

**SUNRIVER OWNERS ASSOCIATION
ANNUAL MEETING
BENHAM HALL @ SHARC
August 20, 2022**

DIRECTORS PRESENT: Keith Mobley, Mike Gocke, Mark Murray, Gerhard Beenen, Scott Gillies,
Bill Burke & Tony De Alicante

DIRECTORS ABSENT: Clark Pederson & Julianna Hayes

STAFF: James Lewis, Keith Kessariss, Becki Sylvester, Susan Berger, Brad Olson, Patti Gentiluomo,
Kellie Allen, Leigh Anne Dennis, Joe Healy & Camille Collard

The Annual meeting of the association's members was called to order at 1:00 pm

Owners in attendance: 30

WELCOME

President Mobley welcomed everyone present and those watching via the live stream being provided and thanked them for attending the meeting today. President Mobley introduced the Board members in attendance today to the audience.

President Mobley noted that it has been another busy year for the Association and this annual meeting provides both the opportunity to look back at what has occurred in the past year and also to look to the future. President Mobley commented while it is a pleasure to consider accomplishments, but more exciting and consequential to consider our future.

ELECTION RESULTS

Secretary Murray reported he was pleased to announce the results of the election that closed on Saturday, August 13, 2022. Three new board members were elected: Gerhard Beenen (incumbent), Linda Beard and Larry Ishmael to a three-year term that commences at the close of this meeting and runs through the close of the Annual Meeting in 2025.

BOARD OFFICERS 2022/23

President Mobley reported the Board elected officers at their June meeting and the officers for 2022/23 will be:

President: Gerhard Beenen
Vice President: Bill Burke
Treasurer: Clark Pederson
Secretary: Scott Gillies

BOARD SERVICE RECOGNITION

President Mobley recognized the three Board members finishing their terms: Gerhard Beenen who has been elected to a second term, Mike Gocke and Mark Murray. President Mobley thanked them for the time, service, dedication, and expertise they have given to the SROA and to the Sunriver community noting that Mr. Gocke and Mr. Murray who had both previously served on both the SROA and SSD Boards graciously stepped up to complete the terms of two board members who were not able to complete their terms. Their institutional knowledge and willingness to step back into the role for board members for two years is extremely appreciated. Director Beenen has been a continually active member of the Finance Committee prior to and during his time on the Board, contributing greatly to the function of that

committee. These three gentlemen have all worked extremely hard on behalf of the Association and their efforts are very much appreciated.

TREASURERS REPORT

Treasurer Beenen reported that SROA had a good year in 2021 and are also doing well so far in 2022 despite the ongoing challenges we have been presented with over the past couple of years. The current over-all financial health of the Sunriver Owners Association is excellent.

Focusing on the 2021 numbers, Treasurer Beenen reported that total revenue was \$10,966,409 and total expenses were \$11,299,070 a difference of (\$332,660.) Total assets at the end of 2021 were \$34,928,404, total liabilities were \$4,586,259, retained earnings & surplus/deficit were \$30,342,145 resulting in a change in retained earnings of \$1,047,933. Cash balances at the end of 2021 were \$2,773,019 in unrestricted cash and \$9,745,184 in restricted cash for a total of \$12,518,203.

Focusing on the income statement, Treasurer Beenen provided a three-year comparison illustrating the challenges the Association has faced during the COVID-19 pandemic especially in relation to program and other revenue which includes such things as the Recreation Plus Program (RPP), the Member Preference Program (MPP), gate admissions, etc. During 2020 and 2021 there was a sharp drop in those revenues from over \$4 million dollars in 2019 down to \$2.5 million dollars in 2020 as a direct result of the restrictions in place at our recreational facilities due to the pandemic. The SHARC facility was required to be closed for an extended period of time and the Board made the decision in 2020 to provide a refund to RPP participants due to the extremely limited access their guests had to the recreational facilities. Treasurer Beenen was happy to report that we are currently on track to be back close to where we were in 2019.

