

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM
FEBRUARY 18, 2023**

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

DIRECTOR PRESENT VIA ZOOM: Julianna Hayes

STAFF: James Lewis, Susan Berger & Jesus Mendoza

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

NUMBER OF ATTENDEES: 2

OWNERS FORUM:

Kathy Brown, 9 Quelah Lane submitted a written statement that addressed multiple issues, one of those being that she received no Board follow-up from her comments provided during the owner's forum at the January meeting. The additional points addressed in her written statement included: 1.) The need for the property address issues raised at the January meeting to be taken up by SROA; 2.) Equally enforcing the CCR's and clarification regarding her statement about the difference between "sole discretion" and "sole authority" of the Design Committee; and 3.) Inquired about the Board implementing (changing By-laws) to reflect ORS 94.960 as amended by the Oregon Legislature in 2021 by SB 329. Ms. Brown also indicated that her comments during the owner's forum at the January meeting were misquoted in the Board Actions report and as posted in the Scene.

OWNER FORUM FOLLOW-UP FROM PREVIOUS MONTH

Director Burke reported the Board received input from Signa Gibson, 12 Forest Lane regarding her concerns about the one/two digit versus five-digit address use in Sunriver and the problems some are having receiving mail and parcel/package deliveries. Director Burke had a lengthy phone conversation with Ms. Gibson who was unable to attend the meeting this month but said she would watch the work session/meeting via YouTube and will follow up on her return.

The Board also heard from Gunnevi Humphries, 10 Topflite Lane, regarding a variety of issues related to her property and the design review process especially as related to the requirement to remove a screen wall. Design Committee Board Liaison Scott Gillies attempted to follow up with Ms. Humphries after having reviewed all information from the property since it was built including all approvals issued for projects applied for. In the midst of trying to schedule a meeting with Ms. Humphries, she rescheduled a re-review of her application with the Design Committee which was ultimately denied again. Director Gillies and GM Lewis had scheduled a meeting last week with her to discuss her options and what she could do and she declined to attend the meeting unless they would make a decision at that meeting, which GM Lewis and Director Gillies do not have the authority to do. As a result she did not want to meet.

Director Pederson followed up with Laura Miller, Meadow House 70, regarding why owners had to pay an additional fee for a Member Preference Program (MPP) card. Director Pederson sent Ms. Miller a lengthy email explaining the reasons why we have the MPP cards available to owners as well as the fact that the card is optional, and owners can choose whether they want to pay the fee and purchase a card in order to have access to the SROA amenities. Director Pederson shared with Ms. Miller the amount of

revenue those cards generate as well as the fact that if that fee were eliminated it would have to be made up in form of higher maintenance fees for everyone. As it is, the choice is up to the individual owner. Director Pederson has not received a response to his email to Ms. Miller.

Director De Alicante who was not at the Saturday meeting in January was to follow-up with Greg Knakal, 1 Flat Top Lane, who spoke at the December meeting regarding his concerns about recycling and the recent changes to the firewood rules. Director De Alicante will double check on this and report on it at the March meeting.

Director Hayes has reached out to Vacasa regarding her concern/curiosity as to why they don't want to have their properties participate in the side-yard recycling. She has both called and written a letter to the local office in Sunriver and has yet to receive a response. She has a letter drafted to send to their Portland headquarters office if necessary. GM Lewis noted our Member Services office will have a contact person in the local Sunriver office and he will get the contact information for that person to Director Hayes.

RECAP OF 2/17/23 BOARD WORK SESSION

President Beenen reported the Board started the meeting with the introduction of several members of the SROA Recreation staff. It was interesting and fun for the Board to learn a bit about each of these individuals. They are an energetic group that are of great importance to our recreation operations.

Denease Schiffman, Manager of Operations for the Village provided an update on what's going on in the Village which was very informative and helpful for the Board.

