

**SUNRIVER OWNERS ASSOCIATION  
BOARD OF DIRECTORS WORK SESSION  
SROA BOARD ROOM  
NOVEMBER 18, 2022**

**DIRECTORS PRESENT:** Keith Mobley, Scott Gillies, Julianna Hayes, Linda Beard, Tony De Alicante, Larry Ishmael, Bill Burke & Clark Pederson

**DIRECTORS PRESENT VIA ZOOM:** Gerhard Beenen

**STAFF:** James Lewis, Keith Kessarais, Joe Healy, Leigh Anne Dennis, Brad Olson, Patti Gentiluomo, Kellie Allen, Mark Smith, Susan Berger & Jesus Mendoza

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

**OWNERS IN ATTENDANCE: 2**

**COMMUNITY DEVELOPMENT DEPARTMENT EMPLOYEES – INTRODUCTION**

Assistant General Manager Keith Kessarais introduced Community Development Department staff members Shane Bishop and Scott Jackson. Currently, Scott serves as the Design Review Planner and Shane is the Compliance Technician. The third member of that team who could not be in attendance today is Administrative Assistant Jacki Bue.

The Community Development Department averages 1,200 applications per year from owners and/or their contractors. Mr. Kessarais noting that is a significant number of applications and a lot of work for three individuals to process and ensure completion.

Mr. Jackson's primary role is to work with Design Committee members and owners on project submittals as well as performing final inspections, property for sale inspections, etc. Mr. Jackson also attends all of the Design Committee meetings that are held twice a month.

Mr. Bishop's primary role is compliance, and he has done an excellent job in this position which is illustrated by the drop in the number of compliance complaints coming into the department.

Once the work is complete on the edits to the Design Manual of Rules & Procedures in 2023, Mr. Bishop & Mr. Jackson will have also been trained in each other's roles as there will be some overlap and being cross trained will allow for better overall service to owners and contractors. Additionally, with all the changes that are happening to the Design Manual, we want to ensure these two individuals will have the additional time needed to educate owners and/or contractors of the newly approved rules and/or procedures as well as helping with overall efficiency. This will also provide backup for Ms. Bue on the administrative side.

Mr. Bishop noted his background prior to coming to SROA was mainly in fitness management and insurance and he noted he worked in the Recreation Department for SROA back when he was in college so it's good to be back working in the community again. Mr. Jackson shared he is a graduate of Oregon State, and his background is in primarily in commercial construction. He and his family love this area and are happy to call Central Oregon home.

The Board was unanimous in their thanks to the Community Development Department staff members for their hard work on behalf of the Association and for taking a few minutes to be here today.

**OWNERS FORUM:** Bob Stillson, 10 Belknap Lane, acknowledged and lauded the design and the vast amount of information included in the new Sunriver maps prepared and distributed by SROA.

### **IT STRATEGIC PLAN TASKFORCE UPDATE**

GM Lewis reminded the Board that this effort kicked off mid-summer with the intent of looking at SROA's IT Department as it is today and how to plan for the next five years and beyond. Technology is constantly changing, security is a main issue, and how we will accommodate the needs of each department and the membership going forward needs to be one of our main focuses.

Taskforce members Heidi Hanson, Mike Gocke, Susan Jain, and Scott Fuhrman were all in attendance via Zoom and Jim Fister attended the meeting in person. Taskforce Chair Susan Jain noted for herself, it has been a delight to be involved with this taskforce and work with such an eminent group of folks. As a fairly new resident to Sunriver, Ms. Jain was indeed delighted to find out there are so many owners with significant IT experience willing to lend their expertise to this effort. The taskforce also includes Paul Evanson, Ethan Toven-Lindsey, Perry Olson, Keith Mobley, Bryan Kotaniemi, and SROA staff members Brad Olson, and James Lewis.

Ms. Jain started by thanking GM Lewis, SROA IT Director Brad Olson and Assistant GM Kessarar for their help and support with this endeavor noting that after the initial organization of the taskforce was complete, they then established a vision, mission, and goals to guide their work.

