

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS WORK SESSION
SROA BOARD ROOM
JANUARY 20, 2023**

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

DIRECTORS PRESENT VIA ZOOM: Julianna Hayes

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

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

OWNERS IN ATTENDANCE: 16

IT DEPARTMENT - STAFF INTRODUCTION

GM Lewis, on behalf of IT Department head Brad Olson was not in attendance today, introduced the other two members of the IT team, Gabe Rice, and Jesus Mendoza.

Gabe Rice noted he started with SROA in April of 2021, so he is rapidly approaching his two-year anniversary with the Association. Gabe's "specialty" is data bases. The first one he developed was the incident reporting database for the police department so they can log nuisance property issues as they arise. He has also received training on the lenel gate access system and is working with the Community Development making fixes in various areas to make things more efficient. Currently Gabe is working with Natural Resources and Community Development departments in creating a dashboard system, so they have more information readily accessible when out in the field.

Jesus Mendoza started out as an intern in April of 2017 and was hired on full-time in November of 2017. Jesus does the support of all meetings requiring attendance via Zoom or conference call. He also manages the phone system which is in the process of being upgraded and is responsible for email accounts. Additionally, he is able to assist at the front desk in a limited capacity when necessary!

The Board thanked the IT for all of hard work efforts on behalf of SROA and for taking the time to be here today.

OWNERS FORUM: Signa Gibson, 12 Forest Lane spoke about the use of the one/two-digit addresses used within Sunriver by SROA versus the five-digit address assigned by Deschutes County and the difficulty that this poses in receiving mail and parcel/package deliveries. She is in favor of home mail delivery and cited hardship cases where owners cannot access the post office boxes as currently implemented. She suggested the creation of a taskforce to study the issue and work with the County, US Postal Service and parcel delivery companies to see if the current process can be changed.

In response to a question from Director Hayes regarding the history of the dual addresses, GM Lewis commented that it goes back to when the lots were originally being platted. The lot number is designated on the official record with the county clerk. When a plat is recorded it is the surveyed drawing showing all of the lot layouts including a number assigned to each lot so the lot number on your home matches the lot on the recorded plat, i.e., the single or double digit address most Sunriver owners are used to.

The County has a property address coordinator who assigns the five-digit number to all addresses in Deschutes County for the purposes of emergency services response. Historically, Sunriver has used the one- or two-digit number for internal identification and while we could certainly lobby the USPS and other delivery services we don't have any control over their decisions.

Scott Hartung, 1 Lost Lane spoke about vacation rentals, complaints/violations and the Nuisance Property rule that is in place by SROA. He stated that he believes that owners and/or property management companies should be notified when complaints are made against a property and citations are issued so that such issues can be addressed prior to a citation being issued to the owner as a nuisance property. It was explained to Mr. Hartung by staff present that what he described is the current procedure and no properties have been designated as a nuisance since the rule took effect.

MIDSTATE ELECTRIC UPDATE

GM Lewis introduced Midstate Electric Co-op (MEC) General Manager Jim Anderson who was in attendance to provide an update on the co-op and their activities. Mr. Anderson has been at Midstate for almost two years and noted things are growing rapidly and they are averaging about 5% of load growth across the co-op. There are currently 21,647 meters connected to the Midstate system an increase of approximately 1,200 meters since Mr. Anderson started at the company.

Approximately \$20,000,000 has been invested in the plant in the last two years and they are constantly assessing their infrastructure to make it as reliable as possible and a little less dependent on a one source feed for all of the membership. Currently the co-op has one source of feed with Bonneville Power Administration (BPA) and that is on Finley Butte Rd, close to Midstate's headquarters.

The MEC Board of Directors, being very proactive, has decided to permit the co-op to pursue another tie line at the Diamond Lake 138/Hwy. 97 junction. A tie line is a circuit that connects two or more balancing authorities or transmission zones of an electric system, and which will provide a second point of contact with Bonneville Power. This will be a five-year project that will allow MEC to flip between the Finley Butte and Diamond Lake sources which will in theory eliminate an extended power outage on the BPA side plus it will help with the Public Safety Power Shutoffs (PSPS) which is a safety measure designed to help protect communities in high fire-risk areas by proactively shutting off electricity during extreme and dangerous weather conditions that might cause the electricity system to spark wildfires.

