

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS WORK SESSION
SROA BOARD ROOM
JUNE 18, 2021**

DIRECTORS PRESENT: Jackie Schmid, Gerhard Beenen, Mike Gocke, Bill Burke, Clark Pederson, Keith Mobley, Brad Skinner, Scott Gillies, and Mark Murray via Zoom

STAFF: James Lewis, Keith Kessariss, Joe Healy, Leslie Knight, Susan Berger, Jesus Mendoza & Mark Smith

The meeting was called to order at 9:00 A.M.

OWNERS FORUM: Ray Johnson, 4 Muir Lane submitted a letter and also addressed the Board regarding signs notifying users that bikes are prohibited on roads; stated that SR maps should list the rules (was noted that the map he was referencing was not an SROA produced map which do include the rules), suggested increased notification on changes in operations at SHARC and thanked SROA for facilitating the COVID-19 vaccination clinic at SHARC which he and his wife Marilyn both took advantage of.

Art Gilbreth, 7 Bachelor Lane spoke about the pedestrian use behind his home on SROA common area adjacent to Lake Aspen. He noted a foot trail that has been worn into the area and he would like signs installed indicating that area is closed. GM Lewis explained that the Consolidated Plan does allow for owners to access commons, but we do address areas where abuse is occurring by posting restoration signs, adding fallen logs or boulders, etc. Natural Resources is the department that handles these type concerns and Mr. Lewis will dialogue with the department director about this situation when she returns to the office next week.

Brad Skinner, 5 Mt. Adams Lane and as an owner announced that he has sold his Sunriver home and will be relocating to Washington state to be closer to family. Brad addressed each board member individually, congratulated them on their hard work and expressed his admiration to/of them for their efforts, as well as his appreciation of the opportunity to serve as the Board President over the past year.

GM Lewis read into the record a submission from Richard Jaccarino, 9 Mulligan Lane whose primary concern was that off leash dogs, even if under voice control, still present safety issues and conflicts with bicyclists on pathways. He suggests that the rules be changed to require all dogs be on a leash.

John & Lisa Enyart, 22 Eaglewood, submitted a letter expressing their concern that with the non-existent general public gate access to SHARC (with access limited to RPP & MPP participants only) the renters of their property cannot enjoy SHARC, and this puts them at a disadvantage to other pass program participants. They stated that the purpose of SHARC, when built, was for use by all owners and guests and that the current practice does not meet that goal.

2020 MAGISTRATES REPORT

Sunriver Magistrate Jo Zucker, was present via Zoom to present her annual report of activities for 2020. Ms. Zucker reported it was a long, strange year and there was a sharp decrease in the number of citations issued, 109 compared to 194 in 2019 which was directly related to the lack of enforcement due to the COVID-19 pandemic.

In 2020 there were a total of 141 citations issued, of which 32 were warnings and 109 came before the magistrate. A total of \$31,950 in fines was assessed, a large portion of which was attributable to a repeat offender for non-approved exterior changes and miscellaneous items stored improperly. Ms. Zucker

utilized the stepped-up fine system to increase the fine amount resulting in thousands of dollars in fines. This property recently sold so this will no longer be an issue for this particular property. Additionally, there was a tree cutting violation which was assessed \$9,000 (the scheduled fine was \$15,000) after a formal hearing. This assessment has been appealed to the Judicial Council and has not yet been paid.

\$15,375 was assessed but not paid and was ultimately sent to accounting for collection. \$110 represents fines written off as uncollectable and \$10,000 represents fines assessed last year but not collected as the violations were appealed to the Judicial Council in 2021.

Ms. Zucker expressed her appreciation for the SROA staff, especially Jacki Bue in Community Development, for making her job easier. In Ms. Zucker's opinion, SROA is very lucky to have someone that does such a great job on behalf of the Association.

Ms. Zucker also noted she was surprised by the number of people who did attend hearings via Zoom during 2020, something she welcomes and encourages as that interaction provides offenders an opportunity to present their case, including any mitigating circumstances, and feel like they have been heard.

There were only 29 citations issued for violations of Sunriver Rules and Regulations, down from 115 in 2019 and presumably due to non-enforcement of ladder fuels/noxious weeds due to COVID 19. Ms. Zucker expects this year to be extremely busy as a result.

There was a total of 112 citations related to SROA Design rules, a significant number given there was no paint survey done in 2020. The vast majority were violations of "performing work without Design Committee approval" and "Maintenance & Appearance", many of which were attributable to the repeat offender property that was referenced earlier in the report.

There were only 6 citations issued for illegal parking, two of which were written off as uncollectable. This total is down one from 2019, down 46 from 2018 and down 73 from 2017. Two were written off as uncollectable.

