

**SUNRIVER OWNERS ASSOCIATION  
BOARD OF DIRECTORS MEETING  
SROA BOARD ROOM  
NOVEMBER 19, 2022**

**DIRECTORS PRESENT:** Clark Pederson, Bill Burke, Julianna Hayes, Scott Gillies, Larry Ishmael & Linda Beard

**DIRECTOR PRESENT VIA ZOOM:** Keith Mobley, Gerhard Beenen & 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:** 2

**OWNERS FORUM:** David Dittman, 5 Sunrise Lane spoke and also submitted written correspondence to the record. His comments were in regard to the proposed rules changes for the storage and placement of firewood. His primary concerns were about the reduction in the amount of wood that would be allowed per property (from 5 cords to 2 cords) and the prohibition of stacking wood between trees in “bookend” fashion.

**RECAP OF 11/18/22 BOARD WORK SESSION**

President Beenen reported the Board heard a very informative presentation from the IT Strategic Taskforce. They will come back in December with more detailed recommendations. Assistant GM Keith Kessarlis provided an update on recreation statistics for the month of October and Controller Joe Healy provided an update on the proposed 2023 budget, proposed maintenance fees for 2023 and the proposal to retire the Administration building loan. A first reading of Resolution 2022-009 which will amend SROA documents to be in conformance with House Bill 2534 was held. A second reading of SR Rules & Regulations 4.02 C with respect to firewood. Those items are all on the agenda for action today. The Board also discussed statements from the Board for the voter’s pamphlet in the upcoming special election. The Board also agreed to start the December Work Session at 10:30 to allow the necessary parties the ability to attend the yearly breakfast with the Deschutes County Commissioners and the Sunriver Service District. No executive session was held. Director Ishmael apologized for having to leave the work session early due to a family emergency.

**BOARD ACTION**  
**BOARD MEETING MINUTES**

Director Pederson moved to approve the minutes of the October 14, 2022, board work session meeting minutes as corrected. Seconded by Director Burke, motion carried unanimously.

Director Pederson moved to approve the minutes of the October 15, 2022, board meeting minutes as corrected. Seconded by Director Burke, motion passed unanimously.

**BOARD ACTION**  
**FINANCIALS**

Treasurer Pederson referred to the key data sheeting reporting that there was a \$15k operating expenditure above what was budgeted and that largely a result of paying for three CDL licenses for our new Public Works staff at a cost of \$2500 per employee. Additionally, there was two months of utilities in November because the previous month the bills did not arrive in time for the closing of the month. Despite that we

ended the month with an operating surplus of \$8258 partly due to the sale of additional Recreation Plus Program memberships. Year-to-date the variance from budget is a positive \$879k and we anticipate ending the year with an approximate \$850k surplus.

Under non-operating, the total surplus was \$102k for the months and year-to-date actual of \$1.6 million and the variance from budget is \$1.1 million. That will decrease as we pay some large invoices for asphalt for the fall road work and ladder fuels reduction.

When looking at the cash and investment balance it is approximately \$1 million higher, in the operating fund and almost \$1.3 million in the capital reserve fund. The only negative which was mentioned yesterday is in the recreational reserve balance which is a negative because the charge that the First Interstate charged for management of that account was higher than the interest earned. A lot was done last year to prevent that from happening by moving money out of treasuries as they came due into CD's where we wouldn't be subject to a management fee but that one was locked in. Next year we anticipate we will be earning significantly more.

Treasurer Pederson referenced the percent funded on Capital Reserves and reminded the Board of Friday's discussion on how those projected numbers for 2022, 23 & 24 will be significantly different as we look at adding \$550-\$600k to the reserves and also having removed the fire station reserve component from our reserve budget.

Regarding replacement reserve budgeted for this year we anticipate spending approximately \$600k-\$700k of the \$975k still available for asphalt paving and ladder fuels reduction although we will see some reimbursement on ladder fuels. Treasurer Pederson noted we anticipate ending the year with an underspending of several hundred thousand dollars. In the SHARC replacement reserves there is \$176k that has not been spent and we anticipate approximately \$70 of that will be spent prior to year-end. The remainder will stay in that SHARC Replacement Items budget.

Under new capital items, we have some construction projects still in progress such as the Mary McCallum Park bathroom and the engineering on the Public Works campus that will deduct from the current \$672k available. Treasurer Pederson mentioned that those projects will come in at approximately \$350k for the year.

