

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM
DECEMBER 17, 2022**

DIRECTORS PRESENT: Clark Pederson, Bill Burke, Gerhard Beenen, Scott Gillies, Tony De Alicante, Larry Ishmael & Linda Beard

DIRECTOR ABSENT: Julianna Hayes

DIRECTOR PRESENT VIA ZOOM: Keith Mobley

STAFF: James Lewis, Susan Berger & Jesus Mendoza

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

NUMBER OF ATTENDEES: 0

OWNERS FORUM: No owners addressed the Board but there were four letters from owners over the past month that had been forwarded to the Board.

GM Lewis summarized the letters received to the Board in the past 30 days. The first was a petition from a number of the owners in Skypark concerned about the level of service they are currently receiving from TDS/Bend Broadband. The second was in regard to recycling in Sunriver and the new charge that any owner who uses garbage service will be charged for the side-yard recycling whether they use it or not. They urged the Board to find a way to make side-yard recycling workable for property management companies too. The third expressed concerns about the side-yard recycling as well as the proposed changes to the firewood rules and the last one had to do with the recent removal of a “You are Welcome Here” sticker/logo that had been displayed on the window coming into SHARC. Staff informed the owner that someone had removed the sticker not just once, but twice claiming it was a political statement. The GM instructed staff not to replace the sticker again and remain neutral in this situation.

OWNER FORUM FOLLOW-UP FROM PREVIOUS MONTH

Director Burke noted he followed up with a concern from Paul Ash, 13 Winners Circle regarding his concerns about side-yard recycling and the fact that the containers recommended might not be large enough to accommodate the amount of cardboard recycling he has. Owners may have to cut their cardboard into smaller pieces to fit into their containers or bring it to the recycle center and dispose of it there. Director Burke noted Mr. Ash was very appreciative of the call.

RECAP OF 12/16/22 BOARD WORK SESSION

President Beenen reported the Board started the meeting being introduced to the Natural Resources staff members; Patti Gentiluomo, Don Barnes, Claire Mc Clafferty and Tess Phillippi. The Board received a very detailed presentation from the IT Strategic Taskforce. Assistant GM Keith Kessarlis provided an update on recreation statistics for the month of November. Discussion was held regarding the long-term RV fees for 2023/24, a lengthy and productive discussion regarding the proposed changes to the firewood rules in Sunriver was held as well as discussion on the statements from the Board that will be included in the Voter’s Pamphlet in the upcoming Special Election with some proposed modifications being recommended. An executive session was held to discuss a personnel matter.

BOARD ACTION
BOARD MEETING MINUTES

Director Ishmael moved to approve the minutes of the November 18, 2022, board work session meeting minutes as written. Seconded by Director Burke, motion carried unanimously.

Director Pederson moved to approve the minutes of the November 19, 2022, board meeting minutes as written. Seconded by Director Burke, motion passed unanimously.

BOARD ACTION
FINANCIALS

Treasurer Pederson noted that November was a continuation of what has been going on the last number of months. Year to date, there is a \$807,781 positive variance in the operating account. We anticipate ending the year with an approximate \$770,000 positive variance. Additionally, in November the Board voted and approved to pay off the Administration Building loan in the amount of \$123,416.44 which will drop the surplus down to approximately \$646,000. Under non-operating, the total surplus was \$5,177 for the month and year-to-date is \$1,117,284. There are some significant ladder fuels reduction invoices that are yet to be paid and some of the outlay will be reimbursed via the grant received through Deschutes County in the amount of \$371k.

When looking at the cash balances we are currently \$2 million better than last year at the end of November, but the capital reserve percent funded numbers have not been updated. Once the transfers are complete, those numbers will come in line and will be the key in looking at what the 2023 & 2024 numbers will be. Treasurer Pederson expects those percentage numbers will be in the high thirties.

Regarding replacement reserves, we are currently \$863,555 better than budget some of which will be spent on final invoices for this year's ladder fuels reduction as well as a couple vehicles that are being replaced. Although the vehicles were ordered in August, we may not see the trucks prior to year-end. The SHARC reserve fund is currently \$176,841 better than budget but we anticipate that will be spent prior to year-end. As far as new capital expenditures, we are currently \$477,669 better than budget however, some of the \$200k budgeted for the engineering on the upgrading of the Public Works campus will be spent prior to year-end. Approximately \$20k will be spent prior to year-end on the completion of fiber to the Member Pool project.

