

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM
MAY 20, 2023**

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

DIRECTOR ABSENT: 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:

Randy Schneider, 6 Dixie Mtn Lane, spoke on two issues: 1. Questioned why SROA still retains a recycle depot since the side-yard recycling began in January. He suggested it be removed. 2. He noted the prevalence of a variety of e-bikes that continue to use the pathways in Sunriver and noted that it is and will be an on-going safety problem.

Bob Stillson, 10 Belknap Lane, Mr. Stillson noted he has lived here for five years and attends the Board meetings on a regular basis. Yesterday's work session was so positive in terms of the direction that Sunriver is going, and GM Lewis is to be commended for not being afraid to take on the festering issues and he passed his compliments to the Board for supporting the GM. Telecommunications, Transient Room Tax, and the new Design Manual of Rules & Procedures are all examples of issues that are not necessarily fun to pursue and yet GM Lewis and the Board have moved forward with tackling those issues which Mr. Stillson believes is impressive. Additionally, Mr. Stillson has appreciated meeting the different staff members each month as well as having community partners such as SR Resort Managing Director Tom O'Shea providing updates on their operations.

Mr. Stillson addressed three issues: 1. He asked if it is out of the question for homeowners to expect the same excavation protocols that contractors must follow on commons? Or perhaps something even more stringent? Even what appears to be minor root damage can cause tree issues in the future. 2. He noted that it is important for homeowners to know the following if they choose to opt out of fiber installation when the contractor (TDS) is in the neighborhood: a) at what point in the future can they request to have service installed; and b) would such installation be free or come with cost? 3. It may not be common practice, but mapping out where the fiber optic installation is located for every home is an important piece of information for homeowners and Public Works. Hopefully that could be done at a "reasonable" cost.

OWNER FORUM FOLLOW-UP FROM PREVIOUS MONTH

Director Mobley followed up with owner Paul Evenson, 7 Makaha Lane regarding his concerns about Ladder Fuels Reduction tree removals on commons. While they have a productive conversation, Mr. Mobley feels more follow-up may be needed and Mr. Mobley will reach out to him.

President Beenen followed up with owners Tom Kelley, 7 Forest Lane and Stephen Aloia, 5 Redwood Lane who hold opposing views on the “All are Welcome Here” sticker situation. President Beenen explained SROA’s position and received opposing responses to the information he shared.

President Beenen also followed up with Cynthia Stubenrauch, 6 East Park Lane, regarding her concerns about the highly flammable juniper trees and noted she is very happy they will no longer be allowed to be planted in Sunriver but understands the difficulties ahead in getting the existing ones removed from Sunriver.

Director Gillies followed up with Theresa Youmans, 15 Big Sky Lane, regarding her suggestions for changes to the SR Rules & Regulations and also to the Design Manual of Rules & Procedures. Ms. Youmans provided a list of the specific items she has concern with, and Director Gillies assured her they would be passed on to the Design Committee and followed up on at the next Design Committee meeting, which they were.

The Board briefly discussed a letter received from owner Glenn Berk, 2 Gannet Lane relative to clean-up of dog defecation and asked the GM to look into what the cost would be add more of the doggie defecation bag stations throughout the community.

RECAP OF 5/19/23 BOARD WORK SESSION

President Beenen reported they started the meeting with an introduction to SROA’s new Aquatics Manager Brandon Powers. Sunriver Resort Managing Director Tom O’Shea provided an update on the Resort’s activities as well as his commitment to work together with SROA. The Board held discussion on Resolution 2023-001 which is the proposed Financial Policy revisions that will provide more clarification of some existing language to make it easier for people to understand.

Recreation Director Leigh Anne Dennis and Public Works Director Mark Smith provided an update on how things are looking in their departments going into summer. Things are looking good for both departments and are dramatically better than a year ago.

Assistant GM Kessariss provided an update on recreation statistics for the month of April. A brief discussion was held on the Telecommunications Taskforce final report. A discussion was held regarding Transient Room Tax (TRT) dollars and President Beenen shared the presentation the taskforce has been giving to the Deschutes County staff including the commissioners. The Board reviewed and talked extensively about the new Design Manual of Rules & Procedures. Comments were received from 14 owners, copies of which were provided to the Board. Some of that input has been incorporated into changes in the manual which is on the agenda for action at today's meeting.