Treasurer Pederson noted the Recreation Plus Program (RPP) has done very well this year with 83 more properties participating than last year at this time resulting in very good revenue numbers. Additionally, the gate access budget of \$500k stood at \$536k at the end of October and we anticipate those numbers increasing over the upcoming holidays.

Treasurer Pederson commented on the interest income noting we are currently \$18k better than budget as result of interest rates now running at approximately 4% instead of a tenth of a percent that we were anticipating. Salaries and burden also came in under budget due to unfilled positions mainly in Recreation. In materials and services, we were over budget for the month by \$19k but are \$109k under budget for the year.

For the month ended October 31, 2022, there was a net operating surplus of \$19,555 which was \$8,258 better than budget. Operating revenues were over budget by \$23,261 mainly due to recreation revenues, Scene advertising and interest income. Salaries and burden were under budget by \$12,484 due to open full-time positions in recreation and natural resources departments. Departmental expenses were over budget by \$19,397 due to long month-end close, two months of utility invoices and CDL training for three public works employees. Insurance and legal expenses were over budget by \$8,454 due to

September's legal invoice and higher insurance rates. October's legal invoice had not been received at the time of this report preparation.

Through the first ten months of 2022, there was a net operating surplus of \$808,828 which was \$879,128 better than budget. Operating revenues were \$481,345 ahead of budget due to Recreation Plus Program (RPP), Member Preference Program (MPP), gate admissions, café rental, Scene advertising, compliance fines and the Caldera expansion settlement payment. As of the end of October, net RPP sales totaled \$2,302,690 which is \$217,166 over the 2022 annual budget. There are currently 83 more houses participating in the RPP plan than in 2021. \$536,531 has been generated through gate revenue though October compared to a budget of \$490,250. Materials and services were under budget by \$101,121 due to savings in contract services, operating equipment/supplies and the fire station roof not needing to be cleared of snow. There was \$510,523 in asphalt work done in October. Through the first ten months of 2022, there was a combined operating and non-operating surplus of \$6,679,396 which was \$1,112,106 better than budget.

Total assets as of October 31, 2022, were \$34,770,821. Cash and investments totaled \$13,370,469 a decrease of \$453,140 from September. As of October 31, 2022, investments included \$11,401,787 in US Treasuries. Construction in progress items included SHARC nautical chairs and Mary McCallum Park upgrade. An incorrect payment was received from TDS for the quarterly ROW fee and revised payment is forthcoming.

October 31, 2022 (Year to Date Unaudited)

	<u>ACTUAL</u>
TOTAL REVENUE	\$10,784,773
TOTAL EXPENSES	\$9,975,945
OPERATING FUND SURPLUS	\$ 808,828

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

### **GENERAL MANAGER'S REPORT**

GM Lewis reported this recap is for activities in October.

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 and the Admissions Model Workgroup. 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, preparing the final comprehensive draft of the entire document.

Continued phone/Zoom meetings with Gail Long and other staff at BBB/TDS to discuss Draft Bulk Agreement.

Continued work with the consultant and taskforce on the Parks & Recreation Master Plan including creation and distribution of a survey and reviewing initial findings and background documents prepared by consultant.

GM Lewis provided training to the Nominating Committee on SROA Governing Documents, policies, and operating procedures.

GM Lewis met with Will Groves, Deschutes County Planning Manager, about County planning department work plan item regarding short-term rentals in rural Deschutes County.

GM Lewis collaborated with Controller Joe Healy regarding proposed changes to maintenance fee/calculations/methodology for SRLP and the Village.

GM Lewis continued response to a small claims subpoena by an owner for return of construction deposit for work that was never completed. The mediation date is set for November 30<sup>th</sup>.

In the Accounting Department, Controller Healy presented the unaudited October financial statements to the Finance Committee and Board.

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

Controller Healy presented the first draft of the 2023 Operating & Reserve budgets to the Finance Committee and held a second follow-up meeting.

Controller Healy worked with the Sunriver Service District auditors on annual audit including in person field work.

Controller Healy submitted form for 2023 insurance renewal.

Accounting Department staff began preparation for 2023 maintenance coupon mailing/emailing.

The IT Department has been very focused on security with penetration testing having occurred in October the results of which were very good and favorable.

The conduit being installed from the Sunriver Utilities facility to Circle 4 to tie into the complete route from the Member Pool to the Administration building is complete.

Department Director Brad Olson continues his work 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 staff terminated fiber at the playground area and Fort Rock refreshment building. There is a need to install additional power to handle camera/Wi-Fi access at the playground.