Matt Hastie from MIG lead the Board through an update on the progress of the Parks and Recreation Masterplan. The final draft will be distributed to the Board in early March to allow time for the board members to thoroughly review the document prior to the meetings.

Assistant GM Kessarlis provided an update on Recreation statistics reporting that we are very much on plan with respect to Recreation Plus and Member Preference program revenues. There was been a significant uptick in the use of SHARC in the month of January. The new Events Manager, Alexandra Haupt started this week and she's very excited about getting started and working on the events already scheduled at SHARC as well as new opportunities yet to be booked.

Members of the SROA Employee Safety Committee provided an update on their ongoing efforts with respect to on-the-job safety and overall health and wellness of employees. These efforts benefit the owners in the form of lower insurance rates for the Association.

Executive Assistant Becki Sylvester provided a history of what has been done on more than one occasion in the past about postal addresses followed by a discussion by the Board. Staff was directed to follow up on some items related Sunriver addresses not being in the USPS database and what if anything can be done to change that.

Director De Alicante has set up an email address: sunriverwoodshare@gmail.com for people either wanting to get rid of wood stacked on their property or people who are in need of wood to heat their home or condo.

The Board held an Executive Session with legal counsel.

BOARD ACTION
BOARD MEETING MINUTES

Director Burke moved to approve the minutes of the January 20, 2023, board work session meeting minutes as corrected. Seconded by Director De Alicante, motion carried unanimously.

Director Burke moved to approve the minutes of the January 21, 2023, board meeting minutes as corrected. Seconded by Director Pederson, motion passed unanimously.

BOARD ACTION
FINANCIALS

Treasurer Pederson reminded the Board that they have two sets of financials to review this month, December of 2022, and January of 2023.

Referencing the key data sheet for the month ending December 31, 2022, and looking at operating expenses, for the current month we were over budget by \$256,368 however \$123,416 of that was to retire the debt on the Administration building which was not included in the 2022 budget. Additionally, some of that is due to timing of invoices being received along with a higher expense for cinders/sanding due to weather conditions experienced this winter.

Year-to-date our total operating revenue was over budget by \$533,131 to the positive and operating expenses were under budget by \$49,861 resulting in a year-end operating surplus of \$582,992. In the non-operating category, non-operating revenues were up by \$146,176, again due to the payoff of the Admin building debt, and non-operating expenses were under budget by \$34,869 resulting in a surplus of \$181,045 for the month of December. Year-to-date the non-operating surplus totals \$490,546. Total surplus when we aggregate that with the operating surplus is \$1,073,538 which is our increase in net assets and includes the required contribution that is made to the Reserve Fund each year.

Looking at the cash/investment balances from the end of this year to the end of the previous year, we saw an increase of \$2,469,023. Replacement reserves ended the year \$773,035 under budget, the SHARC Replacement Reserves was \$162,347 under budget and New Capital was \$465,056 to the good. Some of this underspending was due to the difficulty with supply chain issues that resulted in some things being pushed into 2023 as a result.

For the month ended December 31, 2022, there was a net operating deficit of \$174,458 which was \$224,789 worse than budget. Operating revenues were better than budget by \$31,59 mainly due to Recreation Plus Program (RPP) revenues, Scene advertising and interest incomes. These positive variances were partially offset by less property transfer fees than budgeted. Home transfers continue to slow over the past several months. Salaries and burden were over budget by \$32,557 due to overtime in Public Works, GM bonus and an increase in vacation accrual. Departmental expenses were over budget by \$88,825 due to redo of the entrance circle landscaping, sanding cinders, fuel and labor associated with icy/snow conditions. Insurance and legal expenses were over budget by \$12,870 due to both November and December legal invoices and higher insurance rates. All legal invoices have been posted for the fiscal year 2022. The Administration building debt to the reserve fund was paid off in December.