Treasurer Beenen reported that 2022 is the best year so far for the Recreation Plus Program (RPP) with over 900 properties participating and the Member Preference Program (MPP) is also running very close to plan at present with over 6,000 owners having purchased or renewed their MPP card. We are also allowing gate admissions again at SHARC and anticipate we will remain on plan with that line item as well. Treasurer Beenen illustrated how total revenues have fluctuated between \$9.6 million and \$11.8 million over the past couple of years. Based on actuals through the end of June 2022, we are on track to end the year at approximately \$12 million in total revenues.

On the expense side of things, total department expenses in 2019 were over \$7 million and then COVID-19 hit in early 2020. Treasurer Beenen credited General Manager James Lewis, who had been in his position for approximately one month, for directing his management team to immediately revisit their budgets and eliminate any and all unnecessary expenses. By April of 2020, the management team had produced a series of adjustments to reduce overall expenses at SROA recognizing that we would not see the same level of revenue in 2020. Expenses were reduced by \$1.3 million in 2020. Moving into 2021, we were able to recover to a certain extent with total department expenses totaling \$6.9 million and through the first half of 2022 we are at \$3.5 million. As everyone is aware, the price of practically everything has increased and again, GM Lewis and his team have done an exceptionally excellent job in managing those expenses.

Non-department expenses tend to be those things that staff, or the Board have little control over such as insurance rates, legal fees, amortization on the SROA Administration building, etc. Those expenses ran between \$4 and \$4.4 million between 2019 and 2021 and are on track to finish somewhere close to that again in 2022.

The Association received a significant shock in the last quarter of 2021 when our long-time insurer carrier decided they would no longer provide liability insurance to SROA. SROA Controller Joe Healy and his team did extensive research and produced another carrier that was able to provide that insurance, but it was double the previous cost. Mr. Healy along with our representatives at Hayes, Randy Hughes did not

give up. They kept looking and by the first of 2022 had found another carrier that has gotten us a lot closer to what we had in 2020.

All told we had a surplus in 2019 of approximately \$200k followed by a huge deficit of \$891k in 2020 and smaller deficit of \$332k in 2021. Through the first half of 2022 we are operating at a surplus of \$500k as of the end of July. Treasurer Beenen said it bears repeating that the Association is in very good financial shape this year.

Treasurer Beenen reviewed the balance sheet noting that this is basically what one owns versus what one owes. Since 2019 total assets have ranged from \$32 million to \$36 million at the end of June 2022. Total assets include total cash and investments, receivables, fixed assets, etc. A number of our fixed assets include our rolling stock such as snowplows, dump trucks, public works trucks, etc. Those assets are depreciated over a given period of time based on the life of the item. SROA is an asset rich organization with liabilities being a small fraction of our total assets, running around \$3 million dollars and most of those liabilities are deferred revenue. This is revenue the Association takes in such as when owners pay their maintenance fees in full for the year, and it is metered out over the course of the year.

Retained earnings is the difference between assets and liabilities. In 2019, retained earnings were \$19 million, a change of \$8.8 million from 2018. This was due to a change in accounting standards in 2019 that increase retained earnings to \$28 million as something SROA had considered deferred revenue had to be recognized as retained earnings, based on the new accounting standard. These were the monies that had come into the Association as a result of the owners who chose to pay the SHARC Special Purpose Assessment in full.

As far as cash balances, Treasurer Beenen explained the operating fund covers a variety of expenses including wages and burden, insurance and legal expenses, cinders for the roads, chemicals for the pools, etc. Near the end of the year, we always have a number of owners who prepay their maintenance fees for the upcoming year in advance which increases the amount in the operating fund. This helps the Association weather the couple of months near the end of the year where the lowest amount of cash on hand is available.

The reserve replacement/new capital fund are the monies that are used for the acquisition of new capital assets such as the Member Pool, rolling stock, computers, etc. That fund fluctuated between \$9.4 and \$6.9 million between 2019 and 2020 and is now back to a little over \$9 million through the first six months of 2022. The objective of that fund is to get it to where it covers 70% or more of the total capital assets. We are currently at approximately 40% and the plan is to reach at least the 70% by 2042.

