $1.1 million

- Operations: $100,000

Homeowner equity has continued to improve over the past three years, now totaling $6.4 million. (This can also be regarded as the net worth of the association.)

Tom Eklund moved to approve the 2024/2025 full year ~~third quarter~~ financials as presented, Oleg Elkhunovich seconded, and the motion passed unanimously

Jeff Mihalic presented the 2024/2025 audited financial statements, noting that this was a much cleaner, easier, and quicker process than the prior year and that the staff and committee members that worked with the auditor are pleased with the service and process. The following notes in the audit were mentioned to raise board awareness of management's responsibilities related to the audited financials:

On Page 1 of the Cover Letter, under the Responsibility of Management for the Financial Statements

"In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sun Valley Elkhorn Association Inc.'s ability to continue as a going concern for a reasonable period of time."

Please note that the Board, Finance Committee, and staff have no concerns in this area.

On page 2 of the cover letter, Required Supplementary Information: This refers to *"information that is the responsibility of management."* This information is a forecast of future capital repair and replacement expenditures and can be found on page 11. It is believed to be reasonably accurate and will be reviewed and updated by SVEA periodically in future years.

On page 6—under Capital Reserve Fund—this language was updated to reflect SVEA's current practice.

On page 7—under Cash and Cash Equivalents, the report notes the SVEA now has funds that are not in FDIC-insured accounts; however, those funds are in government-backed money markets, so although they are not FDIC insured, they are federally backed.

Tom Eklund moved to approve the 2024/2025 Audited Financials, it was seconded by Peter Petersen and passed unanimously.

Jeff Mihalic presented the end-of-year tax returns, highlighting the following items:

In 2023, SVEA paid $11,000 of taxes due to special assessment income.

In 2024, SVEA reevaluated our tax filing process and adjusted the allocation of our non-exempt expenses, resulting in a reduction of taxes owed from $10,000 to $3,000.

In 2025, we again adjusted the non-exempt expenses by including the housing costs for racquet sports professionals at 100%, leading to a tax outcome of ($7,100).

SVEA pays $30.00 to the state of Idaho as they charge this minimum flat rate to corporations.

Tom Eklund moved to approve the 2024/2025 Tax returns as presented, it was seconded by Peter Petersen and passed unanimously.

Jeff Mihalic presented as advisory items, an update on the SVEA 401(k) Plan:

Overview/Issue:

- We have an administrative issue with SVEA's 401K Plan that is now being rectified.
- SVEA is required to submit Form 5500 to the IRS at each year-end to provide contribution and distribution information for the Plan participants. To fulfill this requirement, each year SVEA provides the relevant data to a third party, known as FuturePlan, and FuturePlan completes Form 5500 then files it with the IRS on behalf of SVEA.
- Due to turnover of SVEA staff and process issues with FuturePlan, Form 5500 was not filed for plan years 2023 and 2024. We have re-engaged FuturePlan to complete these missing years as well as for plan year 2025. These filings should be submitted to the IRS within the next three months. We expect to owe modest penalties to the IRS for late submittal. Those penalties will be identified once each of the plan years is filed.

Going Forward:

- After Form 5500 has been filed for the three outstanding plan years (2023, 2024 and 2025) SVEA will select a new Third-Party Administrator (TPA) to perform this function, starting with the 2026 plan year.
- Staff (Finance Manager) will continue to provide the TPA with year-end Plan data, and will formalize electronic retention of relevant data, including completed Forms 5500, communications with the TPA, confirmation of submittal and any other correspondence with the IRS. Compliance with IRS deadlines will be monitored.
- The Finance Committee Co-Chairs will provide oversight of the annual Form 5500 filing process. This is a natural extension of their current responsibilities, which includes oversight of the audited financials and annual tax returns filed with the IRS and state of Idaho. Staff will provide updates at regularly scheduled meetings of the Committee, and as needed, to support this oversight requirement.
- Staff (Finance Manager) will be responsible for informing the Plan's Trustees when the IRS filing is complete or if there are any delays in the process. (The Plan Trustees are typically SVEA's President and Treasurer. They are the only two named individuals with Fiduciary responsibility for the Plan.)

Linda Horensavitz presented a few possible 2026 priorities for the Board to consider; this item will be held for the new board to consider at the March Board meeting.