For the year ended December 31, 2022, there was a net operating surplus of \$582,992. Operating revenues were \$533,131 ahead of budget due to RPP, MPP, gate, café rental, Scene advertising, compliance fines and the Caldera expansion settlement payments. There was a total of \$2,357,194 in RPP revenue in 2022 which was \$212,542 better than budget. There were 83 more homes/condos participating in the RPP plan in 2022 than in 2021. There was \$544,560 in gate revenue compared to a budget of \$500,000. Salaries and wages were under budget by \$213,745 due to open full-time positions. Materials

and services were over budget by \$29,789 for the year due to the above-mentioned reasons. There was \$131,536 in total interest income for the year. Ladder fuels reduction (LFR) expenditures were \$126,926 under budget for the year. Some of the work is carrying forward to 2023 and will be reimbursed from grant funds. For the year ended December 31, 2022, there was a combined operating and non-operating surplus of \$1,805,315 which was \$1,073,538 better than budget.

Total assets as of December 31, 2022, were \$36,415,271. Cash and investments totaled \$14,987,625 an increase of \$2,732,520 from November. As of December 31, 2022, investments included \$12,255,105 in US Treasuries between ninety day and two-year durations. Deferred revenues increased by \$2,634,531 due to payments received for 2023 maintenance due, RPP and MPP memberships.

Fixed assets placed into service at year-end included replastering of the lazy river, purchase of mini-excavator and Polywood nautical loungers.

December 31, 2022 (Year to Date Unaudited)

	<u>ACTUAL</u>
TOTAL REVENUE	\$12,754,199
TOTAL EXPENSES	\$12,171,207
OPERATING FUND SURPLUS	\$ 582,992

Director Pederson moved approval of the unaudited financial statements for the month of December, 2022. Seconded by Director Mobley, motion passed unanimously.

Moving to the January 2023 financial report, Treasurer Pederson reported our operating revenue was \$77,460 better than budget due in part to the Caldera plotting more lots as they move forward with their expansion. 37 additional lots were plotted and SROA received a check for \$46, 250. Scene advertising was up with some people prepaying for the entire year and Recreation Plus Program (RPP) sales were strong.

In the non-operating accounts, revenue was \$21,486 better than budget due to interest income and some SHARC assessment payoffs. Expenses were over budget by \$30,869 part of which is Ladder Fuels Reduction contracts that were held over from 2022 and completed in January. We will receive reimbursement from the grant dollars that were awarded to SROA last year, so we will get those dollars back. Total year-to-date actual is a surplus of \$203,752 so we are off to a good start. Cash investment balances at the end of January 2023, were \$3,486,375 which is an all-time high.

The capital reserve percent funded accounts were at 56.1% at the end of December 2022 versus 38.9% at the end of 2021 and 35.4% at the end of 2020. We will be having a full reserve study done later this year which will most likely result in that number lowering a bit as some adjustments will probably be necessary. The projection is that we will end 2023 at around 48.7%.

For the month ended January 31, 2023, there was a net operating deficit of \$44,438 which was \$77,460 better than budget. Operating revenues were over budget by \$77,052 due to a payment made for the Caldera expansion, Recreation Plus Program sales and interest income. 37 additional plats were recorded with the County at \$1,250 per plat due to SROA. There were 111 more homes/condos enrolled in the RPP program than at the same time last year. Salaries and burden were over budget by a combined \$10,813. Liability for accrued vacation increased by \$25,887 due to wage increases and less vacation time taken than accrued. This variance was partially offset by savings in open full-time and part-time positions in Recreation. January's legal invoice had not been received at the time these reports were generated.

There was \$31,058 in LFR work done in January, a carryover from 2022 contracts that will be reimbursed as part of the grant. There was a total of \$47,646 earned in interest income for the month. As of January 31, 2023, there was a combined operating and non-operating surplus of \$203,752.