The rebuild of 35 miles of transmission line is included in this project and has already been started. Additionally, five substations will be rebuilt so there is a lot of work underway to make service more reliable and uninterrupted.

Currently Midstate employs 64 individuals, which is the highest amount they have ever had but with the current growth rate they are finding they need more employees, so the plan is to hire up to six more people in 2023. Midstate is very fortunate to have a reputation as a good place to work so they have not experienced the shortage of employees that some companies have been experiencing.

Some new programs have been rolled out including offering an electric vehicle (EV) charger to everyone who purchases an EV in the Midstate system, and which will be free of charge. They, like many companies, have had to wait to roll the program out due to supply chain issues which has resulted in a delay in receiving the chargers. They are also working with Sunriver Village to determine where they might be able to locate some EV stations in the Village. They are also looking at some DC fast chargers, one of which they would like to locate in Sunriver, along Highway 58 and over in the Christmas Valley area.

In Sunriver specifically, there have been some areas in the community that are faulting out due to aging cable. There are three areas they will be working at: the Beaver Drive and Sequoia area along with Red Fir, Juniper Lane and the Ponderosa Road area will all be addressed in 2023. There is also work that will occur along South Century Drive. The streetlights are an ongoing project and work this year will be along Beaver Drive and Pioneer Lane areas where there is a loop of lights that are not functioning properly.

MEC will also be doing some major upgrades to South Century sub-station adding some new equipment including breakers and electronic devices. They are also going to close off that parking area around the sub-station that has been used for individuals selling anything from cars to firewood to clothing items and steaks! This will no doubt make MEC unpopular with some but with everything happening regarding the security of sub-stations, MEC feels it is important to barricade that area off. Temporarily they may have to use K-rail barriers, but the long-term plan is to have slated fencing around the entire area.

Midstate is having to raise its facility charge this year to \$35 per month and the KWH rates will increase three mills which is 0.003. It was lowered approximately a year ago and will still remain below that rate. That said, MEC is still has the second lowest KWH rates in the state and the facility charge for most co-ops are in excess of \$40 per month so MEC is still working hard to keep rates as low as possible.

In relation to the removal of dams, MEC is opposed to the proposal to remove the Snake River dams which would have impacted everyone and driven power rates up dramatically. MEC will continue to be proactive on this issue and encouraged owners to sign up and provide their input through the “Voices for Cooperative Power” link under the Our Community tab on Midstate’s website.

President Beenen inquired on the previously discussed fifteen-year plan to replace buried cable in Sunriver into conduit. Mr. Anderson commented that plan is still active, and he believes there is approximately a quarter of a million dollars budgeted for cable replacement in Sunriver this year and when they do that they are also installing fiber conduit in with their current conduit so whichever direction that the fiber system goes in the future there will be conduit in the ground that can be either sold or leased out to a fiber company. Additionally, in time the cable to individual homes will also need to be replaced and MEC will put conduit in when that occurs. Mr. Anderson believes that will happen on a case-by-case basis.

Director Mobley noted the term “dig once” is one that is frequently heard and there would seem to be an opportunity with the work MEC is doing to get rid of the direct bury that is left and results in problems from time to time. SROA and MEC have had conversations about working together to try to create a fiber system for Sunriver that would be economically feasible and would result in community ownership of a system that would allow competitive providers to use the fiber owned by us. There is currently underway some discussion that could result in funding available that could be applied to accelerate the work that MEC is doing getting rid of the fault risk. It would involve SROA purchasing the right to use fiber that MEC would install and own over a long period of time and hopefully would provide the level of funding that had been quoted in previous discussions as being necessary in order to accelerate this effort. Director Mobley asked if there would still be interest in further discussion of that?

Mr. Anderson responded that the MEC conducted a feasibility study on their entire system and the MEC Board of Directors is pretty adamant that they wanted it to be all of Midstate’s customers that are served by the fiber buildout not just Sunriver. The build out of the entire MEC system would cost approximately \$58 million dollars to get fiber to every home in their system. That’s a pretty significant undertaking for the co-op even if they set up a subsidiary to do it. With all the Rural Digital Opportunity Fund (RDOF) money out there and not knowing exactly what’s happening at this point due to the number of players in the game, MEC is taking a wait and see approach as they weigh out what is best for the co-op as a whole. The MEC Board tabled the issue pending the outcome of what’s happens with the current players in the

game. This is something MEC is following and monitoring closely, and they will continue to do so. That said, Mr. Anderson noted it is not something they are shutting the door on, but they are not moving forward with it at this time.