The board reviewed the annual meeting slides and no comments or changes were made.

Rachel Clark informed the Board that we have estimated the cost of producing a drone video and purchasing stock photos to update the new website. This item has been tabled for the board meeting in March. Staff will also confirm what the cost to have the photos updated will be with the vendor. There was discussion on the possibility of starting a technology committee again to assist with these types of items.

Jeff Mihalic explained that at the September 2025 board meeting, the board had unanimously adopted a motion expressing an intent to appoint Clark Furlow to fill the vacant board seat created by Scott Pertel's resignation. Because Mr. Furlow had recently served two consecutive three-year terms on the Board, the SVEA Bylaws (Article V, Section 3) would not allow Mr. Furlow's appointment to be effective until one year after the termination of his prior service. After further researching SVEA records, we now know that Mr. Furlow's prior term as a director ended on January 16, 2025 when John Sobba, who was elected to fill Mr. Furlow's position, accepted his position as director of SVEA. Therefore, we need a motion to be made to appoint Clark Furlow to serve the remainder of Mr. Pertel's term as director of SVEA effective January 17, 2026:

Motion: Rachel Clark moved to appoint Clark Furlow to serve the remainder of Mr. Pertel's term as a director of SVEA beginning January 17, 2026. Peter Petersen seconded and the motion was approved unanimously.

Rachel Clark updated the board on the following items:

The new Racquet Sports Director, Scott Langs, will be introduced at the annual meeting tomorrow. We are very excited, and we believe he will be an excellent fit for SVEA.

Rachel also informed the board that she and Jeff Mihalic collaborated on the Elkhorn Merchandise project. Beginning this July, Elkhorn will start selling merchandise at the Village Racquet Sports location. SVEA will provide a 20% discount to Elkhorn owners. The anticipated budget for this unplanned initiative is $15,000 and will be funded through budget contingencies and operating reserves if needed. Note that the project is expected to be break-even by end of the season.

Rachel Clark has finalized an agreement with Patrick Bodine on behalf of SVEA to select and purchase clothing items. Suzie Olavarria will manage the retail operations at the facility.

Motion: Tom Kling moved to approve the $15,000.00 for the Elkhorn Merchandise Project, Oleg Elkhunovich, seconded and the motion carried unanimously.

Linda Horensavitz and Jay Pedro presented a proposal for repairs to the Harker Center sprinkler system from State Fire of Idaho. The proposal amounts to $10,529.20 and includes the removal and replacement of all antifreeze in the system, as well as the replacement and upgrading of the expansion tank.

Peter Petersen moved to approve the proposal with State Fire of Idaho, for $10,529.20 for repairs to the Harker Sprinkler Systems, it was seconded by Rachel Clark and passed unanimously.

Other Business
No other business items were discussed.

Staff Reports

Linda Horensavitz provided a staff update that included some of the following update and introduced two new staff members:

- Cammi Russel has joined us as an accounting staff member. She began her role in September and has made significant contributions in areas such as billing, year-end processes, taxes, and audits.
- Jay Pedro is our new operations manager, having started on November 17th. He has made impressive progress with the Village Pool Boiler project, successfully negotiating the initial proposal down from $100,000 to $66,000.

Linda also provided an update on the Village Pool Boiler project:
The village boiler was ordered at a substantial discount compared to the initial proposal. The executive committee approved the boiler, and it was ordered during the week of December 18, 2025. Parts are expected to arrive in 5 to 7 weeks, with an additional two weeks required for installation. The reopening date is projected for early February. In the meantime, the Harker Facility will remain open until the Village facility can resume operations.
The Harker Facility operates on the same schedule as the Village facility, remaining open every day from 3:00 PM to 10:00 PM.

Committee updates

Communications Committee – Tom Kling, provided an update on the new website scheduled to launch the week of January 16, 2026.

Mr. Kling encouraged all owners to authorize SVEA to send meeting notices via email and to enroll in ACH payments. Owners can complete the necessary forms on www.elkhorninsunvalley.com or contact the office for assistance. This initiative will help ensure that SVEA can achieve a quorum for the annual meeting, while also saving money and allowing staff to operate more efficiently. (ACH Forms Link - https://elkhorninsunvalley.com/wp-content/uploads/2023/04/SVEA-Direct-Debit-Form-.pdf)

Executive Committee—Jeff Mihalic provided an update on the actions taken by the committee.