Total assets as of January 31, 2023, were \$40,168,359. Cash and investments totaled \$18,031,112 and increase of \$3,043,487 from December 2022. As of January 31, 2023, there was \$15,185,274 invested in US Treasuries with durations between 90-days and two years. Construction in progress included design work on the Public Works building, purchases of a 2023 Ford Ranger and new boilers at SHARC. Deferred revenue increased by \$3,139,648 due to annual maintenance dues payments and RPP and MPP sales.

January 31, 2023 (Year to Date Unaudited)	
	<u>ACTUAL</u>
TOTAL REVENUE	\$981,600
TOTAL EXPENSES	\$1,026,038
OPERATING FUND SURPLUS	\$ (44,438)

Director Ishmael moved approval of the unaudited financial statements for the month of January 2023.
Seconded by Director Burke, motion passed unanimously.

President Beenen thanked Treasurer Pederson on a superb job of reviewing these reports. Director Burke expressed his appreciation to staff and to the Finance Committee on a job well done in 2022.

GENERAL MANAGER'S REPORT

GM Lewis reported this recap is for activities in January.

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) Board regarding coordination with south county efforts economic development efforts (in conjunction with Economic Development for Central Oregon (EDCO)).

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 continued work with the Telecommunications Taskforce.

GM Lewis continued working with the taskforce updating the Design Review Manual, preparing a final comprehensive draft of the entire document.

Continued phone/Zoom meetings and correspondence with staff at Bend Broadband (BBB)/TDS to discuss outstanding issues related to the negotiated Draft Bulk Agreement.

Continued work with the consultant and taskforce on the Parks & Recreation Master Plan including the creation and distribution of the initial complete draft.

Held additional meetings with the contractor and Public Works Director Mark Smith regarding the design for the Public Works facility improvements.

GM Lewis participated in and performed tasks associated with the Transient Room Tax (TRT) dollars and how Sunriver might obtain more of those, particularly for operations or a special project.

GM Lewis attended a South Deschutes County planning meeting hosted by COIC staff the purpose of which was to identify needs and partners to prepare for the development of a South County Strategic Planning process.

Prepared and participated in a virtual Town Hall Forum about the upcoming vote on the TDS Bulk Services Agreement.

Attended a virtual Town Hall meeting conducted by County Commissioner Phil Chang.

In the Accounting Department, Controller Healy prepared closing financial statements for 2022.

Accounting staff continues processing a large number of maintenance fee, Recreation Plus, and Member Preference program payments.

Controller Healy processed the reconciling payments for 2023 RPP and MPP.

The Accounting Department has uploaded the 2023 budget into the Jonas system.

Annual employee reviews were completed.

Accounting staff finalized the electronic process for owners to access and make payments to the account online.

In IT, staff continues to integrate the new telephone system. Some issues are still being resolved.

IT staff is working on the database for Natural Resources adding data to GIS, downloading to a spreadsheet to manipulate/correlate data with GIS filed applications. The goal is to transfer GIS data directly to a database table for manipulation rather than spreadsheets.

IT Director Brad Olson assisted with calls from owners with questions regarding the Special Election ballot for the TDS Bulk agreement.

The Multi Factor Authentication (MFA) was installed and a few users at a time are being added. Employee training continues with a recent phishing campaign.

The old PBX telephone servers have been removed from the network to eliminate vulnerability.

IT staff worked with Natural Resources to provide VPN connectivity for Patti and Claire, GIS for Tess and also fixed a telephone that was not routing properly.

IT staff is working with Public Works on finding the conduit entering the Administration Building from Abbot Drive so it can be used for access in the annex building.

A new TV/Monitor was installed in the Board Room to make things less cumbersome for Zoom meetings and presentation.

In the Communications Department, Scene advertising was at \$18,897 (Jan 2022 was \$20,146.)

There were 104 reads of the online January Scene. Readers from other countries included Canada and El Salvador.

The SROA website was visited by 6,300 users in January with the most popular pages being weather, tree flagging & paint colors, member preference program and job opportunities.