The Operating Reserve or Rainy-Day Fund of \$1.3 million was set up when the SHARC facility was built with the caveat that those monies were to be used in the event that we saw a significant drop in revenue from SHARC whether it was due to wildfire, smoke, or a pandemic. To date, we have been able to get through the pandemic without having to use that fund.

The SHARC Reserve Fund is those dollars taken in by owners who are still paying on the SHARC Special Purpose Assessment either monthly or once a year on the fifteen-year plan. Those monies can only be used for maintenance work at the SHARC facility.

Bottom line, 63% of cash balances are in the reserve replacement fund, 25% in the operating reserve fund, 9% in the Rainy-Day fund and 3% in the SHARC reserve fund. 75% of the funds that SROA holds are in restricted funds and 25% are in unrestricted funds.

Treasurer Beenen's full report will be posted to the SROA Website, www.sunriverowners.org.

PRESIDENTS REPORT

President Mobley commented that owners hear from him on a regular basis due to the excellent work of the Communications Department in producing the Sunriver Scene and his monthly messages to owners.

President Mobley expressed his great appreciation to General Manager James Lewis for keeping things afloat and moving things in the direction the Board has asked him to navigate making Mr. Mobley's job much easier.

President Mobley's highest personal accomplishment as a board member this past year has been involvement in the Telecommunications Taskforce. Mr. Mobley believes Sunriver owners should have the best telecommunications available and at a reasonable price. Through the work of this taskforce, substantial progress has been made toward those objectives but not in the way the President had advocated. In President Mobley's view, community ownership of fiber to the home is part of an essential utility and worthy of being owned by the community that it serves. This issue will go to the vote of the owners via a special election regarding the bulk agreement that TDS/Bend Broadband is offering. President Mobley urged all owners to stay up to date on the developments of this issue as it moves forward.

President Mobley thanked the community for allowing him to serve as President again. He looks forward to his next two years of service and noted Sunriver remains a wonderful place and it bears repeating, always made greater by those that are its proud and active owners.

GENERAL MANAGERS REPORT

SROA General Manager James Lewis thanked the Board of Directors for their support and all the time and caring they give to this community. He also thanked all the committee and taskforce members, his staff and the owners for their hard work and dedication on behalf of SROA.

GM Lewis noted the challenges that SROA has experienced in the past couple of years. Yes, COVID is still here and with that have come staffing and hiring challenges, inflation and materials costs, supply chain issues and yet we have mostly overcome all those hurdles.

In spite of the pandemic, we have accomplished much. New picnic pads and tables have been installed at Mary McCallum Park along with a walking trail and a new restroom that is in the works. This speaks to the supply chain issues as the restroom was ordered last year and we are still waiting for it.

At Fort Rock Park, tennis courts were converted into pickleball courts that are packed most days. A new tunnel was constructed at Fort Rock this summer, the Public Works Department Cinder Shed was completed which will save the Public Works employees valuable time in the winter not having to bust the frozen cinders up before they can be applied to roads. The ongoing ladder fuels reduction efforts are underway and will continue into the fall and early winter. Owners too, have an obligation to do everything they can to reduce the chance of wildfire on their property.

We have an updated Conceptual Pathway Master Plan with prioritized improvements. With multi-agency coordination and compliance with state law, the Ladder Fuels Reduction Plan is being updated and revised. The Rules Awareness and Education Taskforce initiatives have been quite successful with a reduction in complaints and rule violations due in a large part to partner collaboration with the property management companies. GM Lewis noted there were NO complaints of fireworks received by the Police Department in 2022.

The Association received a clean financial audit for 2021 with no recommended changes to practices. Staff produced a balanced budget that was adopted by the Board, and we are on course to exceed that goal. Our recreation facilities have been able to hire enough staff members to be fully open thanks in large part to the efforts of Recreation Director Leigh Anne Dennis.