**Vision:** IT is to serve as a strategic enabler for all SROA operations, thereby improving operations, productivity, and satisfaction of SROA team members.

This plan will focus on SROA operations; at the same time, they acknowledge and embrace the broader observation that better leverage of IT offers significant potential for improving the Sunriver experience for all key stakeholders.

**Mission:** To create a three-year strategic plan and budget proposal addressing SROA IT requirements.

1. Leverage the expertise of SROA owners to lay a strategic foundation upon which SROA can operate confidently and follow a roadmap to build for an increasingly IT centric future.

2. Embrace an approach that protects SROA and owner interests while also being practical, affordable, and actionable.

**Goals:** 1. A strategic plan to be approved by the SROA Board in time to be incorporated into the 2023 planning cycle, with mid-year revisit to ensure adequacy for immediate-term needs.

2. Waste no time in acting on any opportunity or risk areas that can be immediately addressed.

Having these goals in place has allowed the taskforce to really stay focused on their mission which is to help SROA improve the effectiveness and efficiency of its operations. The taskforce is cognizant of the fact that there could be a broader set of questions around how IT can better enable owners and visitors, but the focus here and the strategy that really needs to get into place to enable owners and guests is for SROA itself. That has helped the taskforce stay focused and enabled them to come, pretty quickly, to a set of core recommendations.

The taskforce has worked since May to complete a thorough discovery process as input to the Strategic Plan. Those discovery steps included surveying current IT systems from the perspective of various expertise's, conducting wants/needs interviews with SROA Department heads which was extremely helpful and core to the work the taskforce has done. Ms. Jain was impressed with the SROA department heads who have a very strong understanding of IT in general both in its present form as well as their ability to pinpoint what they envision for their departments in the future as they look out at their

contemporaries in other organizations and see what capabilities some of the more progressive and forward-looking ones have to make their jobs more efficient. This will assist the taskforce in being able to really pinpoint what's most important for SROA in the near future.

The IT taskforce interlocked with the Communications Taskforce as networking is a core element of IT. With a focus on security, the taskforce performed an industry standard security self-assessment and utilized the current consulting budget to perform security penetration testing as a priority as it is a very important diagnostic for organizations to do to understand how vulnerable systems are to attack on an ongoing basis. That test was fortunately able to be moved up and completed approximately a month earlier than originally planned with the results of that test available today. Ms. Jain expressed her appreciation to taskforce members Perry Olson, Jim Fister and Paul Evanson who have security expertise, for the extraordinary effort they have put in on behalf of the Association. While there is still work to do, the systems that are in place currently are quite robust which provided a good starting point for the taskforce.

The taskforce incorporated the original feedback received from the Board and Finance Committee in August which allowed them to proceed with the penetration testing along with some other things they saw as immediate opportunities. Taking a deeper dive into the current architecture and systems identified both the exposure and opportunities from the start.

The taskforce provided a PowerPoint presentation detailing their efforts and findings to date as well as their plan moving forward:

The SROA IT priorities unanimously identified by the taskforce are:

1. Security & continuity to deliver reliable, continuous, and secure IT services.
2. Networks to provide ubiquitous, reliable, fast, and secure IT operations.
3. Cross-departmental GIS requirements for public safety, better operations, and increased owner value. (Public Works, Natural Resources, Community Development & Recreation.)

The taskforce provided a number of recommendations to be considered by the Board.

1. Focus on cybersecurity, physical security, and business continuity.
2. Increase internet bandwidth and secure SROA's networks.
3. Expand use of Geographic Information Systems (GIS).
4. Integrate departmental silos.
5. Move to cloud services.
6. Modernize governance and processes.
7. Increase IT staffing, starting with IT Director to operationalize the strategic plan.

## Information Technology

### IT Strategic Plan Recommendations

#### Security & Continuity

- Ongoing perimeter monitoring and improvement
- Hardware and services for monitoring real-time events
- Employee training with Dual Factor Authentication

#### GIS – Real-time field data collection and management

- GIS Employee – Split between departments (Natural Resources, Public Works & Recreation)

#### Communications

- Scalable internet bandwidth to meet traffic requirements
- Reliable and secure connectivity to all SROA facilities

Next steps:

1. Maintain a sharp focus on security and continuity.
2. Present detailed recommendations, action plan, and budget at December board meeting.
3. Support & advise on hiring of SROA IT Director, (input to job description, candidate assessment, etc.)
4. Continue to be “on call” in an advisory capacity while the strategy is operationalized.