The SHARC website was visited by 6,600 users with the most popular pages being aquatic hours, recreation swim and admission rates.

Sunriver Style had 1,100 visits with popular pages being what's going on, weather, pathways, and frosty fun.

Social media posts: Three eblasts were sent in January with the following topics: Road/park closure for marina dredging; public safety facility neighborhood meeting; telecommunications town hall, phone system changeover, membership card renewals, board candidate search, special election and owner happy hour.

We finally surpassed the 3,000 mark for eblast signups.

The Community Development Department reports the Design Committee meetings continue to occur on a regular schedule with multiple items on each agenda – the two January meetings had a total of six items (combined – 5 and 1).

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

There are currently approximately 233 active projects/building permits (down approximately 46 from the previous month of December due to staff having more time to do final inspections resulting from few application submittals commensurate with the season.

The number of applications submitted in January was down from the same month in 2022 - from 58 in 2022 to 50 in 2023. This is most likely attributable to overall economic factors in 2022.

Community Development staff continued issuing compliance letters for design and rule violations.

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 oversaw the ladder fuels reduction (LFR) work that continued on commons.

NR staff performed administrative tasks, closed out paperwork for 2022 and planned for 2023.

Staff continued annual fall/winter LFR inspections on private properties (north end).

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

Public Works staff have been removing rounds of wood from various locations in the community, moving it to the area next to the Recycle Center and splitting it as time allows.

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

Developed the specifications and timeline for the Circle 1 tunnel replacement.

Closed road and pathways in the marina lagoon dredging area.

Fleet services received a small new pickup and sold the outgoing one & installed a new bed on a Ford Ranger.

Facilities/Aquatics staff rebuilt the outdoor leisure pool defender filter and replaced snow melt heaters that were backordered for several months.

Chemical injection system maintenance for water quality underway.

Staff is still working Anderson Pools regarding warranty issues at the Member Pool

Annex renovations have started. This will be the temporary building that will house the Public Works employees once the round house is demolished. The annex will then become long-term storage.

The new PW building has been submitted for land use approval through Deschutes County and engineering is 30% complete.

All archive records have been moved from the Round House to a storage container.

In Recreation, MPP sales continue to be well received with very few comments about the price increases.

Recreation swim was added on Wednesday's (now Wednesday through Sunday from 3:30-5:30 P.M.

Several events were held at SHARC during the month of January including the Bridge Club, Anglers Club and Sunriver You classes. There was also a three-evening event by the U of O for visiting students.

In regard to staffing, interviews were completed, and an offer made for the Events Manager position. There is a lifeguard class scheduled for spring break and alternative recruitment strategies are being looked into for an Aquatics Manager.

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 primary focus for the SSD Managing Board is new the Public Safety Building. They hope to break ground in May, and they will work through all the necessary processes

including engineering and permitting requirements between now and then. The permitting process through Deschutes County takes approximately eight weeks.

Several new items were approved for the Police Department including two previously ordered cruisers, 2 additional cruisers and two new vehicles for the Chief and Lieutenant as they are currently driving their own vehicles which could present some liability issues if they are using their own vehicle for official purposes. Additionally, new rifles and pistols, ceramic breast plates and two drones were approved for the department.

The Fire Department is now fully staffed for the first time in a while, and the Police Department is almost fully staffed.

The Special Districts Association of Oregon (SDAO) held their annual meeting in Sunriver in February and the planning committee for the new public safety building was awarded the Project of the Year award. Congratulations to that team.

The approved minutes of the December 15, 2022, SSD meeting are included in the board binders.

BOARD ACTION
4th QUARTER CAPITAL ACQUISITIONS TRANSFER

Director Pederson moved approval of the transfer of \$548,026.14 from the Reserve Account to the Operating Fund for the 2022 fourth quarter acquisitions. Seconded by Director De Alicante, motion passed unanimously.