Some items still in progress include the Telecommunications Taskforce work to provide better internet access, resolve problems, and develop fiber optics to the home. Multiple options were explored including continuing with Bend Broadband (BBB), constructing our own system, and partnering with someone to build the system. Owners will be sent a ballot later this year in a special election to vote on a bulk agreement with BBB in which BBB will construct and provide fiber optic service to each home/residential property. SROA will be the customer to BBB and basic 300/300 internet service will be available to each home for a \$35 per month fee that will be added to the monthly SROA maintenance fees. BBB anticipates a four to five year build out of the system to all properties.

Another monumental task has been the review of the Design Manual of Rules and Procedures that began in the fall of 2021 and the taskforce assigned to this task has had many, many meetings. The existing manual and processes are outdated and cumbersome for all. The goal is to streamline the review process both in terms of criteria and timeline. The taskforce is made up of a group of diverse stakeholders who have many points of view and many complicated issues to work through. The taskforce anticipates completing their review by the end of 2022.

Also in process is the creation of an Information and Technology Strategic Plan. Information technology is at the core of all SROA operations, and we have a taskforce of owners with an impressive wealth of knowledge. The goal is to help guide the internal IT Department in its service to owners, provide up to date, efficient and secure systems and help guide overall needs and budgeting.

Another recently appointed taskforce is the Parks and Recreation Facilities Master Plan taskforce who are taking a look at facility needs for the next ten years. This plan will supplement the Infrastructure and Amenities Master Plan (IAMP) and responds to emerging trends in recreation as appurtenant to Sunriver. Additionally, it will guide decision making and budgeting in a logical manner that is based on community needs.

This is multi-faceted based on seasonal needs, indoor/outdoor, diverse age groups, and full-time and seasonal residents as well as visitors. The taskforce is currently collaborating with a consultant with extensive experience developing such plans and a survey will be sent out to all owners signed up to receive emails from SROA in the coming months.

Work has also begun again on the improvement design for the Public Works Yard. Currently, most of the staff work out of a severely deficient former sewage treatment/containment building that is over 50 years old. Plans call for a new shop and office facilities for public works staff as well as much needed increased function and safety improvements.

In 2023, work will begin on the 2030 Strategic Plan similar to the visioning plan done in the past with goals, policies, and action items. This will involve community input from both owners and stakeholders to result in implementable and discernable results.

Also in 2023, we will do a full reserve study which is done every three years and evaluates the need for replacement of capital items and determines the reserve dollars that need to be contributed on an annual basis to meet those needs. Additionally, a Class and Compensation study will be done. This is vital following COVID and the recent volatility of the economy. This study evaluates all the SROA job descriptions and appropriateness of SROA wages and benefits according to the job position and requirements.

A departmental operations analysis will also be done in 2023 to evaluate current departmental processes for efficiency, establish future needs and propose any changes necessary.

GM Lewis spoke to the extreme difficulty the Association has been faced with in hiring challenges

especially in Recreation in the past couple of years. Again, thanks to the efforts of Recreation Director Leigh Anne Dennis and her team we were able to staff adequately in 2022 to have all swimming facilities fully open seven days a week. Visits to SHARC in 2022 have been averaging 1,800-1,900 per day which is just slightly less than the busiest year of 2019 when we were averaging 2,100 per day. The Member Pool has been averaging 275 people per day versus 140 in 2019 which speaks to how much owners are enjoying that new facility.

Changes over the past couple of years in the tennis/pickleball facilities has resulted in a total of 18 pickleball courts and 16 tennis courts. Pickleball is the most popular court amenity and consistently full courts to the point that we need a second pickleball pro. The Boat Launch site is extremely busy again this summer although we continue to have challenges on river access and takeout spots.

