

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM
OCTOBER 15, 2022**

DIRECTORS PRESENT: Keith Mobley, Gerhard Beenen, Scott Gillies & Larry Ishmael

DIRECTOR PRESENT VIA ZOOM: Clark Pederson, Bill Burke, Julianna Hayes, Linda Beard & Tony De Alicante

STAFF: James Lewis, Susan Berger & Jesus Mendoza

The Board of Directors meeting was called to order at 9:01 A.M.

NUMBER OF ATTENDEES: 0

OWNERS FORUM: No owners addressed the Board.

OWNERS FORUM FOLLOW-UP FROM PREVIOUS MONTH

GM Lewis reported that on Friday, September 16th, Kathy Brown, 9 Quelah Lane discussed her belief that there needs to be improved communications between SROA and owners stating that topics previously brought up were not followed up on, that there should be an owner only portal on the SROA website for owners to dialogue amongst themselves, concern about inaccurate information from SROA about survey results, and the desire to see SROA board book materials available to owners. President Beenen followed up with Ms. Brown on her concerns informing her that the Owners Forum is an opportunity for the Board to listen and not to resolve individual problems, inaccurate information regarding survey results was a misunderstanding with respect to a maintenance fee increase, the follow-up procedures the Board will be using going forward, that board book materials can be posted to the website and the impracticality of an owner only web portal.

Mike Breen, 35 Circle Four Ranch Cabin and Jamie Potter, 36 Circle Four Ranch Cabin spoke about a neighbor who burns wood in their fireplace all day, every day even in the summer. They believe there should be a ban on any burning during the summer months. Director Ishmael followed up with the owner of the condo in question who plans to put the unit up for sale once the tenant moves out.

On Saturday, September 17th, Randy Schneider, 6 Dixie Mtn. Lane, suggested SROA find a location for communal wood storage for owners who need more than the proposed two cords. Director Burke followed up with Mr. Schneider who noted he just wanted to offer some sort of alternative for owners who do use multiple cords of wood each year.

Patty & Dan Day, 34 Tan Oak Lane, spoke about the closure of SHARC due to excessive smoke, specifically the indoor offerings and fitness room. Staff shared at that meeting, due to the design of SHARC and the amount of outside air the system is required to pull in, the air quality was not good. Director De Alicante followed up with the Day's on their concerns. Additionally, an article addressing these issues is included in the latest addition of the Scene. Director Hayes urged the Board to support addressing this issue and finding a solution for the long run. GM Lewis noted Public Works is already looking for solutions starting with gaps in some doors and the testing of some large roof mounted filtration systems that might be solution for the bigger buildings that SROA maintains.

Bob Stillson, 10 Belknap Lane, spoke on multiple issues. Mr. Stillson noted he appreciated and

understood the staff presentations of the 2023 budget and the rising costs of fees for services provided by SROA. Mr. Stillson, noting the two lifeguards who were recognized for their live saving efforts on a young child also acknowledged that much of what all the lifeguards at SHARC do is prevent accidents from happening and he is appreciative of all of them. Mr. Stillson also noted his appreciation for the end of summer event at the Member Pool. Director Burke followed up with Mr. Stillson and Mr. Stillson asked for one clarification regarding the bulk services agreement versus owning our own fiber to the home system. While he supports the idea of SROA owning its own system, he does not see it as practical currently due to the cost involved and thus supports the proposed bulk agreement with Bend Broadband/TDS.

Cindy McCabe, 13 River Village Condo, spoke about further improvements she would like to see at Mary McCallum Park. Director Pederson followed up with Ms. McCabe. The bike rack she has repeatedly requested has been installed, Public Works is aware of the signage requests which is a bit trickier as a portion of the membership feels there should be more and larger signs added and the other portion that feels there should be fewer, smaller signs. As to the paving of the walking path and adding more benches, Ms. McCabe was informed these are budget items that would have to be considered and was encouraged to dialogue with the taskforce working on the Parks & Recreation Master Plan.

Director Mobley commented that during his presidency for the SROA Board owners heard repeatedly that the Board listens and this follow-up illustrates that we also respond, so for the record, well done!