Several of the board members had some questions for members of the taskforce. The Board thanked the entire taskforce for their extraordinary efforts on behalf of the Association and those that were able to be in attendance today.

### **ADMISSIONS MODEL WORKGROUP UPDATE**

Assistant GM Keith Kessarar provided a breakdown of recreation statistics for the month of October.

As of October 31, 2022, a total of 7,311 Member Preference Program (MPP) cards have either purchased or renewed. Of that total, 5,829 were renewals and 701 were new cards. The remainder are extended family passes or long-term renter passes. This is 44 less than the end of October 2021. At the end of October, the MPP revenue totaled \$497,016 or 100.9% of the annual budget.

In regard to the 2022 Recreation Plus Program (RPP), as of October 31, 2022, there were 924 homes and/or condominiums signed up on the program which is the highest number participating since the SHARC facility opened. Last year at the same time there were 842 properties participating in the program. Mr. Kessarar also provided a breakdown of the RPP's by the number of bedrooms. Revenue at the end of October stands at \$2,302,690 or 110.4% of the 2022 budget.

Gate revenue is currently at 107.3% of budget currently sitting at \$536,531 against a budget of \$500,000. This is good news given the fact that we did not allow for any gate revenues in 2020 or 2021 due to COVID restrictions on the number of attendees allowed in the facility at a time.

SHARC hosted a total of 5,765 attendees to the facility in the month of October compared to 3,394 in 2021 when SHARC was still affected by COVID restrictions that were in place. Of that number, 2,366 were owners, 2,361 were RPP pass holders, 27 were member guests, 225 were extended family and 211 were gate admissions. Year to date, 185,932 people have utilized the facility compared to 83,883 in 2021 when stricter COVID restrictions were still in place.

Assistant GM Kessarar noted that Events Manager Camille Collard is currently busy booking holiday gatherings. Space rentals currently total \$88,457 which is approximately \$26k better than budget.

Through the end of October 2022, staff had issued 55,278 paper guest passes and of those 10,884 have been redeemed at SHARC and 4,644 were redeemed at the Member Pool. We will see an uptick in the use of these passes over the upcoming Christmas and New Year's holidays.

Mr. Kessarar noted that while MPP memberships are good until the end of January, owners will be able to purchase their 2023 Member Preference Program updates beginning December 15, 2022. This can be done in person at SHARC, or if just renewing it can be done over the phone, 541-585-5000 and online at [sunriversharc.com](http://sunriversharc.com) > Programs > SROA Member Preference Program (beginning in January.) The Member Services office hours are 9:00 A.M.– 4:30 P.M., seven days a week.

The Board thanked Assistant GM Kessarar for his consistently thorough reporting of these important statistics.

## **2023 BUDGET UPDATE/REVIEW**

Treasurer Pederson recognized the hard work by staff and the Finance Committee that has gone into getting the 2023 budget prepared for the Board to review today. The SROA Department Heads have put in tremendous hours looking at what their departments needs are and where they can save on costs. Additionally, the Finance Committee has reviewed the budget on three separate occasions and voted at their meeting yesterday to recommend the Board approve the budget as submitted. Treasurer Pederson noted Controller Joe Healy and the Department Heads have done a tremendous job in going from estimates on costs to actual quotes and bids on different budget items allowing them to get numbers that are both realistic and as accurate as possible. Treasurer Pederson reported the proposed budget the Board will be voting on tomorrow includes a 3.5% increase in owner maintenance fees for 2023 and a small deficit at year end.

GM Lewis noted that he has realized, having just finished his third budget cycle with SROA, that Sunriver is substantially built out and we have facilities and amenities, some which have been in place for a long time now but what SROA provides on a yearly basis is fairly consistent. Aside from some capital purchases or other needs such as a new tunnel or yearly road improvements, what is done from an operational standpoint is an effort to maintain consistency and a high level of service while also providing a high degree of maintenance and presentation of our facilities to owners and guests.