Event space at SHARC is busy once again and the Dillion and Pringle Rooms are consistently booked/rented on weekends. Space is also used frequently by SROA clubs and committees during the week. Also notable, after a two-year absence was the return of a ticketed concert, Elle King, which was a sell out and enjoyed by many. Also making a return this year was the Sunday Turf Tunes which were also well attended. To date, 2022 event revenues are above budget.

Thanks to the efforts of our Natural Resources Department, Patti Gentiluomo, and her team there has been increased public education via the SROA website and the Scene on the dire importance of ladder fuels reduction and noxious weed eradication. Compliance has been challenging at times but on a brighter note, Sunriver was awarded the Tree City USA award for the 42nd year in a row.

The Association's primary tools for communicating with owners is via the monthly publication of the Sunriver Scene, via the Sunriver website, www.sunriverowners.org and through the eblasts sent to owners signed up to receive emails from SROA. Communications Director Susan Berger and her staff do an excellent job at keeping things updated, current and fresh. All owners are encouraged to sign up for eblasts as they often contain vital information. Owners can sign up at www.sunriverowners.org > Owners. Owners are also asked to make sure the Association has emergency contact information on file for each and every owner.

The Public Works Department are the folks you can thank when the snow is plowed off your road or the potholes are repaired, a pathway is added, the trash is emptied at the parks and along the pathways, amenities at the parks are in good repair, tunnels are replaced etc. These guys do a tremendous amount of work that many of us just take for granted. Director Mark Smith and his team do a wonderful job and between them have many years of experience.

In our Accounting Department, Controller Joe Healy and his team produced a clean 2021 audit. They have done numerous financial forecasting scenarios, are working towards online access for owners to their financial account with SROA and have updated the SROA Financial Policies. Additionally, they are gearing up for the 2023 full reserve study while also tracking on-going wage analysis and tracking 300+ property transactions in the last three years.

The IT Department at SROA is the underlying component for everything we do. IT Director Brad Olson and his staff prioritize for efficiency, security and owner needs through increased internet bandwidth and expansion of fiber network between SROA facilities.

The Community Development Department under the guidance of Assistant GM Keith Kessar has seen a significant increase in the number of applications since mid-2020 and continuing through all of 2021 and 2022. Several new homes are being constructed on the few remaining vacant residential lots in Sunriver. Many, many applications for remodels, additions, and general maintenance have been realized, a trend that is expected to continue.

Additionally, now that the department is fully staffed again, there has been a focus on increased compliance and enforcement of design and general rules. Staff in that department have all been involved in the updates/revisions to the Design Manual of Rules and Procedures. The department is migrating all forms to on-line forms and submittals for improved efficiency.

GM Lewis spoke to the importance of Human Resources at SROA displaying a list of all full-time employees currently employed by SROA. Time at SROA ranges from a year or less up to 29 years with the Association. That longevity provides a wealth of institutional knowledge which is hard to replace so we work hard to retain those folks.

Human Resources Director Kellie Allen is squarely focused on hiring and retaining engaged employees. As a result, we have reduced our works compensation mod each year over the past six years with a current mod of .60. SAIF dividends over the past four years have been approximately \$90k. SROA had a historic work environment that fosters trust and communication resulting in employees that will stay longer, lowering recruitment and training costs. Current full time staff accounts for 325 years of experience with an average tenure of 6.75 years. The recent turnover experienced resulted from the pandemic and economic volatility. SROA employees are extremely committed to their jobs and go out of their way to recognize and meet the need of owners and visitors.

GM Lewis recognized the standing committees of SROA; Covenants, Design, Elections, Finance, Nominating and Owner Enrichment. GM Lewis attends a number of these committee meetings and expressed his deep appreciation for their participation on those committees.

GM Lewis reminded everyone that SROA has a Code of Civility that in essence is basically an ask that you treat staff and/or volunteers in a respectful and considerate manner.

GM Lewis also thanked Executive Assistant Becki Sylvester for her assistance and institutional knowledge in the day-to-day operations of SROA. Additionally, GM Lewis thanked Assistant General Manger Keith Kessariss for all that he does. He oversees Community Development and Recreation and is never afraid to step up and help out in whatever capacity is needed. It takes a team and GM Lewis feels we have a stellar one.