Mr. Anderson invited the SROA Board to come down and do a presentation to the MEC Board if that is something they might be interested in doing.

Director Beenen asked what can be done about the brightness of some of the streetlights and Mr. Anderson offered to look into that.

The Board thanked Mr. Anderson for taking the time to be here today.

INSURANCE PRESENTATION

Controller Joe Healy introduced Michael Hughes from Brown & Brown Insurance noting that SROA previously worked for many years with Michael's dad Randy Hughes at Hayes Companies which has merged with Brown & Brown Insurance. Mr. Healy commented that last year SROA was facing a significant increase in our insurance property package mainly due to the wildfire score in Sunriver and the surrounding area. Randy Hughes was able to assist in finding equal coverage at a savings of approximately \$100k for which SROA was very appreciative. Michael Hughes is here today to provide an overview of the renewal and the 2023 package. Mr. Hughes introduced Jonathan Stephens and Matthew Koch who were in attendance via Zoom to assist with different aspects of the presentation.

Mr. Stephen's and Mr. Hughes provided a detailed breakdown of the team of employees at Brown & Brown who manage the SROA accounts and a detailed overview of the claims and risk management resources available to SROA.

An overview of market conditions was provided noting that residential construction, habitational, public entities, large auto fleets and wildfire exposed operations will continue facing renewal challenges. This marks the 16th consecutive quarter of premium increases, with insured experiencing an average increase of 6.2% for small market and more than a 9% increase for middle-market and risk management sized programs. Habitational and property-driven risks subject to wildfire are experiencing 100-500% increases as the majority of standard markets exit and withdraw capacity. Bottom line, rate increases will continue.

A breakdown of casualty, excess liability, directors & officers coverage including employment practices, liability, and cyber security was also provided.

2022 saw a significant increase in ransomware and social engineering claims. Average ransomware demands went from \$450k in 2020 to more than \$1.2 million in 2021. As a result, carriers are segmenting, reducing exposure or exiting certain classes (e.g., manufacturing, healthcare, public entity, etc.). Rates are increasing across a broad range, anywhere from 15% to 400% and reinsurance treaties are up 11/1 and 1/1. Multifactor authentication (MFA) is currently required by nearly all carriers and next year all carriers will require MFA and end point detection & response (EDR).

Mr. Hughes's also provided training on the roles of a board member, including the importance of the secretary, treasurer, and president positions as part of his Directors and Officers (DnO) policy training for the Board. Mr. Stephens provide a breakdown of the general types of insurance HOA's have and what is commonly missed. Also covered was a breakdown of directors & officers insurance.

The Board had a number of questions for the Brown & Brown personnel and thanked them for taking the time to be here today as well as for their hard work on behalf of the Association.

NOMINATING COMMITTEE
PROPOSED CHANGES TO SROA BOARD MEMBER APPLICATION

Nominating Committee Holly Hendricks was in attendance and reminded the Board of former Nominating Committee Chair Pat Hensley coming to the Board last year to present some recommendations in relation to the Nominating Committee.

One of those recommendations was to update the board member application which is why Ms. Hendricks is in attendance today. It has been several years since the application has been updated and the committee feels it needs refreshing. A sub-committee of four of the Nominating Committee members, Steve Aloia, Michael Applegate, Ron Angel, and Ms. Hendricks volunteered to take a look at the existing application and come up with the suggested edits. The group met several times and endeavored to reconcile the application to the governing documents.

The word “candidacy” was added to the title of the application and the SROA logo and mission statement were also added to the cover page, a one-page overview was added as well as a checklist for documents that need to be completed and returned in order to have a complete application.

Although it seems to be a lengthy document, the information in it is necessary for the Nominating Committee to complete its screening function. SROA staff assisted in reviewing the revised application for accuracy which was followed in December by a review of the proposed changes by the entire Nominating Committee. The Nominating Committee approved moving forward with a recommendation to the Board to approve the proposed changes.