In regard to cash and investment balances Treasurer Pederson happily reported that we were recently able to purchase US Treasuries with an interest rate ranging from 4 - 4.71%, a huge improvement over the .10% we experienced in the past several years. Interest income is currently \$28k better than budget.

For the month ended November 30, 2022, there was a net operating surplus of \$51,379 which was \$71,348 worse than budget. Operating revenues were over budget by \$20,207 mainly due to Recreation Plus Program (RPP) revenues and interest income. This positive variance was partially offset by less property transfer fees than budgeted. SROA charges a \$450 transfer fee on home sales. In 2021, there were 278 properties that changed hands compared to 180 so far in 2022. Salaries and burden were over budget by \$34,189 due to the annual appreciation bonus and an increase in vacation accrual. Departmental expenses were over budget by \$50,086 due to sanding cinders, fuel and labor associated with icy/snowy conditions along with budgeted contract services payments in administration. There was also \$8k worth of brown reflective fiberglass road markers purchased in November. Insurance and legal expenses were over budget by \$6,875 due to October's legal invoice and higher insurance rates. November's legal invoice had not been received at the time of this report preparation.

Through the first eleven months of 2022, there was a net operating surplus of \$757,450 which was \$807,781 better than budget. Operating revenues were \$501,553 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 November, net RPP sales totaled \$2,302,990 which is \$217,466 over the 2022 annual budget. There are 83 more properties participating in the RPP plan than in 2021. \$540,292 has been generated in gate admission revenue through November compared to a budget of \$494,000. Salaries and wages were under budget by \$246,301 due to open full-time and part-time positions. Materials and services were under budget by \$59,035 year-to-date. There was \$80,575 in asphalt work and ladder fuels reduction work done in November. Through the first eleven months of 2022, there was a combined operating and non-operating surplus of \$1,757,231 which was \$1,117,284 better than budget.

Total assets as of November 30, 2022, were \$33,675,630. Cash and investments totaled \$12,255,105 a decrease of \$1,115,364 from October. As of November 30, 2022, investments included \$11,636,621 in US Treasuries. The US Treasuries listed below were purchased in November

- 90 day - \$500,000 – 4%
- 6 months - \$1,000,000 – 4.58%
- 1 year - \$2,000,000 – 4.71%
- 2 year - \$1,000,000 – 4.71%

Construction in progress items included the Mary McCallum Park restroom, public works trucks and fiber to the Member Pool. Accounts payable decreased by \$479,353 from October and vacation accrual increased by \$7,540. Escrow deposits decreased by \$19,940 due to several construction projects being finalized.

November 30, 2022 (Year to Date Unaudited)

	<u>ACTUAL</u>
TOTAL REVENUE	\$11,748,584
TOTAL EXPENSES	\$10,991,134
OPERATING FUND SURPLUS	\$ 757,450

Director De Alicante moved to approve the unaudited financial statements for the month of November 2022. Seconded by Director Burke, motion passed unanimously.

GENERAL MANAGER’S REPORT

GM Lewis reported this recap is for activities in November.

Staff continues to monitor and respond to both state and county orders regarding any COVID-19 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 which he anticipates should be ready to come to the Board in January 2023. A Town Hall event regarding the updated document was held via Zoom on November 10th and was well attended.

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. Mr. Lewis noted the group just held their third meeting and are getting closer to a final draft that will be presented to the Board at a future meeting.

GM Lewis participated and performed tasks associated with the Transient Room Tax (TRT) taskforce looking at options and rationale to request TRT dollars from the County, a substantial portion of which are generated in Sunriver. GM Lewis has requested the County provide a breakdown of the TRT dollars by resort community so we can see how much Sunriver contributes in comparison to other resort communities.

GM Lewis had a phone meeting with our attorney regarding the foreclosure process for fine/fees owed to SROA by two owners due to continued non-compliance with SROA rules. In these type cases, a lien is placed on the property until such time that all fines/fees are paid in full.

GM Lewis participated in a required mediation linked to a small claims lawsuit against Mr. Lewis as general manager for SROA regarding non-compliance with a Design Committee decision and forfeiture of a construction deposit. No agreement was reached and a formal hearing in court will be scheduled.

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

Controller Healy presented the 2023 Operating & Reserve budgets to both the Finance Committee and the Board of Directors.

Controller Healy continued work on the 2023 insurance renewal.

Work continues on the Jonas accounting software to allow access to owners for their accounts and to make payments.

Staff began printing, mailing, and emailing 2023 maintenance fee invoices.