GM Lewis commented that following the Owners Forum and the conclusion of the meeting we have tables set up and will have representatives available to talk about Ladder Fuels, Telecommunications, Parks and Recreation Master Plan and representatives from the Owner Enrichment Committee. Refreshments will be served, and all are welcome to stay and attend.

OWNERS FORUM

Frank Brocker, 5 Cedar Lane, as part of the LT Rangers spoke to how clean Sunriver always looks due to the efforts of this group of approximately 50 owners who have designated areas where they pick up trash on a regular basis. Mr. Brocker thanked all those owners for their ongoing efforts in making Sunriver look the best it can.

Ed Pitera, 25 Quelah Lane spoke about the Ladder Fuels Reduction Plan (LFR), and while he appreciates the fact that the document is being updated, he feels the plan needs much more input from owners prior to being adopted by the Board.

Cindy McCabe, 13 River Village, spoke to her appreciation of the improvements that have been made to Mary McCallum Park but thinks more should be done such as paving the walking path, adding benches, bike racks and more signage. She also encouraged owners take advantage of the board meetings now being available on You Tube for owners to view.

Penny Pogue, 5 Lost Lane, spoke about the cumbersome process in the design review process and that as public servants, SROA employees are there to assist owners in the process. She looks forward to the new manual being available as to date, the process has not been a pleasant one. Ms. Pogue questioned the cost of the Public Safety building and was directed to the Sunriver Service District Board.

Jim McAfee wondered what went wrong with the fiber to the home initiative. President Mobley commented that the results of the survey of owners last fall resulted in owners not being willing to pay for the cost of owning our own network at this time.

Ezma Hanschka, Meadow House 64, commented that the bike path that parallels the bike path along the airport had so many trees removed. President Mobley answered this was a FAA requirement and had been on their list for removal for a number of years to allow planes to land and take off safely. Ms. Hanschka is also concerned about sewer smells in the Meadow House area, and she was directed to the water and sewer company NW Natural.

David Young-Wolff, 7 Five Iron Lane, thanked the Board for the hard work they do on a regular basis. His concern is about electric bikes on the pathways instructing owners and guests what is allowed on the pathways.

Dave Krepps, 10 Splitrock Lane, commented that there needs to be enforcement of violations by scooters, electric bikes, etc. There is no use having a sign if the police are not willing to enforce it.

Ed Mossman, 5 Juniper Lane, is a fairly new owner to Sunriver and he loves it. He has taken up pickleball and loves it. He frequently uses the pathways, and he feels everyone needs to use extra caution and go slower especially in the summer as there are a lot of people using the pathways. Additionally, he would like some additional “no outlet” signage added to Juniper Lane, so people do not dead end at his house.

Kathy Brown, 9 Quelah Lane, feels there is a lack of communication and feels there should be an owner only section of the website so things can be posted in real time and owners can communicate by posting things. This is not new technology and is readily used. She would also like to see more participation by owners, and she thinks owners should be able to comment remotely at a board meeting.

Barbara Brocker, 5 Cedar Lane, feels owners should receive two free owner passes each year to use the facilities. Ms. Brocker noted that most meetings of the Association are held during the week and that means a lot of people cannot participate.

Sandy Merrigan, 27 Tan Oak Lane asked when curb side recycling will start. President Mobley commented that the carting company is waiting on the additional trucks necessary to add that additional service.

President Mobley thanked those in attendance both in person and via the live stream for taking part in today’s meeting.

Meeting adjourned at 2:50 p.m.

The Annual Meeting is available for viewing on You Tube > sroa admin > SROA Annual Meeting, August 20, 2022, or on the SROA website > www.sunriverowners.org > Owners > Board, Committee & Minutes > Annual Meeting.

Respectfully submitted,

Mark Murray, Secretary