Assistant GM Kessariss provided a brief presentation on the Strategic Plan 2030 including what the plan is and some of the building blocks already in place, the timeline anticipated and the process by which the project will move forward. A brief discussion was held on the letter to the Bend postmaster requesting that all the five-digit and one/two-digit addresses be added to the USPS database. The Board discussed the proposed repeal of the SROA Employee Vaccination Policy which is on today’s agenda for action. The Board also heard from SROA’s HR Director Kellie Allen about proposed changes to the SROA Employee Handbook relative to Paid Leave Oregon and the shift differential policy which are also on the agenda for action at today’s meeting.

BOARD ACTION
BOARD MEETING MINUTES

Director Pederson moved to approve the minutes of the April 14, 2023, Joint SROA/SSD Board meeting as written. Seconded by Director Burke, motion carried unanimously.

Director Pederson moved to approve the minutes of the April 14, 2023, board work session meeting minutes as corrected. Seconded by Director Beard, motion carried unanimously.

Director Pederson moved to approve the minutes of the April 15, 2023, board meeting minutes as written. Seconded by Director Mobley, motion passed unanimously.

BOARD ACTION
FINANCIALS

Treasurer Pederson reported the Association had another good month with an operating budget surplus of \$28,743 for the month and year-to-date positive variance of \$22,797. On the non-operating side, we had a variance there in non-operating revenue that was largely due to staffing of openings in Recreation and the Communications Department. That month end variance was a negative \$37,184. On the non-operating revenue side, we were over budget by \$58,495, part of which is for 2022 LFR work that did not get completed until 2023 and for which we will be reimbursed through the grant received in 2022.

Total revenue year-to-date is \$979,198, a variance of \$328,651 compared to budget and which is well ahead of goal. As has been mentioned before, we have significantly higher cash levels than last year and part of that when looking at the 4/30/23 Cash & Investments, \$220k of that is additional interest income between the operating fund and the reserve fund so the higher interest rates we are seeing are contributing greatly to our bottom line.

Moving to reserve replacement, not much money has been spent yet but once the Ladder Fuels Reduction (LFR) contracts for 2023 kick off and the delays in the Public Works campus are behind us, more money will start coming out of those funds.

Referencing the operating income sheet, the interest income for the year is \$101,568 and for the month was \$13,533 better than budget. Program revenue was down by \$13,237 for the month, which was due to a reduction in Recreation Plus Program (RPP) sales as well as reductions in Scene advertising and in Community Development fees. Year-to-date revenue is \$92k ahead of budget part of which is from the Caldera payment, the settlement on the issues at the Member Pool, and interest income. On the expense side, we were under budget by \$68,171 due in part to unfilled positions in Recreation and Communications.

Treasurer Pederson reviewed the financial statements in further detail with the Board and commented that in total operating revenue versus expenses, we are \$171,192 against a budget of a negative -\$148,395. If this trend holds for the rest of the year, we won't have a deficit at years end.

Treasurer Pederson reviewed the assets and liabilities on the balance sheets as well as a review of the cash balances and account holdings and provided clarification as needed.

For the month ended April 30, 2023, there was a net operating surplus of \$28,743 which was \$73,298 better than budget. Operating revenues were less than budget by \$3,467. Positive variance in interest income was offset by Recreation Plus Program (RPP) sales and shortfall in advertising and community development fees. Community Development fees and advertising revenue are both better than budget year-to-date. There are eight less homes in the RPP as the same point in 2022. Salaries and burden were

under budget by a combined \$42,540 due to open f/t and p/t positions in the recreation and communication departments. Material and services were under budget by \$25,631 due to timing of contract services and billings for landscape maintenance. All legal invoices through April have been received.

Through the first four months of 2023, there was a net operating surplus of \$22,797 which was \$171,192 better than budget. Operating revenues were over budget by \$92,285 mainly due to the Caldera expansion payment, interest income and settlement with architects on the owner's pool DEQ fine. Salaries and burden were under budget by a combined \$75,072. \$222,187 has been earned in interest income. Year-to-date material and services were less than budget by \$6,404 mainly due to timing of contract services and billing for landscape maintenance. As of April 30, 2023, there was a combined operating and non-operating surplus of \$979,200.