Ms. Hendricks also noted that SROA legal counsel provided training for the committee in January, and they recommend also requiring a background check on applicants so she will be returning to the Board in the next couple of months to address that issue.

The Board had several questions and there were a few small edits requested to the document prior to voting on the changes.

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

SUNRIVER SERVICE DISTRICT (SSD)
PROPOSED CHANGE TO SR RULES & REGULATIONS
5.05 UNMANNED AIRCRAFT

Lieutenant Lopez from the Sunriver Police Department reported that approximately six months ago the department put together a group to look at the feasibility of an Unmanned Aerial Systems (UAS) program or a local drone program for the police department in Sunriver.

Part of that was due to initial training received at a symposium that was attended by a SR officer as well as conversations with both the SSD Managing Board and neighboring agencies in regard to their programs and capabilities. To put it in perspective for those who may not be familiar with police drone programs, referred to as UAS programs, it has become best or standard practice in west coast police departments and specifically Central Oregon police departments to utilize drones for a variety of different purposes.

In Deschutes County alone, the Bend and Redmond Police Departments and Deschutes County Sheriffs have their own capabilities. When the Sunriver group was assessing what drones could be utilized for in the community they looked at their call volume and the types of calls that these devices could potentially be used for. Their findings were that these will be primarily used for missing persons situations, suspect location and apprehension as well as search and rescue. Additionally, it could be used in collaboration

with Sunriver Fire and Rescue in structure or wildland fires to provide a better 360 view and a better idea of evacuation response.

Currently, there is a grant available that funds a portion of the money need to upstart the program, however before they move forward, they need an exemption to the current Sunriver Rules & Regulations to operate their drones in approved pre-planned operations and in operations that fall under exigency meaning that there is risk to life or the community.

Asked for examples of how these devices might possibly aide the department, Lieutenant Lopez reported that in the last two months there were three examples where a drone would have been beneficial. One incident involved a thief at the Sunriver Marketplace who ran into the woods adjacent to the store. A second incident involved a Sunriver homeowner who suffers from Alzheimer's who had wandered away from their home and the police had no idea what direction the person had gone. A drone response from Deschutes County was requested but was 30 minutes away and by that time the person had fortunately been located. Lastly in December, officers responded to suspicious activity resulting in officers tracking a burglar, who they eventually arrested, for three hours through the snow on foot. In all three of these examples, a drone would have been extremely helpful.

Lieutenant Lopez noted that during the busy months of summer a drone would be helpful for the missing child calls they get on a fairly frequent basis and for activities on the river.

Essentially, the Police Department is requesting either an exemption to the current rule or a change in the way the rule is currently written so they can actually take off and land their drones here without having to apply for a permit in advance.

In regard to training, one can't just assign an officer, they must complete FAA and drone pilot training to become certified. The drones must be registered with the Department of Aviation and pilots must adhere to FAA regulations on where they can or can't fly a drone. Additionally, they must comply with all policies and Oregon Revised Statutes (ORS) as well as their internal UAS policy. There would be some occasional training flying conducted in Sunriver, but those exercises are spread amongst the regional partners so that it is shared among the participating organizations. There will be a police sergeant who will be in charge of the two drone operators and reporting will be provided as part of the monthly stats that are provided to both the SROA and SSD Boards. Presently, the department plans to purchase two drones.

GM Lewis commented that currently, one must get a signed authorization from SROA to fly a drone in Sunriver. The majority of these requests are from real estate companies preparing a home for sale and desiring aerial shots to be included and the Resort who occasionally do marketing efforts in which they want to include aerial shots of their property. Applicants must also receive authorization from the Sunriver airport prior to receiving a permit. Lieutenant Lopez noted they have had discussions with management at the airport who have no concerns as long as the training has been completed and is being adhered to.

GM Lewis continued that this request can be forwarded to the Covenants Committee for their review and input and the Board could hold a first reading of the proposed change at the February board meeting. That, per usual, will be followed by a 60-day comment period for owners which would bring it back before the Board in April for a second reading and approval.