The IT Department reported the conduit to the Member Pool project continued and both IT and Public Works team members worked on installing/pulling the fiber. The project is 90% complete with the last 1,000 feet being between Circle 4 and the Administration Building. Permission has been granted from TDS to use their vault and access into the Member pool pump room.

Department Director Brad Olson continues his work with Net Fortris (telephone system) on migrating PBX (private branch exchange) servers into the cloud. All phones will need to be tested and migration is scheduled to begin in early January.

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 Director Brad Olson continues working with the IT Strategic Plan taskforce on possible items for cloud migration.

IT staff member Gabe Rice continues working with the Accounting and Community Development departments on a variety of items.

In the Communications Department, Scene advertising was at \$27,931 (November 2021 was \$18,463.) The higher amount for 2022 is attributed to advertisers who chose to pay for their 2023 advertising in full.

There were 127 reads of the online November Scene. Readers from other countries included Canada, Germany, Honduras, and South Korea.

The SROA website was visited by 7,100 users in November with the most popular pages being weather, tree flagging, and recycling.

The SHARC website was visited by 5,000 users with the most popular pages being aquatic hours, recreation swim, facility activities, and admission.

Sunriver Style had 1,300 visits with popular pages being what's going on, weather, and pathways.

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

November eblasts included: Design Manual Town Hall, Owner Happy Hour, side-yard recycling to begin, and facility holiday hours.

Additional projects for Scene staff included: 2023 printed materials are complete. The Owner Guide/Directory and firewood tags should be arriving very soon. Ballot materials are off to the printer with the exception of the voter pamphlet as we are waiting on closure deadline for pro/con statements. The ballots will be mailed on Monday, January 23, 2023.

There was a shipping incident with our 2023 recreation guest passes when one of the boxes came open during transit. SHARC staff is sorting through the passes to determine which ones are missing/damaged. We will likely need to reprint some passes. The printer is working with us and will reprint what we need at no cost.

Communications staff has also been busy updating the SROA websites to reflect any operations/pricing changes for 2023.

The Community Development Department reports the Design Committee meetings continue to occur on a regular schedule with multiple items on each agenda – the one November meeting had a total of 3 items.

There were 62 administrative reviews during the month of November which is 51 less than the previous month.

There are currently approximately 292 active projects/building permits in November (38 less than same time during previous month of October.)

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 6 compliance letters sent and one citation issued. There were two owner concerns that were addressed.

Community Development permit non-compliance (compliance with approved project requirements) resulted in three citations and two warnings.

Since the beginning of the year there were 122 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 10/31/22 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 hired a new Natural Resources Specialist, Tess Phillippi.

Ladder fuels reduction (LFR) work continued on commons.

Staff continued flagging property lines and marking tress for the 2023 LFR contract

Ponderosa cable inspection at Fort Rock Park and SHARC have been completed.

The 2022 Firewise Communities USA recertification is complete.

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

Public Works is happy to report the new restroom for Mary McCallum Park is installed and connected. Once the final asphalt work is done to satisfy the permit requirements, the building will be opened. We anticipate spring of 2023.

The new landscaping contract for 2023 is complete and finalized. This is for mowing, irrigation, etc. at the parks and SHARC.

The Waterfall circle received some new plantings this fall. Look for more color throughout the spring and summer and into fall.

The tubing hill surface and matting have been removed and straw bails have been placed.

Rounds of wood are being removed from commons when time allows and brought to the area next to the recycle center for owners to pick up from there.

Road and tunnel projects for 2023 are being identified.

An extra round of ladder fuels pickups were conducted to eliminate the piles that owners put out after the final pickup for the year, and which would cause snowplow problems.

Snow operations continued including road/pathway plowing, salting, hand shoveling tunnels, parking lots, SSD fire aprons, clearing drains of snow and ice, RV yards, Skypark tarmac, walkways at SHARC, Admin and PW facilities.

The Fleet Services department received and outfitted a new Ford Ranger to replace an older truck per the reserve plan schedule.

The Fleet team is keeping the plow equipment in tiptop shape.

The Facilities/Aquatics team completed the HRV1 annual maintenance at SHARC.

The dishwasher has been installed in the catering kitchen at SHARC.

Fleet researched and purchased new air filtration units for the front/desk entrance area at SHARC which will be installed in early 2023.

Fleet staff are still working with Anderson Pools on warrant issues at the Member Pool.

Fleet staff assisted IT and PW staff in helping pull fiber for the connection between Admin and the Member Pool.

The Recreation Department enjoyed a solid month for Recreation to catch their breath and work on 2023 planning. All fees for 2023 are finalized for the Recreation Plus Program (RPP), Member Preference Program (MPP) and extended family agreements.