Ms. Zucker continues to provide as much consistency as possible while considering aggravating and mitigating circumstances when assessing a fine. As always, the goal is to seek compliance and educate owners about rules and guidelines in place, while also providing owners the opportunity to be heard and providing fairness for property owners in Sunriver.

The Board thanked Ms. Zucker for her work as Magistrate for the community and for attending today's meeting.

2020 AUDIT PRESENTATION

Treasurer Beenen noted that the Association has been utilizing the services of Price & Fronk to conduct the annual audit of SROA for several years. Today, Heather McMeekin is in attendance to provide the Board with the 2020 audit report. Controller Healy reported the audit was presented earlier this week to both the SROA Audit Committee and the Finance Committee with Fronk & Co. representatives in attendance at the Audit Committee meeting. It was also noted that both last year and again this year, the audit was done remotely due to the pandemic.

Ms. McMeekin reported they had hoped to be here in person this year, had it all scheduled, and the shutdown happened a week before they were to be here. SROA's audit in the end was the easiest of the remote audits they did and is directly attributable to SROA staff's ability to provide all the necessary

documents either via email or by dropping items off at their office. None of the procedures or controls were compromised as the audit staff was still able to test controls over payroll and disbursements.

The company audited the financial statements, which include the balance sheet as of December 31, 2020; the related statement of revenues, expenses, and changes in fund equity; and the related statement of cash flows for the year then ended as well as the related notes to the financial statements.

Ms. McMeekin remarked on the sound financial policies the Association has in place. Sound policies are beneficial to both the staff and the Finance Committee in their decision making. SROA has very good internal controls and policies that are in place providing the necessary checks and balances. There are no recommendations for change of the current practices being utilized.

The Association is receiving a clean opinion of the financial statements with everything being clearly stated in all material respects. The Board members were all provided with a complete copy of the audit for their personal review.

Director Pederson noted his appreciation for the in-depth review that was provided by Ms. McMeekin and Wes Price to the SROA Audit Committee yesterday.

Copies of the 2020 audit are available to owners upon request.

COVID 19/ RECREATION DEPARTMENT UPDATE

Recreation Director Steven Stanfield reported, based on the low-risk category, Deschutes County is currently in our facilities can be occupied at the 50% level. SHARC will begin five day a week operation starting tomorrow based on current staffing levels. The facility will be open Thursday through Monday and closed on Tuesday's and Wednesday's until more staff can be found.

We are not currently doing general admission entries. Entry is gained through Recreation Plus Program (RPP), Member Preference Program (MPP) or with the paper guest passes. A reservation system is in place and is working better than the previous one. There are currently three swim sessions per day being offered with 450 people per session and of which 50 spots are held each session for owners who can sign up the day before. If those spots are not claimed by owners, they are opened the next morning to other pass holders.

A new change for this year is that if a reservation holder has not checked in within 45 minutes of the session start time, their spot is forfeited and opened back up to someone who was not able to secure a ticket allowing at that person at least part of a session to enjoy. We do see several no-shows every session, and this helps us fill those open spots.

The tot pool renovation is moving along nicely and will be complete in July. The sand play area has been removed and replaced with a concrete splash pad and new water toys. This change will be much easier on our mechanical systems at SHARC relative to the sand factor. Additionally, the lazy river is open which we were not able to do last year.

Masks are still required indoors at all SROA recreation facilities based on current state mandates. Once out on the deck users can remove their masks. Once Oregon reaches the 70% vaccination rate, that mandate will be lifted.

Staffing remains a huge concern. While the state may reopen for business, we can only be at the capacity for which we can safely protect users. Another lifeguard class will be held this weekend and while we will gain a few more lifeguards as a result, it is still no where near what is needed. Until that time, we will

be restricted to a five day a week operation. Additionally, we may focus on opening the Member Pool more days per week prior to the SHARC facility.

There is a national shortage of chlorine due to a plant burning down in Tennessee and now the supplier of liquid chlorine that SROA uses, has experienced a shutdown due to a major electrical failure at their plant. As this situation affects water treatment plants as well, things are being monitored at the state level. There could be up to a 30-day delay in getting more product. A backup plan is in place and the situation is being monitored carefully.

Steven also noted that we currently have three homeowners working as lifeguards for SROA and invited any of the Board members who would like to get certified and become a lifeguard to let him know!

STAFFING/HIRING CHALLENGES

SROA HR Manager Leslie Knight reminded the Board that at the May Board meeting staff was charged with finding additional ways to get and retain both seasonal and full-time employees. Since the May meeting, we have received 28 applications for the Recreation Department which speaks well to the efforts being made to recruit employees. This has helped us fill support positions, tennis attendant positions and the Natural Resources Department position. One of the open Public Works positions has been filled and we are still looking to fill a couple more.

A sign-on bonus has been added for seasonal employees with weekly retention bonuses to ensure we can get at least 24 hours per week from each employee.