As a non-profit entity, SROA is looking to maximize the dollars that we have whether through maintenance fees, access fees, or other resources to provide a high degree of service, accessibility and efficiency while trying to keep our fees as low as possible. That said, SROA is not immune to increasing costs for things, a great example being that staff found out two weeks ago that natural gas is increasing by 30%, something that needs to be accounted and budgeted for in 2023. While we have a lot of consistent operations that are provided, we will always be subject to increases in costs we have no control over. GM Lewis feels this budget has been done while being respectful of the dollars available while striving to be efficient and have a balanced budget.

Controller Healy noted what he will be presenting today is a summary of the proposed 2023 budget but if Board member need more detail than what he provides, he's happy to accommodate them.

As Treasurer Pederson previously mentioned, the Finance Committee voted to recommend a 3.5% increase in owner maintenance fees for 2023. We had 6% increases the last couple of years due to the COVID 19 pandemic, but prior to that it had been averaging about 3.5%.

2022 has been a very successful financial year for the Association which were a result of a number of "one-off" things such the Caldera expansion payments, unbudgeted café revenue, etc. Additionally, the Recreation Department has had a very good year despite being short on staffing. Mr. Healy also noted a number of areas in different departments that came in under budget in expenses. Some of that surplus will be factored into operating expenses in the 2023 budget which helps facilitate the lower increase in maintenance fees for next year.

Controller Healy commented that the 2023 revenues are being projected at \$13,190,722 with 60% of that coming from assessments and of that 60%, 98% coming from owners dues. The remainder comes from Resort and commercial assessments, program revenue and misc. income. Program revenue which accounts for 38% or \$5.07 million dollars. Additional revenues come from recreation programs, Scene advertising, Community Development fees, storage yard rentals, Sunriver Service District contracts, fleet services and some miscellaneous income.

Controller Healy noted that beginning July 1, 2023, the Sunriver Service District will be contracting with another entity than SROA for its administrative, payroll and accounting services. Miscellaneous income includes interest income, the CATV fee and late fees and/or fines.

Total expenses are being projected at \$13.30 million, with operating and non-operating expenses projected at \$9.56 million or approximately 64% and \$3.80 million or 29% is earmarked for the Reserve Fund which is a 5% increase over 2022. Controller Healy noted that the Association has increased its reserve contribution by 5% every year since the full reserve study was done approximately 15 years ago with the exception of 2021 when due to COVID and the projected deficit we were facing, the decision was made not to increase the contribution.

With plans in the works to revamp the Public Works campus in 2023, we will be tapping heavily into that reserve account which is why it is important for the Association to stay on track with the automatic 5% increase each year to reach the longer-term goal of having the reserves 70-100% funded by 2042. Controller Healy also noted that a full reserve study, which occurs every three years, will take place again in 2023.

Also noted is we are currently seeing a 4%-4.5% return on investments compared to .1% last year at this time. Controller Healy provided further breakdown of both the operating and the reserves budgets as well as the anticipated changes to revenue and expenses for 2023.

Controller Healy reviewed proposed salaries and burden noting due to the measures SROA employees consistently take to stay safe on the job, the Association enjoys a low workers comp modifier of .64. For perspective, 1. is considered average by industry standards where you one does not have to pay extra. If you rate higher than a 1. your rates increase accordingly. As we consistently fall below 1. we receive a substantial discount on our rates that we pay yearly. Additionally, despite increases in most everything, SROA's burden has actually dropped two points since Mr. Healy began at the Association.

In further breaking down owner assessments, Mr. Healy noted the average increase over the past ten years in regard to owner maintenance fees has been 4.2%.

In regard to Resort/Commercial Assessments, these are assessed based on information included in the Consolidated Plan of Sunriver which uses a formula based on the County assessed real market value (RMV) for each lot owned. That number is then divided by the total RMV of Sunriver. Over the past 4-5 years those properties have either stayed flat or gone up by a significantly smaller amount than the RMV of the residential properties. The RMV is determined by Deschutes County but is not used by the County for any purpose whatsoever and when inquiries were made to the Deschutes County Assessor's office as to why the County had not gone back and recalculated those RMV's for Resort and Commercial properties to keep pace with the residential properties there was no clear answer available.