- October 16—Reviewed and decided on a personnel matter regarding a leave of absence (decision unanimously approved, conducted online and in person).
- December 07—Approved CMG's proposal for website monitoring and maintenance ($22,500 annual flat fee, budget exceeded; unanimously approved online after thorough evaluation).
- December 18—Approved vendor selection for the Village Pool boiler replacement ($65,600 one-time cost, budget exceeded; unanimously approved online after negotiating the vendor bid).

The Finance Committee- Jeff Mihalic presented a proposed update to the current financial policy and requested approval for the following:

There are two changes from the version of the policies that was approved in September 2024. One is to establish a minimum target level of 10% for the Operating Fund to absorb large, unplanned expenses that may arise from year to year, such as litigation. The other change is an addition of a 3% contingency to the Operating and Capital budgets, specifying that any remainder at year-end should be transferred into reserves. This formalizes the contingency amount but leaves it open as to how it will be reflected in the budget. This was a discussion item we had with the auditor.

SUN VALLEY ELKHORN ASSOCIATION
FINANCIAL POLICY
September 10, 2024 (Proposed Revisions January 9, 2026)

PURPOSE

To set expectations and provide guidance for SVEA staff regarding financial matters to ensure the long-term financial stability of our Association.

1. **Annual Member Dues & Fees**- Operating and Capital dues, as well as the Rental Amenity fee and other member fees are expected to increase annually by the rate of inflation as measured by the CPI to provide consistent funding of operations and capital needs while avoiding large one time increases that may not keep pace with inflation. This policy envisions the potential to require additional increases (above the CPI) to cover new expenses that may not have existed in prior years or may have realized a step-function increase in cost. Conversely, if any costs are forecast to decline or a cash surplus exists, staff may choose to implement a smaller increase, or no increase at all.

2. **Operating Fund (Reserves)**- Shall be maintained at a minimum of 10% of annual Operating expenses to absorb unplanned expenses that may vary greatly from year to year.

3. **Capital Reserve Analysis**- Staff will review the capital reserve analysis annually during budget development to determine if reserves are growing as expected and update the assumptions as needed to reflect actual conditions, both physical and economic. Capital Reserves are to achieve a minimum reserve level of 50% of full funding with a mandatory trajectory that achieves and maintains a 70% funding level.

4. **Rental Amenity Fee Revenue Allocation**- Revenues will be allocated between operations and capital in the same proportions as the actual costs directly related to amenities as confirmed through the budgeting process.

5. **Investment Strategy**- The cash required for anticipated near term expenses plus $200,000 will be placed in a money market account. The remaining funds will be invested into Treasuries for terms of 4, 8, 13, 17, 26 and 52 weeks based on the options available at the times of purchase. These Treasuries will be allowed to auto-renew unless the funds are needed. Longer-term maturities may be considered for capital reserves. Forecast cash requirements will be revisited throughout the year and additional or lesser cash may be invested in Treasuries as appropriate. This strategy supports good stewardship of SVEA's funds by embracing the following priorities (in order): (1) Safety of the funds, (2) Liquidity of funds and (3) Yield received on the funds.
6. Budgeting Process- Operating and Capital budgets shall include contingencies of approximately 3% of expenses to accommodate unplanned expenses, any budget surplus at year-end shall be transferred into the respective reserve accounts and invested according to strategy.

Policy voted in and passed on: ___________________

Motion I, Tom Eklund, move that the Board approve the proposed additions to SVEA's financial policies to set a minimum level of operating reserves and to establish a 3% contingency in the annual budget. Oleg Elkhunovich seconded, and the motion carried unanimously.

Governance Committee—Oleg Elkhunovich provided an update to the community regarding the following items addressed by the committee:

The resolution of the Treasury Direct dispute.

Monitoring ongoing litigation, SVEA was not named as a party; however, both ESMA and a SVEA board member are referenced.

The Governance Committee was tasked with responding to an owner suggestion that we consider restricting time share or fractional ownership entities such as in cases involving trusts or corporations. It has been determined that state law prohibits SVEA from taking the requested action to limit the type of entity that is allowed to own a dwelling in SVEA. The board discussed this matter further, contemplating that if we could identify those dwellings that were time shares, fractional ownership, or similar, we could determine if those entities had a higher consumption of SVEA resources. Once the impact was identified, the board could then decide whether any action would be appropriate.