Total assets as of April 30, 2023, were \$39,538,403. Cash and investments totaled \$17,646,066, a decrease of \$417,516 from March. As of the end of April there was \$16,618,831 invested in US Treasuries with durations between 90-day and 2 year and average yield of 4.5%. Receivables for maintenance fund and RPP plans were \$139,546 and \$322,559 respectively with \$90,000 in reserve for uncollectible. The second payment for RPP's is due June 1st. Retail inventory increased by \$11,167 in preparation for the upcoming summer season. Construction in progress items included work on the new public works yard and plastering of the indoor pool at SHARC.

April 30, 2023 (Year to Date Unaudited)

	<u>ACTUAL</u>
TOTAL REVENUE	\$4,088,459
TOTAL EXPENSES	\$4,065,662
OPERATING FUND SURPLUS	\$ 22,797

Director Mobley moved approval of the unaudited financial statements for the month ending April 30, 2023. Seconded by Director De Alicante, motion passed unanimously.

President Beenen noted that he has been associated with SROA finances for approximately seven years now and the Association is currently in a phenomenal position. He believes this is something the owners, the Board, the Finance Committee and the SROA staff should all feel good about as we are in a very strong position.

GENERAL MANAGER'S REPORT

GM Lewis reported his recap for activities in April.

GM Lewis continues to participate in the Central Oregon Intergovernmental Council (COIC) Board of Directors meetings as the Tourism and Recreation representative. This will continue to be a monthly on-going participation through end of term of December 31, 2024.

Continues to attend Sunriver/La Pine Economic Development (SLED) Board regarding coordination with south county efforts economic development efforts. This will continue to be a monthly on-going participation.

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 along with Public Works Director Mark Smith have met with the engineers and contractor regarding the design for improvements to the Public Works yard including addressing Deschutes County Planning Department requests for additional information as related to the Land Use Permits.

GM Lewis participated and performed tasks associated with the Transient Room Tax Taskforce including meeting with Deschutes County Commissioner Tony De Bone.

GM Lewis continues to participate with the Central Oregon Intergovernmental Council (COIC) staff to identify needs and partners to prepare for the development of a South County Strategic Planning process.

Director Mobley noted that GM Lewis' expertise and experience in Deschutes County make him a very valuable asset to this effort and the work that GM Lewis does speaks well of Sunriver. Director Pederson added that the relationships that GM Lewis builds and has with the leaders in South County and throughout the County by participating in this effort is good for Sunriver as a whole.

GM Lewis worked with legal counsel to finalize a formal agreement regarding a new method for calculating maintenance fees for the Village @ Sunriver. Additionally, GM Lewis met with representatives from Sunriver Resort regarding an adjustment to the maintenance fee calculation for the Resort.

In the Accounting Department, Controller Healy prepared the unaudited financials for the period ending March 30, 2023.

Accounting staff activated access for owners to access and make payments through the SROA website and worked with owners to gain access. Over 500 owners have registered so far.

Controller Healy prepared schedules for upcoming on-site yearly audit.

In IT, new IT Director Rebecca Maloney started on April 12, 2023.

IT Director Maloney held one-on-one meetings with the different SROA departments as an initial introduction and process review opportunity.

The new phone system installation is complete, and employees are becoming more familiar with the new system daily. IT Director recently held a training session for employees that was very helpful.

The fiber run from the Member Pool to the Admin Building is completed.

Server updates & patches completed.

Endpoint protection has been installed on all workstations and servers, staff awareness training policy has been created and will be launched for employees soon.

Multi-Factor Authentication on workstations is 90% complete.

The SROA database has been updated to add photos with dates to the compliance database with better functionality. Additionally, a submittal form issue has been resolved.

IT staff created secure encrypted folder for ACH data for the Accounting Department and performed Jonas DMZ updates to fix sync errors.

All RV and Mary McCallum gate codes have been updated and are functional.

The Member Pool workstations have all been set up and tested.

Cook Security replaced cable on two gates at the North Courts complex.

The current fuel system is being reviewed for replacement.

In the Communications Department, Scene advertising was at \$19,503 (April 2022 was \$23,700.)

There were 443 reads of the online April Scene. Readers from other countries included four readers from Vietnam, two from Germany one from Canada and one from Ireland.

The SROA website was visited by 7,800 users in April with the most popular pages being weather, tree flagging, maintenance fees, and the Member Preference Program.

The SHARC website was visited by 7,100 users with the most popular pages being aquatic hours, rec swim, admission, activities, and indoor aquatics.

Sunriver Style had 1,083 visits with popular pages being pathways, weather, what's going on, and getting here.