In answer to a question from Director Ishmael regarding the license plate readers the department has expressed interest in placing at both entrances to Sunriver, Lieutenant Lopez answered they are still researching that in regard to fourth amendment rights and policy and where they could fit in Sunriver. The

department has researched several different options and different companies capabilities and legality issues as well. If they choose to go that route the readers would be placed in a space that is open to the public and that monitor specifically ingress and egress from Sunriver. They are looking at choosing a provider that provides pictures or data that are no more intrusive than a red-light camera. Additionally, Lieutenant Lopez believes this will be included in the departments strategic plan.

GM Lewis commented that as these devices would ultimately be placed on SROA property, the Police Department should prepare a proposal for fixed cameras with an accompanying policy, similar to what they have done with the drone proposal, including what specifically the footage would be used for. They will then need to plan to come back to the SROA Board with the proposed policy for adoption by the Board.

ADMISSIONS MODEL WORKGROUP UPDATE

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

As of December 31, 2022, a total of 7,329 Member Preference Program (MPP) cards have either purchased or renewed. Of that total, 5,835 were renewals and 709 were new cards. The remainder are extended family passes or long-term renter passes. This is 50 less than the end of December of 2021 and there has been no change since the November numbers were reported. At the end of December, the MPP revenue totaled \$498,500 or 101.2% of the annual budget.

In regard to the 2022 Recreation Plus Program (RPP), as of December 31, 2022, there were 924 homes and/or condominiums signed up on the program, the same number as the end of November and 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 December stands at \$2,303,490 or 110.5% of the 2022 budget.

Gate revenue is currently at 109% of budget currently sitting at \$544,560 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 8,190 attendees to the facility in the month of December compared to 8,020 in 2021 when SHARC was still affected by COVID restrictions that were in place. Of that number, 3,243 were owners, 3,246 were RPP pass holders, 40 were member guests, 355 were extended family and 259 were gate admissions and 9 were Central Oregon Sunday users. Year to date, 200,639 people have utilized the facility compared to 107,319 in 2021 when stricter COVID restrictions were still in place.

Through the end of December 2022, staff had issued 56,448 paper guest passes and of those 11,843 have been redeemed at SHARC and 4,644 were redeemed at the Member Pool. Prior to COVID we were averaging about a 38-40% return rate of guest passes redeemed, in 2021 we were at 24%. As the 2022 guest passes are good through the end of January 2023, Mr. Kessarar does not yet have the percentage for 2022. He will provide that information at the February meeting.

Event revenue through the end of December totaled \$92,727 versus a budget of \$27,027. We are interviewing applicants to fill the Event Manager position and hope to have that position filled in the very near future and once that person is on board, we will be looking for a full-time Event Coordinator. The employee who assisted us over the fall and winter has been great to have but he does not want to work full-time.

Mr. Kessarlis noted that while MPP memberships are good until the end of January, owners were able to purchase their 2023 updates as of 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 > 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 Kessarlis for his consistently thorough reporting of these important statistics.

TELECOMMUNICATIONS TASKFORCE-UPDATE

President Beenen referenced the Sunriver You presentation earlier this week that saw approximately 150 people attending via Zoom. President Beenen and GM Lewis led the presentation and were joined by Brian Gardner and Jacob Golden from TDS who were on hand to provide information and assist in answering questions. President Beenen noted there were a lot of good questions posed and although they were not able to get through all of them, they did manage to answer a good number of them. Both GM Lewis and President Beenen have received feedback from people saying it went very well from their perspective.

Director Pederson noted that he was pleased with the structure of the presentation and the fact that the speakers kept their presentation short and then opened it up to questions. Director Gillies, as a Sunriver You member, noted he has also received some very positive feedback about the presentation including the fact that they appreciated that it was just facts and not opinions being presented. Director Gillies also noted this presentation had the largest number of sign-ups that Sunriver You has ever had for any class or presentation.

President Beenen commented that his President's Message in the February edition of the Scene will also focus on this issue including the fiber to the home initiative so there will be some additional information available there.

Ballots will be mailed on January 23rd and are due back by noon on Tuesday, February 21, 2023.

GM Lewis noted that Sunriver You will be posting the session on their website soon and once it is ready, and a link will be provided from the SROA website.

REVIEW OF 1/21/23 BOARD MEETING AGENDA

The Board reviewed the agenda for tomorrow's meeting.

ADJOURN

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

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

The public meeting adjourned at 11:50 A.M.

Respectfully submitted,

Scott Gillies, SROA Secretary