President Beenen commented that often times it's not that the Board doesn't listen, it's that the person is not getting the answer they want and there needs to be a greater understanding by owners that the Board is a policy setting body, and they don't necessarily make decisions on individual items the people bring before the Board. GM Lewis noted that some of the requests are things that are easier said than done or that we are prevented from doing. A good example is the request for benches along the river which, to accomplish, we would first need to go through both Deschutes County and Oregon State Parks to get approval. While it sounds like an easy thing to do, it's not always as simple as it sounds.

RECAP OF 10/15/22 BOARD WORK SESSION

President Beenen reported the Board started their meeting on Friday with an introduction to a number of the Public Works employees for which the Board was most appreciative. The Board heard the request from the Resort to allow fireworks at their Grand Illumination event in late November, an item on the agenda for action today. The Board heard about proposed revisions to the Design Committee charter, heard updates on the revisions to the Design Manual of Rules & Procedures and discussed the proposed Bulk Agreement ballot language with Bend Broadband/TDS.

Assistant GM Kessarar provided a detailed review of the proposed fees for services for 2023 and provided a recap of recreation statistics for September. Matt Hastie, with MIG provided an update on the work of the Parks & Recreation Master Plan efforts to date. GM Lewis provided an update on the 2023 budget process and the Board reviewed the agenda for today's meeting.

An executive session was held to discuss a legal matter.

BOARD ACTION **BOARD MEETING MINUTES**

Director Mobley moved to approve the minutes of the September 16, 2022, board work session meeting minutes as corrected. Seconded by Director Ishmael, motion carried unanimously.

Director Pederson moved to approve the minutes of the September 17, 2022, board meeting minutes as corrected. Seconded by Director Mobley, motion passed unanimously.

BOARD ACTION
FINANCIALS

Treasurer Pederson referred to the key data sheeting reporting that September continued the trend that we have seen the last several months with very positive numbers in most all categories. The September total operating budget surplus was \$56,325 which was \$65k better than what was budgeted largely due to gate revenues at SHARC over Labor Day weekend, an additional Recreation Plus Program sale and Scene advertising.

We are seeing a significant increase in interest on our investment income. Last year we were earning a tenth of a percent and currently we are seeing over four percent on one- and two-year treasuries. Café sales remained strong throughout the summer and of which SROA receives rental income.

Year to date we are up \$789,276 which is \$870,000 over budget, again attributable in part to the above-mentioned items along with compliance fines and Caldera expansion revenue that we received. In regard to non-operating revenue and expenses, at the end of September we are \$69,640 better than budget.

Treasurer Pederson noted how well the Recreation Plus Program (RPP) has performed this year with 80 more condos/homes signing onto the program this year than last year. Revenue is currently at 110.1% of budget which equates to an additional \$200k increase above what was budgeted. The Member Preference Program (MPP) has also done well this year with current revenues almost \$3k better than budget. Gate admissions brought in \$532,726 against a budget of \$500,000 and we may see another uptick there over the upcoming holidays.

Program revenue was \$63k over budget for the month of September, salary and burden were close to budget for the month, however for the year we were \$268k under budget due to unfilled positions in various SROA departments.

In non-department expenses, we were over budget by \$13,656 in the insurance and legal category and we have not yet received the legal invoices for September.

There are some significant expenditures coming up in the final quarter of the year including ladder fuels reduction work and fall paving and road projects, with over \$600k scheduled to be spent.

For the month ended September 30, 2022, there was a net operating surplus of \$56,325 which was \$65,098 better than budget. Operating revenues were over budget by \$65,851 mainly due to recreation revenues and interest income. Gate admissions, RPP and revenue from café sales were all over budget for the month. Departmental expenses were under budget by \$13,039 for the month. September's legal invoice had not been received at the time of this reports preparation.

Through the first nine months of 2022, there was a net operating surplus of \$789,276 which was \$870,873 better than budget. Operating revenues were \$458,085 ahead of budget due to RPP, MPP, gate admissions, café rental, Scene advertising, compliance fines and the Caldera expansion settlement payment. As of the end of September, net RPP sales totaled \$2,296,060 which is \$210,536 over the 2022 annual budgeted amount. \$532,726 was generated in gate revenue through September compared to a budget of \$488,500. Materials and services were under budget by \$128,518 due to savings in contract services, operating equipment/supplies and the fire station roof not needed to be cleared of snow last winter. Through the first nine months of 2022, there was a combined operating and non-operating surplus

of \$2,000,782 which was \$1,009,288 better than budget.