IT staff worked with Cooke Security Group on Fitness Emergency panic buttons, preconfigured new computers for lead desk, events manager, Pool Deck 1 and 2 and installed new temp station in the Recreation Director's office for member services.

In regard to databases, IT staff is working with Natural Resources on information gathering on paper documents, is working with the Accounting Department on the annual maintenance coupons and created multiple reports for Assistant GM Kessarar on Member Preference Program data request for gate access to Tennis, Pickleball and River Access.

In the Communications Department, Scene advertising was at \$18,237 (October 2021 was \$29,962.) The amount from 2021 was an anomaly on the high end due to some specific large advertisements run in October 2021 for sponsored business events, as well as one advertiser paying for the entire year of advertising as a pre-payment.

There were 261 reads of the online October Scene. Readers from other countries included the Philippines (3) and Ireland, Sweden, South Korea, and Mexico.

The SROA website was visited by 5,800 users in October with the most popular pages being weather, tree flagging and calendar.

The SHARC website was visited by 4,300 users with the most popular pages being aquatic hours, recreation swim, and indoor aquatics.

Sunriver Style had 961 visits with popular pages being river, what's going on, and weather.

Social media posts: Watch for deer, icy roads, and park/rec survey.

October eblasts included road work, survey questions follow-up, Scene online.

Additional projects for Scene staff included: updating all SROA printed materials for 2023 including the Recreation guest passes, member benefit brochure, firewood tags & permits.

Preliminary work started on crating the voter information pamphlet/ballot for the special election.

Posted FAQ's from owners related to the Ladders Fuels Plan update to the website.

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

There were 113 administrative reviews during the month of October which is 1 more than the previous month.

There are currently approximately 330 active projects/building permits in October (21 less than same time during previous month of September.)

The number of applications submitted in October was up by 37 in comparison to the same month in the previous year.

Community Development staff continued issuing compliance letters for design and rule violations. There were 11 compliance letters sent and one citation issued. There were seven owner concerns that were addressed.

Community Development permit compliance (compliance with approved project requirements) resulted

in three citations and two warnings.

Since the beginning of the year there were 116 compliance actions opened with 83 successfully closed.

142 residential and 6 commercial paint survey notices were sent in 2022, all but 15 were rectified prior to the 1/31/22 deadline.

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 continued fall LFR inspections of private properties (north end).

Natural Resources staff completed the annual asbestos surficial pick-up on commons and the annual awareness training for staff was completed. Natural Resources staff also completed the annual asbestos cap inspections at SHARC.

Natural Resources staff performed site visits regarding tree removal requests on private property.

Ladder Fuels Reduction and tree thinning efforts continued on commons.

The Natural Resources department has started flagging property lines and marking trees for the 2023 ladder fuels reduction contract.

The Public Works Department crews are busy winterizing drinking fountains and irrigation, moved shade structures to pickleball courts. Some windscreens and nets were removed from tennis courts with more to finish.

The installation of the new bathroom at Mary McCallum is complete except for paving work that will occur in the spring. The bathroom will open in the spring.

Snow poles have been installed along pathways.

PW crews removed plow hazards along roads i.e., branches, stumps, rocks. Also removed rocks and logs owners placed along roadway. The Public Works crews request that owners please not place items such as these just adjacent to the roadway as they can get covered with snow and hit by a piece of machinery costing time and money.

The Fleet Services staff inspected all the snow equipment and made some structural repairs. Staff moved the chemical tanks to a covered building and added a spill containment system.

The Facilities team serviced all the pool boilers and replaced the drivers for the lazy river pump. Winterizing of the pools is in process.

Tile repairs were made to the Member Pool and the team is working with Anderson Pools to resolve some warranty issues.

PW Director Smith is participating on the Parks and Recreation Masterplan Taskforce.

We are extremely pleased that there is once again a full staff in Public Works with three having recently received their CDL approvals allowing them to assist with snow removal this winter.

A contractor has been selected for Phase 1 of the PW Campus design.

In Recreation, October brought a slow-down to operations despite keeping the outdoor pools open for two extra weeks due to the unseasonably warm weather.

There were some odd smoke days resulting in one full day of no aquatics and two days of partial closures. Overall, for October there were 5,590 visits compared to 5,846 in 2019 (pre-COVID).

SHARC has moved into fall/winter operation hours. The facility is open seven days a week from 6 A.M. – 7 P.M. Recreation swim is available Thursday through Sundays.