Recreation Committee: Pete Petersen presented the following updates:

The Village Boiler is currently being replaced, with completion anticipated in the second week of February. In the meantime, the Harker Facility remains open and is functioning well.

Pete Petersen and Sue Ahern shared a proposal from Big John's Catering for the owners' picnic, which is $7,934.00 less than last year's costs. The staff has made significant efforts to research ways to reduce the expenses for the owners' picnic, as requested by the board.

The draft menu includes:

- Dry-rubbed smoked chicken thighs
- Pulled pork
- Slider rolls
- Coleslaw
- Pasta salad with plenty of vegetables
- Green salad with assorted dressings
- Peach cobbler with homemade vanilla ice cream

SVEA will be looking to staff the event with volunteers to assist with reducing the cost.

Motion: Pete Petersen moved to approve the catering proposal from Big John's Catering for the owners' picnic, for $7,934.00. Oleg Elkhunovich seconded the motion, and it passed unanimously.

Other Business:

Oleg Elkhunovich presented Jeff Mihalc with a thank you card, a gift card, and a future belt buckle, which will be delivered later in the year, in recognition of his accomplishment of completing six years' worth of work in just three years.

Jeff Mihalic presented Tom Eklund with a silver belt buckle and expressed gratitude for his six years of service on the SVEA Board.

EXECUTIVE SESSION

Motion: Peter Petersen moved pursuant to section 55-3204 (2) of the Idaho Homeowner's 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 consulting SVEA's attorney for legal advice related to potential legal action. We will ask Linda Horensavitz, our general manager, and Sue Ahern to remain for the executive session. Oleg Elkhunovich seconded, and the meeting moved to the executive session.

Motion: Oleg Elkhunovich moved to come out of the executive session and returned to the general session, Rachel Clark seconded, and the motion passed unanimously.

Motion: Peter Petersen motioned to approve the proposed policy on competitive bidding with the one addition noting, "or obtaining more than one bid is impractical", Oleg Elkhunovich seconded, and the motion passed unanimously.

SUN VALLEY ELKHORN ASSOCIATION POLICY

Competitive Pricing

Purpose
This policy defines the requirement for SVEA staff to obtain competitive bids

General Rule
Competitive bids will be obtained when expenses for work to be performed exceeds $10,000.00. This includes all types of services, labor only or labor plus material, including repair or replacement of an existing asset or acquisition of a new asset.

Bid Structure

- At least two bids will be obtained from two different suppliers. Three bids will be obtained when there are at least three viable suppliers.
- Bids must show material and labor costs separately. Other costs such as shipping must be shown as a separate line item.

- Bids must specify the manufacturer and model number and manufacturer's warranty for an asset being purchased.
- Bids must identify the expected time for supplier to complete the work requested as well as the supplier's warranty on work performed

Bid Evaluation & Approval

The General Manager shall ensure that competitive bids are solicited, and an appropriate analysis is performed by staff. The General Manager shall approve supplier selection and the total amount of the bid. Approval may also be needed from the Board President or Vice President if the expenditure is greater than $25,000 or if the expenditure is not included in the current year's budget. Approvals shall be communicated by email, and all Competitive bids shall be filed electronically for future reference.

Exceptions

SVEA may select a supplier for reasons other than cost, including warranty terms, time required to complete the work requested, quality of material proposed, superiority of installation proposed, or supplier reputation and fit to perform the work requested. In these situations, the value of the reason stated above should justify the incremental cost versus the low bidder.

SVEA may select a supplier without receiving multiple competitive bids when:

- Only one bidder responds to our request and provides a detailed bid or obtaining more than one bid is impractical
- The supplier previously performed work on the same systems and submits a bid that reflects generally competitive labor hours, labor rates and material costs.
- The work may be covered by warranty and the same supplier that installed the asset is performing subsequent repairs or replacement.

The SVEA President or Vice-President shall approve any of these exceptions

Pete Petersen moved to adjourn the meeting; it was seconded, and the meeting was adjourned at 5:10 pm.

Respectfully submitted

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Peter Petersen, Secretary