Total assets as of September 30, 2022, were \$35,290,463. Cash and investments totaled \$13,823,609 a decrease of \$327,783 from August. As of September 30, 2022, investments included \$11,440,378 in US Treasuries. Additional funds will be invested in the CDARS program in October after the quarterly reserve transfer to operations. All payments for the RPP program have been received. Items placed into service in the third quarter included the Fir Cone drainage project, cinder storage building, a file server and the SHARC café dishwasher.

September 30, 2022 (Year to Date Unaudited)

	<u>ACTUAL</u>
TOTAL REVENUE	\$9,813,731
TOTAL EXPENSES	\$9,024,455
OPERATING FUND SURPLUS	\$ 789,276

Director Mobley moved to approve the unaudited September 2022 financial statements. Seconded by Director Ishmael, motion passed unanimously.

GENERAL MANAGER'S REPORT

GM Lewis reported this recap is for activities in September.

Staff continues to monitor and respond to both state and county orders regarding COVID-19 requirements for facility closures and social distancing requirements.

GM Lewis continues to participate in the Central Oregon Intergovernmental Council (COIC) Board of Directors and Sunriver/La Pine Economic Development (SLED.)

GM Lewis continues to work with SROA legal counsel regarding a number of items.

GM Lewis continues to attend and participate in the regular monthly meetings of the Owner Enrichment, Finance, and Covenants committees. GM Lewis also participates as a member of the Telecommunications Taskforce and serves as the primary contact with TDS/Bend Broadband regarding agreements.

GM Lewis continued working with the taskforce updating the Design Review Manual, with meetings occurring on a regular basis as they work through the final draft.

GM Lewis collaborated with Controller Joe Healy on a template for financial forecasting.

GM Lewis continues to dialogue with Gail Long and other staff at TDS/Bend Broadband (BBB) to refine and finalize the draft bulk agreement.

GM Lewis participated in the IT Strategic Plan Taskforce meetings.

GM Lewis continued discussions with the consultant and taskforce on the Park and Recreation Master Plan. Mr. Lewis noted that the next step will be the “needs” assessment and that is when the taskforce discussion will really get lively.

GM Lewis continued to work with the Natural Resources Department and SROA’s legal counsel about a trespass/vandalism of SROA commons by the cutting of seven trees.

In the Accounting Department, Controller Healy presented the unaudited September financial statements to the Finance Committee.

Controller Healy continued development of the 2023 Operating & Reserve budgets.

Accounting Department staff continued preparation of SSD annual audit schedules.

Controller Healy continued to work with Jonas software reps on adding member access to HOA accounts online.

The IT Department has been created a website for owners to create an account into Jonas so an owner can check the balance of their account on their own and conducted administrative and user training for the Jonas program.

Conduit is being installed from the Sunriver Utilities facility to Circle 4 to tie into the complete route from the Member Pool to the Administration building. Most of the trenching is complete, waiting for boring under roadways to complete conduit installation.

Department Director Brad Olson is working with Net Fortris (telephone system) on migrating PBX (private branch exchange) servers into the cloud. The full transition will take a month or two.

The IT budget for 2023 has been submitted.

IT staff is working with the Natural Resources Department on migrating the current paper system into an electronic database.

IT staff updates the Lenel gate access system with memberships sold in the Active Net recreation software regularly. These updates occur three times a day during the summer and will now go to once a day for the rest of the year.

In the Communications Department, Scene advertising was at \$24,005 (September 2021 was \$17,828.)

There were 185 reads of the online September Scene. Readers from other countries included Costa Rica, The Philippines, and the US Virgin Islands.

The SROA website was visited by 6,900 users in September with the most popular pages being road/pathway work, weather, tree flagging, communications, tennis/pickleball.

The SHARC website was visited by 7,400 users with the most popular pages being aquatic hours, recreation swim, admission, and indoor aquatics.

Sunriver Style had 1,300 visits with popular pages being river, pathway, what is going on and fishing.

Social media posts: Uncorked, Cedar Creek Fire updates and wildfire smoke/air quality.

September eblasts included scheduled maintenance closures of river access and indoor pool, operation/capacity camera at SHARC, Owner Happy Hours resuming at SHARC, Parks and Rec survey and the Ladder Fuels Reduction (LFR) town hall.