Over the past month managers have discussed ways to incentivize our full-time employees to remain employed with SROA. Per the Society of Human Resource Management, it costs approximately \$5k to replace an employee. The managers have come up with some ways they feel will have the most impact to attract and retain SROA employees.

These includes \$1 to \$2 per hour raises for all techs, mechanics, guest services representatives and clerks which would go a long way in helping us better respond to the current, dynamic labor market in Central Oregon.

Ms. Knight noted that Public Works employees who are all required to have a Commercial Drivers License, could easily be swayed away by say a trucking company offering a \$10k sign-on bonus. Staff believes the proposal being presented today could forestall those types of folks from being lured away by other agencies. These folks provide essential services for the community, and it is important we keep them engaged and content.

Managers are also recommending a loyalty bonus for employees at Thanksgiving time. We are very fortunate that we do not have a lot of turn over and this would go a long way in ensuring that.

GM Lewis added that while some of these positions may be at the lower end of the pay scale, they have some of the most important front-line duties of all folks in the Association. GM Lewis feels it is essential for us to provide what is necessary to retain those people so they can provide those essential services that our owners demand. Many of these positions are younger staff and those people are generally more interested in their hourly wage than benefits as for many this is a summer job. Ultimately what we are looking at is a modest increase that will fit into the existing budget due to wage savings earlier in the year.

Additionally, management staff is recommending the ability for employees to cash out unused vacation time anytime of year instead of the current once a year as well as lowering the age to participate in the 401k plan from 21 to 20.

Public Works Director Mark Smith added he has never had three positions open at one time in his department. He has even witnessed local contractors chatting with and at times offering some of his crew members jobs at higher wages than SROA is currently paying. This is concerning and speaks to how desperate employers are to find employees.

President Skinner added he supports what has been presented today as turnover is costly both from a monetary standpoint but also from a customer service standpoint. General consensus is to move forward with this proposal and staff is to return to the Board in July with the final document.

CAPITAL PROJECTS COSTS UPDATE

Controller Healy reported the Finance Committee has been discussing the upward trend in costs associated with previously approved projects. COVID-19 related events have produced an increase in materials, labor, and construction costs and as such some items such as the tunnel we had hoped to have installed this year will be deferred to a future date.

Several projects and the projected increased costs were provided for the Board's review and included the cinder storage building, the Fir Cone project, improvements to Mary McCallum Park and plastering of SHARC vessels.

ADMISSIONS MODEL WORKGROUP UPDATE

GM Kessarlis provided a breakdown of current recreation statistics through the end of May.

A total of 3,889 Member Preference Program (MPP) cards were issued through the end of May 2021. This is approximately 827 more cards than this same time in 2020 but is a bit of an anomaly since SHARC was closed due to the pandemic in 2020. Member preference revenue is currently at \$398,980 or 67% of budget. In 2019 at this time, we were at 74% of budget and in 2018 we were at 69% of budget, so we are not far off a non-COVID year.

Owners can purchase or update their Member Preference Program (MPP) cards in person at SHARC, at the Member Pool if they just need to renew, over the phone, 541-585-5000 and online at sunriversharc.com > Programs > SROA Member Preference Program. Reservations are no longer necessary at the Member Services office and owners can just walk in.

In terms of the Recreation Plus Program, as of May 31st, there are a total of 805 properties signed up for the program. Revenue currently stands at \$1,939,008 which is 99% of the 2021 budget.

Despite closure challenges and reduced days of operation, SHARC still hosted 5,650 owners to the facility in the month of May along with 292 extended family members and 2,772 Recreation Plus Program participants. Memorial Day weekend ended up being great this year as the weather cooperated and people were anxious to get in the pool and all the sessions filled up.

There are still many unknowns about how the summer months will play out and staff will continue to monitor and follow the guidelines put out by the state and adjust accordingly.

Through the end of May 2021, 35,220 paper guest passes had been issued and of those 960 have been redeemed.

MEMBER POOL COMPLEX UPDATE

Assistant GM Kessarlis reported the facility looks fantastic and the open house event, despite the dismal weather, was well attended. Over 375 owners visited the facility which included a tour for those interested, of the significant sophisticated mechanicals required to operate the facility.

Overall, feedback was very positive, with the one complaint heard being that there are not enough shady areas. Mr. Kessarar noted more shade structures will most likely be added in the future, but what is there is what we had the budget for this year.

Last minute details are being finalized for the grand opening on Saturday. Lap swims will be offered from 10-11 A.M and while not required for general use, reservations are required for lap swim times. Staff is excited about Saturday's opening, and are ready to welcome owners and their guests to the facility.

TELECOMMUNICATIONS TASKFORCE UPDATE

GM Lewis reported a complete revised draft of the agreement has been received from Bend Broadband including some of the customer service requirements SROA requested. Legal counsel is now reviewing that document and will be getting back to us soon.