BOARD ACTION
SKYPARK 2022 YEAR-END TRANSFER

Director Mobley moved approval of the transfer of \$17,159.09 from the operating account to the Skypark Reserve account for the year ending December 31, 2022. Seconded by Director Pederson, motion passed unanimously.

BOARD ACTION
1st READING SR RULES & REGULATIONS – SECTION 5.05 UNMANNED AIRCRAFT

Director Pederson moved approval of a first reading on an amendment to Section 5.05 of the Sunriver Rules & Regulations, (unmanned aircraft systems) to allow Sunriver Police & Fire Departments (Emergency Services) to facilitate take-off and landing of unmanned aircraft (drones) within the boundary of Sunriver as attached, subject to final approval of the text by SROA legal counsel. Seconded by Director Mobley, motion passed unanimously.

The Board held some discussion on the proposed text of the rule and suggested a couple edits.

Director De Alicante moved to amend the proposed language in Section 5.05 to add the word “government” in front of agencies in the second sentence and adding “which are specifically allowed to take off and/or land in Sunriver after the word drone in that same sentence. Seconded by Director Ishmael. Amendment passed unanimously.

Secretary Gillies read the section for the group including Director De Alicante’s revisions: Except as permitted by the SROA General Manager, the takeoff/landing of unmanned aircraft, including but not limited to aerial drones is prohibited in Sunriver. An exception applies with Sunriver Police & Fire Departments or other government agencies having authorized jurisdiction are acting in an official capacity requiring the use of an unmanned aircraft/drones which are specifically allowed to take off and/or land in Sunriver. Unmanned aircraft, including but not limited to drones, that takeoff/land outside

of Sunriver are excluded. Violation of this rule constitutes a Class A offense.

The Board held their meeting debrief of today's meeting.

OTHER BUSINESS

Director Ishmael inquired about the process for owners being assigned to committees. President Beenen responded that when a completed Volunteer Service Form is received it is forwarded to the Chair and the Board Liaison for the committee the owner is expressing interest in. The chair then contacts the individual to provide them some background information on that particular committee and invite them to a meeting. While the chair ultimately makes the recommendation to the Board for an appointment to a committee, the committee will often discuss as a group whether or not they believe the applicant would be a good, contributing member of the committee.

A workgroup is generally an ongoing group, such as the Admissions Model Work Group, whose work is ongoing and addresses an issue or issues that are regularly going to come up.

Taskforces are generally populated by putting out a notice, usually via an eblast, to owners indicating the need for individuals to populate a particular taskforce. A taskforce differs in that they are assigned a specific project with a start date and end date. These groups are also approved by the Board and include things like the Parks & Rec Master Plan, Telecommunications, etc. When the task is completed, the taskforce is dissolved. Staff works to get a mix of resident and non-resident owners as well as owners who rent their homes and members of the local business community when it is something that will affect them as well. We often receive a good number of applicants for these shorter-term type projects, and we strive to get a good mix of the above-mentioned groups of people.

Director De Alicante noted an opinion offered at the beginning of today's meeting that suggested that a director couldn't act in the directors individual capacity as an owner specifically in his example for doing the email address/site to help with wood sharing. The SROA Bylaws or Consolidated Plan do not limit or prohibit a director from taking action as an individual owner and specifically ORS 65.357 which is general standards for directors, and ORS 65.361 which is a director conflict of interest, and which deals only with contractual matters between a director and the entity which this is not, don't prohibit any director from having independent action as an owner such as setting up an email account.

The Oregon revised statutes which the SROA Bylaws default to if there is any question, specifically do not limit that. Under 65.357 (4) it says: A director is not liable to the corporation any member or any other person for any action taken or not taken as a director if the director acted in compliance with this section.

Board members are required to act in good faith both as a director and not as a director.

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

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

The meeting adjourned at 11:11 A.M.

Respectfully Submitted,

Scott Gillies, SROA Secretary

Sunriver Owners Association
Board of Directors Meeting
2/18/23