Additional projects for Scene staff included: budget preparation, assisting at the Member Pool party and

preparation of last-minute materials for the Uncorked event.

The Community Development Department reports the Design Committee meetings continue to occur on a regular schedule with multiple items on each agenda – the two September meetings had a total of 11 items (combined).

There were 102 administrative reviews during the month of September which is 30 less than in August.

There are currently approximately 351 active projects/building permits in September (up by three at the same time during the previous month of August.)

The number of applications submitted in September was up by 11 in comparison to the same month in the previous year.

Community Development staff continued issuing compliance letters for design and rule violations. There were 13 compliance letters sent and one citation issued. There were six owner concerns that were addressed.

Community Development permit compliance (compliance with approved project requirements) resulted in four citations and no warnings.

In the past year there were 102 compliance actions opened and 76 successfully closed.

Community Development staff participated in Magistrate Hearings for background on violations and citations.

Community Development staff continued assisting with the Design Manual Update by participating in the most recent taskforce meetings.

The Natural Resources Department started annual fall Ladder Fuels Reduction (LFR) inspections on private properties on the north end of Sunriver.

Natural Resources staff continued to pull noxious weeds on commons.

Natural Resources staff completed numerous site visits regarding tree removal requests and provided noxious weed identification guidance on private properties.

Ladder Fuels Reduction and tree thinning efforts continued on commons.

The Natural Resources department has submitted their 2023 budget.

The Public Works Department crews continue their weekly park safety checks and cleaning of all sport courts continues including emptying 68 trash receptacles along the pathway network on a daily basis.

The Cinder Bay landscaping is complete and was all done in-house saving the Association money and the lighting installation was also completed.

The river access gate was repaired.

The canoe road was graded, again.

Public Works crews continued sight clearing on pathway and road intersections.

Public Works crews trimmed additional willows along River Road and some pathways to provide a better line of sight.

The fall road rebuild project scheduled was completed and trees and brush on roads that will be rebuilt was removed.

Fleet Services researched and obtained a quote for a 2023 Ford Escape, a capital reserve replacement for current vehicle.

Repairs were made to the Fire Department Aerial Truck.

Service and repairs were provided on the public works sander truck.

In facilities, the indoor pool Defender filter was rebuilt in-house.

Annual service on the indoor boiler as SHARC is complete.

At the Members Pool warranty repairs are taking place and the pool is being winterized for the season.

PW staff researched and purchased a roof-top air filtration system for the fleet shop to allow a place where PW employees can go and safely work when wildfire smoke conditions are above the recommend safe levels outside. This will also allow staff to test the equipment for possible placement at other SROA facilities to help combat indoor smoke from wildfires.

The fuel tanks were prepped for painting.

PW staff reviewed the three-year outlook in the current reserve study.

In Recreation, September proved successful despite some closures due to unhealthy wildfire smoke levels, heat warnings and thunderstorms. There were three full days of closure and three partial or late openings. Overall, 11,801 people visited SHARC in September compared to 13,345 in 2019.

The Member pool stayed open through September for lap swimming only averaging 13 swimmers per day between 7 and 10 A.M. There were five days of non-operation due the unhealthy smoke levels in the air. Overall usage for the month was 1,738.

SHARC will move to their winter schedule at the end of the month. The fitness and living rooms will be available from 6 A.M. to 6 P.M.

Aquatics will offer daily laps swims from 7-9 A.M. and 10 A.M-2 P.M. Monday through Friday and from 7-9 A.M. on weekends.

Recreation swims are available four days a week, Thursday through Sunday. Thursday's and Friday's recreational swim sessions will run from 3:30 P.M. to 6 P.M and on Saturday's and Sunday's the hours for rec swimming will run from 11 A.M to 5:30 P.M.

The Uncorked event was very successful despite having some thunderstorm activity on Saturday evening.

Although staff remains a concern for the Recreation Department, the team now in place is extremely adaptable making sure daily operations are as seamless as possible.

Copies of GM Lewis' full report were included in the board binders.

LIAISON AND COMMITTEE REPORTS

Copies of the minutes received from committees that met last month were included in the Board binders.

SUNRIVER SERVICE DISTRICT (SSD) REPORT

Director De Alicante informed Director Beenen that in his absence at Thursday's meeting, he was voted in unanimously as the SSD Managing Board Treasurer for the next fiscal year.