2023 membership sales for MPP and RPP commenced December 15th.

Holiday hours have been established and posted on the SHARC website, www.sunriversharc.com. Fitness room reservations are required from 6 A.M. – noon. Afternoons do not require reservations.

The Recreation team has welcomed Rich Richardson to the Events teams as a part-time assistant. He recently relocated from Colorado and will be considering full-time once he gets settled. Sadly, we are also losing Camille Collard as our Events Manager as she and her family are relocating to Hawaii.

A lifeguard certification class will be held December 19th–22nd.

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's main focus currently is the new Public Safety building which continues to move along well. The general contractor position has been awarded to Kirby Nagelhout Construction who will present their first cost estimate next Tuesday.

The Fire Department reported several assists outside of Sunriver in the past month in accordance with their mutual aid agreement.

The Police Department has requested some additional items outside of budget including purchasing enough rifles that every officer has one, zeroed specifically to them. They also requested additional plates for their body armor, and ballistic helmets. All of these items were approved by the SSD Managing Board.

The Police Department has received a \$5,000 grant to help offset the cost of two drones for the department at \$20k each. Director De Alicante noted this will require a change to the current SROA drone rules that state that you can't launch or recover a drone in Sunriver. They plan to use the drones as force multipliers for search and rescue, missing people, chasing people down, etc.

The Police Department would also like to have an additional vehicle at their disposal. The SSD Board is supportive, and the noted items have been approved.

Lastly, the Police Department is still looking into license plate reader cameras they want to install at both entrances to Sunriver. GM Lewis commented that he has recently discussed this issue with Chief Womer. Since the cameras will be installed on SROA property, the police will need to make a proposal to the SROA Board for approval as there may be some people in the community that disagree with that tactic, and we may need to provide an opportunity for input.

The annual breakfast with the Deschutes County Commissioners has been rescheduled for December 20th.

The annual Special Service Districts of Oregon annual conference will be held in Sunriver from February 9th – 12th at Sunriver Resort.

The neighborhood meeting for the new Public Safety building will be held at the fire station on January 12th.

The approved minutes of the October 13, 2022, SSD meeting are included in the board binders.

BOARD ACTION

SPECIAL ELECTION BALLOT MEASURE STATEMENTS

Director Gillies moved approval of the board statements to be included in the Voter's Pamphlet for the upcoming Special Election as presented and amended. Seconded by Director Burke.

Director De Alicante moved to amend the motion to add a fourth option to the last paragraph of the first page, removing the word "or" and reposing with the comma after "FTTH network", adding "*or (4) renegotiate the proposed bulk services agreement with TDS.*" Seconded by Director Ishmael, amendment passed with five yea votes, De Alicante, Mobley, Burke, Beard & Ishmael and three nay votes, Gillies, Beenen, and Pederson.

Director Ishmael moved to amend to the motion to strike the last sentence from the board statement. Motion died for a lack of a second.

Call for the question on the original motion, motion passed unanimously.

BOARD ACTION

IT STRATEGIC PLAN ADOPTION

Director Pederson moved to adopt the IT Strategic Plan as prepared, presented and recommended by the IT Strategic Plan Task Force. Seconded by Director Mobley, motion passed unanimously.

Director Mobley noted the level of expertise that was included in the group of owners who served on this taskforce and expressed his sincere appreciation for their extraordinary efforts on behalf of the Association, to which the rest of board members whole heartily agreed.

BOARD ACTION
SR RULES & REGULATIONS SECTION 4.02 C & G

Director Gillies moved to have a second reading and approve the proposed changes to Section 4.02 C and G, and to add a new Section I, of the Sunriver Rules and Regulations per the revisions provided by the Covenants Committee at their December 8th meeting as requested by the Board of Directors at their November 19th business meeting and subject to final review by SROA legal counsel. Seconded by Director Burke, motion passed unanimously.

Director Mobley expressed his thanks to the Covenants Committee for their efforts in assisting with this important issue and all the owners who took time to submit their comments.

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

Director Gillies moved to recess the public meeting and reconvene in Executive Session under the authority given in the SROA Bylaws, Article IV, Section 10 to discuss contractual, personnel, and legal matters that may be subject to a claim of privilege. Seconded by Director De Alicante, motion passed unanimously.

The public meeting reconvened at 11:01 A.M.

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

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

The meeting adjourned at 11:02 A.M.

Respectfully Submitted,

Scott Gillies, SROA Secretary