Controller Healy noted the Consolidated Plan also provides for a mutually agreed upon amount with the other entities involved. Controller Healy and GM Lewis have had meetings with representatives from both Rediscover Sunriver Village and Sunriver Resort to discuss the current situation and propose some possible alternatives to the current model. This would allow for a more structured idea for forecasting and fairness of how dues are going to be calculated on an annual basis. While both entities agree in theory that it makes sense to have a model that is consistent and predictable for budget purposes, and they did not disagree with a yearly increase that is commensurate with what the owners increase would be. To date an agreement has not been reached with either party but discussions will continue until a resolution is reached. If an impasse were to be reached, it is an issue that could go to a vote of the owners, in which 60% or more of those who vote would have to approve to change the Consolidated Plan. President

Beenen noted from his perspective, it is important that these entities are on a plan where their increases are consistent with the owners increases.

The Board had several questions for Controller Healy and thanked him for this thorough presentation. Director Ishmael noted this is an amazing work by staff and the committee which is both realistic and conservative and he appreciates the effort put in.

This item is on the agenda for action at tomorrow's meeting.

### **2023 MAINTENANCE FEE DISCUSSION**

As was noted earlier, the Finance Committee is recommending the Board approve a 3.5% increase to owner maintenance fees for 2023. This results in an increase of \$5.20 per property per month.

Owners who pay their maintenance fees in full by January 25, 2023, receive a 3% discount, excluding special purpose assessments, which equates to a savings of \$55.35. Controller Healy commented that approximately 60% of owners pay the entire amount at once. Invoices will start going out the first week of December.

This item is on the agenda for action at tomorrow's meeting.

### **ADMINISTRATION BUILDING LOAN PAYOFF**

Controller Joe Healy reported that back in 2001, Sunriver owners voted to approve a loan from the SROA Reserve Account to the SROA Operating Account in the amount of \$476,404.70 for construction of SROA's new Administration/Police facility, 57455 Abbot Drive, with an interest rate of six percent (6%) per annum, over a period not to exceed 25 years. Up until now, that loan has been being repaid on a yearly basis in the amount of \$36k. Since 2022 has been a better year than was expected, discussions have been held with the Treasurer and President as well as the rest of the Finance Committee to use part of that excess cash to payoff that loan in the amount of \$123,416.44. Additionally, this will put \$36k back into the operating budget each year. The current loan is set to expire in 2026.

This item is on the agenda for action at tomorrow's meeting.

### **FIRST READING RESOLUTION 2022-009**

#### **AMENDMENT TO SROA DOCUMENTS/CONFORMANCE WITH HOUSE BILL 2534**

GM Lewis reminded the Board of Oregon House Bill 2534 that requires removal of any discriminatory language from SROA's governing documents. Legal counsel has identified areas in the Sunriver Rules & Regulations, Recreation Access Policy, and Design Manual of Rules & Procedures that all need modifications. This is primarily due to the term immediate family needing to be replaced with the term household. As the Board has a policy of not approving any changes to the Sunriver Rules & Regulations prior to the owners having the opportunity to comment, the portion affecting the Rules & Regs will be posted on the SROA website for a minimum of 60-days to allow for owner input.

Additionally, Sub-Associations will be notified of the need for their documents to comply with HB 2534. The first reading is on the agenda for action at tomorrow's meeting.

### **SR RULES & REGULATIONS SECOND READING**

GM Lewis commented this item first came to the Board back in September regarding the placement, location, and amount of firewood on individual residential properties. That first reading was done at the suggestion of amended language that came from the Covenants Committee. The Covenants Committee had met on several occasions prior to submitting this language for consideration.