April eblasts included the following: new firewood rules, Arbor Day tree giveaway, RV storage fee increase, and Sunriver Solstice Tennis Tournament.

Additional projects for Communications included conducting interviews to fill open position in the Communications Department. Created the Sunriver Peace Pledge. Framed posters are now on display at SHARC, the Admin Building and have been posted to the SROA and SHARC websites. Smaller laminated posters have been installed on windows and we are looking at having window stickers made. Created/ordered new signs for the spa/hot tub at SHARC and the Member Pool and created/ordered new signage for the new tunnel at Circle 1.

The Community Development Department reports the Design Committee meetings continue to occur on a regular schedule with multiple items on each agenda – the two April meetings had a total of ten items (combined – 7 and 3).

There are currently approximately 233 active projects/building permits (up by eight from the previous month of March.)

The number of applications submitted in April was down from the same month in 2022 - from 135 in 2022 to 101 in 2023.

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 the final draft of the manual for presentation to the Design Committee and the Board.

The Natural Resources staff prepared and mailed Ladder Fuels Reduction (LFR) deficiency postcards and courtesy letters.

Natural Resources staff prepared 900 ponderosa pine bare-root seedlings to give to owners in celebration of Arbor Day.

Natural Resources staff began a restoration project at Mary McCallum Park and continued Oregon Spotted Frog spring monitoring and egg mass surveys.

Natural Resources staff responded to phone calls and emails and performed site visits regarding tree removal requests on private property.

Natural Resources staff continued to monitor the LFR tree thinning on commons and performed contract inspections.

Public Works (PW) staff have all sports courts are clean, nets and windscreens are up, and courts surfaces are ready for the season. A weekly schedule is in place for the summer for cleaning and adjusting net heights.

New benches have been added at pickleball courts.

The Circle One Tunnel project is well underway and going good. The project is currently ahead of schedule and on budget.

The Mary McCallum pathway and the area around the new restroom are prepped and ready to pave.

PW staff have completed the first full round of ladder fuels for 2023.

Cinder use was heavy this winter requiring a major effort of sweeping and cleaning upon the roads and pathways.

Spring preventative maintenance schedule for roads/pathway is being developed.

Fleet Services performed service/pump testing for wildfire engine.

Winter to summer tire changeover is complete.

At the SHARC facility, PW staff drained the indoor pool for replastering allowing us to complete several other maintenance items such as new in-pool wiring and lighting, tile repair, servicing of heaters and filters and lots of cleaning.

New shade structures bases have been excavated and poured at the Member Pool.

Winter covers at the Member Pool have been removed and railings installed.

All things related to the new PW building land-use planning and submitting building permits. Moving into the CM/GC part of the contract with Wolf Constructing and Development. GMP to be established before the contract is in place.

PW Aqua Tech is now backflow certified. In the past we paid an outside source for this service and now we can accomplish this task in-house.

SROA has received a grant to redesign and replace pathway kiosk signing.

April visits at SHARC were 6,390 versus 6,128 in April 2022. Spring break business continued into the first week of April with no access issues incurred.

The indoor pool replaster/maintenance is well underway and moving along with no major issues.

Lap swimming is available seven days a week in the outdoor pool and recreation swimming is available in the outdoor pool on weekends.

The air wall maintenance in Benham Hall was completed.

AV repair at SHARC is complete with a new amplifier installed.

The exterior of the SHARC building is being painted.

New scheduling software has been put in place for employees.

In regard to staffing, interviews are ongoing for two full-time vacancies in aquatics, and a full-time position in Events as well as summer seasonal staffing.

Nine lifeguard candidates enrolled in the Memorial Day weekend lifeguard classes. 2023 staffing is in a much better place than 2022, and applications are being received daily.

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 reported the search is underway for a new fire chief. A number of applications have been received from both outside and inside the department and which include some good applicants, which is promising. Rod Bjorvik is currently serving as interim chief.

Discussions about the new public safety building continued. It appears that things are going to take longer than first anticipated, which will cause costs to rise accordingly. Currently the challenge is getting the land use permit from Deschutes County. Plans are to have a groundbreaking ceremony on June 22nd.

The Sunriver Police Department were called to deploy their drone in response to a situation in south county which provided a good training opportunity.

Police Chief Womer will be retiring in November, so the SSD Board is beginning the process to advertise for a new police chief. As with the fire chief position, there are good candidates inside the department, but the SSD is choosing to advertise outside the department as well.