In regard to staffing, four internal candidates have shifted roles to either take on new positions or moved from part-time to full-time positions.

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

President Beenen reminded the entire Board that they always need to use their SROA email address when conducting SROA business or it will get captured in the spam filter.

Director Mobley noted his disappointment that Jacki Bue from the Community Development Department was unable to make it today. Director Mobley proposed the following: We, members of the SROA Board herby express our appreciation and approbation to Jacki Bue for her outstanding service to our owners to which the Board heartily agreed.

#### **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 noted the SSD Board continued discussions regarding possible drone use for the police department.

A good deal of time was spent talking about the new Public Safety building which is moving along nicely.

The police have had some issues lately with uncooperative people looking for returnable cans in the recycle bins.

The police department is getting pricing for installing cameras at both entrances to Sunriver and are doing the necessary work to ensure they are complying with all rules.

Director Beenen reminded the Board of the upcoming breakfast with the Deschutes County Commissioners and the need for the SROA and SSD Boards to collaborate prior to the event.

The approved minutes of the October 14, 2022, SSD meeting are included in the board binders.

**BOARD ACTION**  
**COMMITTEE APPOINTMENTS/RESIGNATIONS**

Director Burke moved approval of the appointment of Debbie Baker to the Nominating Committee. Seconded by Director Ishmael, motion passed unanimously.

**BOARD ACTION**  
**RESERVES TRANSFER**

Director Pederson moved to approve the transfer of \$547,363 from the Reserve Fund to the Operating Fund for the payment of fall ladder fuels reduction work and fall road and pathway projects. Seconded by Director Mobley, motion passed unanimously.

**BOARD ACTION**  
**2023 OPERATING BUDGET**

Director Ishmael moved to approve adoption of the 2023 SROA operating fund and capital expenditure budget as presented and approved by the SROA Finance Committee. Seconded by Director Pederson, motion passed unanimously.

Director Ishmael again expressed his appreciation to Joe Healy and the rest of the staff as well as the Finance Committee for doing an excellent job of being conservative in these projections.

**BOARD ACTION**  
**2023 MAINTENANCE FEES**

Director Pederson moved to approve the 2023 Maintenance Fund assessment of \$153.74 per month an increase of 3.5% or \$5.20 per property per month. Further move to approve a discount of \$55.35 resulting in an annual payment of \$1,789.53 to owners who pay their regular maintenance fee, excluding special purpose assessments, in full by the 25<sup>th</sup> of January 2023. Seconded by Director De Alicante, motion passed unanimously.

**BOARD ACTION**  
**SKYPARK ASSESSMENT**

Director Pederson moved approval of the 2023 Skypark assessment of \$66.50 per month, an increase of 3.5% or \$2.25 per property per month. Seconded by Director De Alicante, motion passed unanimously.

**BOARD ACTION**  
**ADMINISTRATION BUILDING LOAN PAYOFF**

Director Mobley moved approval of the payment of \$123,416.44 from the operating account to retire the internal loan for construction of the Administration Building. Seconded by Director Burke, motion passed unanimously.

**BOARD ACTION**  
**SECOND READING**  
**SR RULES & REGULATIONS SECTION 4.02 C**

President Beenen reminded the Board they have three options moving forward on this issue. The Board can approve the rule as submitted, approve it with amendments or send it back to the Covenants Committee for reconsideration based on the input received from owners.

Director Hayes noted she feels especially important to clarify the distance issue and looking at seasonal rules for placement of wood as no one wants to trudge 30 feet out in the snow to get wood. The Board held further discussion regarding the bookending wood between trees, possible damage to tree roots, etc.



All seem to agree that there needs to be further clarification to make it easier to understand.

Director Mobley moved to send the proposed changes to Section 4.02 C of the Sunriver Rules & Regulations back to the Covenants Committee for further consideration based on the input received from owners. Seconded by Director Beard, motion passed unanimously.

**BOARD ACTION**  
**RESOLUTION 2022-009**  
**1<sup>ST</sup> READING AMENDMENTS TO SROA DOCUMENTS**  
**CONFORMANCE WITH HOUSE BILL 2534**

Director Gillies moved approval of Resolution 2022-009 which makes amendments to various SROA governing documents as attached hereto for compliance with Oregon House Bill 2534 to remove discriminatory language. Seconded by Director Burke, motion passed unanimously.

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

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

The meeting adjourned at 10:44 A.M.

Respectfully Submitted,

Scott Gillies, SROA Secretary