The proposed changes were then posted to the SROA website and noted in the Sunriver Scene. Over 30 comments were received from owners, the vast majority of which were not in favor of the proposed changes especially in regard to the suggestion of lowering the amount of wood an owner can have from five down to two cords of wood on their property at one time. There were also comments regarding the inability to store the wood at the prescribed distances from other structures or neighboring properties just due to the sheer makeup of the property itself in relation to other properties. The Board was provided with copies of all the comments received prior to the deadline on November 16<sup>th</sup>.

These proposed changes are now coming back to the Board for a second reading and/or approval of the proposed changes.

President Beenen commented he feels there is some level of misunderstanding of what those rule changes are, a prime example being people who use wood as their primary source of heat and who need more than two cords to make it through winter. Some of those who commented either did not understand or did not read far enough to find that an exemption will be provided to owners who do use wood as their primary source of wood allowing them to have more than the recommended amount. Additionally, in relation to the stacking, President Beenen further feels some simple modifications to the rules could really make this a lot easier to understand and implement especially in relation to the 30-foot rule for the placement of wood which seems to have caused a lot of confusion.

Director Beard noted for her, it is the piles of old gray/black rounds of wood that are not being split and used and appear to just be piled up and rotting as well as the fence building, she sees in and around Sunriver that are of huge concern for her due to the fire hazard they present. Additionally, she would like to see the SR Fire Department take a more active role in messaging this important information. GM Lewis said it should also be noted that a lot of what he read in the comments were items that the Covenants Committee specifically discussed at length.

The Board held a lengthy discussion on this issue and GM Lewis and Natural Resources Director Patti Gentiluomo answered a number of questions posed by the Board. At tomorrow's meeting, the Board can approve the changes as proposed, make amendments, and approve as amended or send the language back to the Covenants Committee for further refinement. Director De Alicante after having also read all the comments, can't support the changes as currently written.

This item is on the agenda for action at tomorrow's meeting.

#### **SPECIAL ELECTION BALLOT MEASURE STATEMENT FROM BOARD**

GM Lewis reminded the Board that they will need to provide an explanatory statement for the Special Election Voters Pamphlet as to what it is and why the Board directed it for a vote. Discussion was held on timeline necessary to get the information to Communications Director Susan Berger in time for the printing of the ballots.

#### **DECEMBER BORD WORK SESSION START TIME DISCUSSION**

The date of the December Board Work Session is also the date of the annual breakfast of the Deschutes County Commissioners and the Sunriver Service District (SSD) Managing Board which also includes some SROA staff. Directors Beenen and De Alicante who are also members of the SSD Board would both like to attend this yearly function. The request is to start the December SROA work session at 10:30 A.M. instead of 9:00 A.M. which would allow the attendees the opportunity to attend both functions. The change can be messaged via the Scene, SROA website and an email blast alerting owners to the later start time. The Board agreed that the later start time would work for all of them.



### **REVIEW OF 11/19/22 BOARD MEETING AGENDA**

The Board reviewed the agenda for tomorrow's regular board meeting.

### **OTHER BUSINESS**

The Board was reminded that the Owner Holiday Party will take place on Thursday, December 29<sup>th</sup> from 3-5 P.M. at SHARC. This event is a first come first served function and only owners and their families are permitted, no guests at this event. Food and beverages will be served, and Board members are encouraged to attend and dialogue with their fellow owners.

GM Lewis reported the new restroom has arrived and been placed at Mary McCallum Park. Due to the final plumbing, landscaping, and paving it will not open until spring of 2023. Additionally, a **section** of the new pathway along the river will be paved to allow for better ADA access along the river to the paver patio areas where the tables are located. We will not be paving the entirety of the pathway, only that portion along the river. A sink and running water will also be added to the Pavilion sometime in the spring/early summer of 2023.

Lastly, GM Lewis reported he recently heard from Cascade Disposal who plan to start collecting recycling from individual households in early January 2023. Due to the short time frame before implementation, GM Lewis noted the Board will need to consider some type of exceptions to current rule requiring all containers be inside the garbage enclosure at all times.

### **ADJOURN**

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

Director Gillies moved to adjourn the meeting. Seconded by Director Pederson, motion passed unanimously.

The meeting adjourned at 1:21 P.M.

Respectfully submitted,

Scott Gillies, SROA Secretary