The Public Safety building is progressing, with a design team in place and the recently hired architect being approximately 10% into his work.

New Police Chief Michael Womer was sworn in and is settling nicely into his new role and Sergeant Lopez was promoted and sworn in as Lieutenant Lopez.

The Police Department is looking into buying drones that will help on search and rescue efforts and as a multiplier for any time that they are searching for someone. The police vehicles would be equipped with the drone so an officer can have it at the ready to launch if the need arises. As the current SROA rules do not allow for drones without a permit, the Police Department is hoping to have a law enforcement exception added to the no drones rule.

The Police Department has ordered cameras to install at the two entrance points to Sunriver that would record license plates and will strictly be used as a law enforcement tool. Director Hayes, while in full support of this action, encouraged the Board to communicate it via an eblast to owners who might see the cameras being installed and might have questions about it. The Police Department expects they may see some pushback from some who disagree with these type cameras. Director De Alicante noted it was his understanding that there will be a write up in the Scene about this issue including how they operate and what they can and cannot be used for. Director De Alicante also noted that Sunriver is unique in the number of homes that are unoccupied during the year and as a result is a target rich environment.

The approved minutes of the August 18, 2022, SSD meeting are included in the board binders.

BOARD ACTION

COMMITTEE APPOINTMENTS/RESIGNATIONS

Director Mobley moved approval of the roster of names presented for appointments as committee members, committee secretary and committee chairpersons. Seconded by Director Ishmael, motion passed unanimously.

BOARD ACTION

DESIGN COMMITTEE CHARTER

Director Ishmael moved to approve the revision to the Design Committee Charter relative to the chairperson term limits as submitted. Seconded by Director Mobley, motion passed unanimously.

BOARD ACTION

3rd QUARTER CAPITAL TRANSFER

Director Pederson moved to approve the transfer of \$832,553.33 from the Reserve Account to the Operating Fund for the 2022 Third Quarter Acquisitions. Seconded by Director Burke, motion passed unanimously.

BOARD ACTION
SR RESORT GRAND ILLUMINATION EVENT

Director Mobley moved to approve the Special Event Permit (including fireworks display) requested by Sunriver Resort for their Grand Illumination Event on Saturday, November 19, 2022, benefitting the not-for-profit Wonderland Express. This annual event solely takes place on Sunriver Resort property, except for the SRLP's requests for overflow parking to be allowed at SHARC's Overlook parking lot. Seconded by Director Ishmael, motion passed unanimously.

BOARD ACTION
2023 SROA FEES FOR SERVICES

Director Ishmael moved approval of the fees for services and goods provided by SROA for the 2023 calendar year as submitted by staff and amended not to include the long-term RV storage rates. Seconded by Director Mobley, motion passed unanimously.

BOARD ACTION
RESOLUTION 2022-008

BEND BROADBAND (BBB)/TDS BULK AGREEMENT – SPECIAL ELECTION

Director Gillies moved approval of Resolution 2022-008 providing direction to the SROA General Manager to notice the Election Committee Chair regarding a requested vote of the members and to publicize a Special Election to consider a bulk services agreement with Bend Broadband/TDS and to solicit Pro/Con statements in accordance with the SROA Bylaws limiting the word count for those statements to one hundred (100) words. Further move to approve the ballot measure language as attached as Exhibit "A" for publication in the SROA Voter's Pamphlet for the special election. Seconded by Director Pederson.

President Beenen reviewed the information previously presented to the Board regarding the work of the Telecommunications taskforce providing an overview, the initial proposal from TDS/BBB in 2019, review of town hall meetings that were held and a recap of what an SROA owned Fiber to the Home Network would look like from a financial perspective and answering a number of additional questions posed by Board members.

Call for the question: motion passed with five yay votes: Directors Gillies, Beenen, Pederson, Hayes & Burke and four nay votes: Directors Beard, De Alicante, Mobley, & Ishmael.

Director Pederson thanked GM Lewis and Directors Mobley and Beenen for all the work they have done on this issue over the last several years. Their efforts are greatly appreciated, and we could not have come to this point without all their hard work.

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

Director Mobley moved to adjourn the meeting. Seconded by Director De Alicante, motion passed unanimously.

The meeting adjourned at 11:15 A.M.

Respectfully Submitted,

Scott Gillies, SROA Secretary