Director Beenen commented on the hard work of GM Lewis in getting us to this point and he looks forward to legal counsel's input. We have asked that they look at the agreement in general as well as any other items they recommend should be addressed.

Regarding fiber to the home, Director Beenen also reported the taskforce has learned the Association would be able to acquire the necessary funding to move forward with that method if that is the direction that is ultimately chosen.

Director Mobley added he appreciates the efforts of GM Lewis and Director Beenen on this matter but remains convinced that fiber to the home will be the best long-term option for Sunriver as it would allow SROA to own the system as well as allowing multiple providers the opportunity to compete for the business available. Additionally, we would not be locked into another long-term contract with a specific provider, and we would get better service at a better price.

Director Mobley also encouraged the continued collaboration with Midstate Electric to partner with them when they are laying underground utilities for us to piggyback on and lay conduit.

Treasurer Beenen believes fiber to the home could also help drive more people to live here as permanent residents. COVID has illustrated that working from home is a viable option for many if they can get adequate internet service.

SECOND READING SR RULES & REGULATIONS **SECTION 5.8 NUISANCE PROPERTY**

In April 2021, the Board held a first reading of the proposed addition of a Nuisance Property Rule to the Sunriver Rules & Regulations. Since that time, the proposed changes have been posted on the SROA Website and noticed in the Sunriver Scene.

Owner comments received during the comment period were provided to the Board for their review and consideration. Most of the comments received were in support of the addition to the rule although some owners suggested minor language changes, and some were in complete opposition.

The Covenants Committee and legal counsel have both reviewed and are comfortable with the proposed language being presented.

The Board held further discussion on the matter which is on the agenda for action at tomorrow's meeting.

SROA/SSD AGREEMENTS UPDATE

SROA and the SSD have several long-standing agreements in place for Administrative, Accounting and Bike Patrol Services as well as Vehicle Maintenance and the Sunriver Police Enforcement of Rules & Regulations.

The SROA General Manager and the SSD Administrator met several times over the past few months to review the agreements and identify necessary modifications, most of which are housekeeping in nature. These agreements are all required to be reviewed periodically and up until now, have not all expired in the same year. SROA and SSD staffs would like them all to come up for review in the same year and that is one of the items being requested as part of this review/update to the agreements.

The Board reviewed the agreements and held discussion. This item is on the agenda for action at tomorrow's meeting.

2021/22 BOARD OFFICER ELECTION

The SROA Bylaws require that the officers of the Association shall be elected at the regularly scheduled Board of Directors meeting in June each year.

President Skinner commented that Director Gocke was charged with holding dialogue with the other board members to gauge their interest in serving in an officer position. Based on those conversations the following positions will be filled by action of the Board tomorrow.

Keith Mobley, Interim President until August & will continue beyond August if reelected.

Mike Gocke, Vice President

Gerhard Beenen, Treasurer

Clark Pederson, Assistant Treasurer

Bill Burke, Assistant Secretary

The secretary position will be filled at a future meeting.

ANNUAL MEETING AGENDA

GM Lewis reminded the Board of the upcoming annual meeting scheduled for Saturday, August 21st at 1:00 P.M. GM Lewis circulated a list of items he plans to cover as part of his GM report and asked the Board for their input.

GM Lewis feels it is important and timely to acknowledge and thank our owners for their understanding during the pandemic. Additionally, matters such as new rules added, recreation improvements and the new member pool are all examples of items the owners should be updated on.

There are also several items in the works and/or that will be completed in the coming months such as Mary McCallum Park improvements, the cinder storage shed, etc. to update owners on.

As far as what is ahead in 2022, the strategic plan update and a parks masterplan are two items GM Lewis believes should be slated for 2022.

The Board held discussion on this matter and GM Lewis asked the board members to let him know if anything else they may think should be added. He will bring a revised agenda to the July meeting.

OTHER BUSINESS

Director Burke commented, and the Board agreed, that the Board Candidates Forum hosted by Sunriver You was excellent and the moderator did a wonderful job.

REVIEW OF 6/19/21 AGENDA

The Board reviewed the agenda for tomorrow's meeting.

There being no other business, President Skinner asked for a motion to adjourn to Executive Session.

Director Schmid moved to recess the public meeting and adjourn into Executive Session under the authority given in the Sunriver Bylaws, Article IV, Section 10 to discuss contractual, personnel and legal matters that may be subject to a claim of privilege. Seconded by Director Beenen, motion passed unanimously.

The public meeting recessed at 12:01 P.M.

The public meeting resumed at 12:38 P. M.

There being no other business, President Skinner asked for a motion to adjourn the meeting.

Director Beenen moved to adjourn the meeting. Seconded by Director Gocke, motion passed unanimously.

The meeting adjourned at 12:39 A.M.

Respectfully submitted,

Jackie Schmid, SROA Secretary