President Beenen added that the transition from SROA to an independent accounting firm is taking place.

The SSD audit was recently completed and was done by a different firm this year and based on what Deschutes County does. A clean report without any issues was received.

The approved minutes of the March 16, & March 23, 2023, SSD meeting are included in the board binders.

BOARD ACTION
APPOINTMENTS/RESIGNATIONS

Director Gillies moved approval of the appointments of Mary Beth Collen, Paul Lindstrom, Steve Bosson and Mark Szymczak as alternate members of the Design Committee. Further moved approval of the change from alternate to full-time status on the Design Committee for Richard Look & Theresa Youmans and lastly accept the resignation of Rick Komraus from the Design Committee and thanked him for his time on behalf of the Association. Seconded by Director Burke, motion passed unanimously.

BOARD ACTION
TELECOMMUNICATIONS TASKFORCE FINAL REPORT

Director Pederson moved acceptance of the final Telecommunications Taskforce report as presented and further moved to thank the taskforce members for their hard work and dedication to this effort. Seconded by Director Burke, motion passed unanimously.

Director Pederson thanked President Beenen for this very thorough report.

BOARD ACTION
RESOLUTION 2023-001 SROA FINANCIAL POLICY REVISIONS

Director Pederson moved approval of Resolution 2023-001 adopting revisions to the SROA Financial Policies regarding the collection of maintenance fund fees and fines. Seconded by Director Mobley, motion passed unanimously.

BOARD ACTION
SECOND READING
DESIGN MANUAL OF RULES & PROCEDURES

Director Burke moved to approve the new Design Committee Manual of Rules and Procedures presented today with track changes dated May 15, 2023. The new manual once adopted, will be ready for use effective, June 15, 2023. Seconded by Director Mobley.

Director De Alicante referenced yesterday's discussion about adding a definition of "sole discretion" to the Appendix for the new manual. He was tasked and now provides each of the Board members with the proposed definition to be added to the appendix.

Director De Alicante moved to amend the motion strike two instances in the manual where the words "absolute" are used under the phrase "sole discretion." Further move to include the definition of "sole discretion" provided striking the words "or sole and absolute discretion." Seconded by Director Mobley, amendment passed unanimously.

Director Pederson moved to amend Section 3.24 Awnings & Externally Affixed Materials, Section a. 4. to read "Fabric shall be solid in color or patterned with colors compatible with the home body color." Seconded by Director Ishmael, motion passed unanimously.

A lengthy discussion was held on the caging of trees/vegetation with the fact being pointed out that this type of action is already prohibited in the current Design Manual. This is not a new rule being added, it is reaffirmation of an existing rule. Additionally, this issue was reviewed and discussed at length by both the taskforce and the Design Committee, at multiple meetings, who both chose to leave the rule prohibiting the caging of vegetation in place. The Board discussed a variety of possible alternatives to this complex

issue. It was also mentioned that the Design Manual is based on having the least amount of impact on nature as possible. Part of nature is letting the plants and animals live with us. The Board also agreed that they don't want to see wire fencing and mesh all over the community as that is not the aesthetic one desires as they move about Sunriver. One of the reasons people like Sunriver is because it is not full of manicured yards and picket fences.

At the end of this very lengthy discussion, the Board fully appreciated the effort put in by the task force and the Design Committee discussing these issues. The Board also further discussed the best method for owners to suggest changes to the Design Manual of Rules and Procedures in the future.

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

BOARD ACTION

2nd READING SR RULES & REGULATIONS SECTIONS 1.05 & 4.02

GM Lewis reminded the Board that as an outcome of the update to the Design Manual of Rules & Procedures, certain portions thereof have been deemed better suited for inclusion in the Sunriver Rules & Regulations. The reason is that some provisions in the current Design Manual are not architectural elements of the structure or permanent elements of the property. Nor are they subject to review by the Design Committee under the provisions of the Design Manual. Nonetheless, such elements are important to the community and need to be regulated.

GM Lewis reviewed several suggestions for changes by owners to modify the language in several areas.

Director Pederson moved approval of amending the proposed Sunriver Rules & Regulations in the following ways:

- Section 4.02 I.(A.4.a) – Flags & Banners – Change 15 square feet to 24 square feet.
- Section 4.02 N. (A.2.) – Add: ,except for fitted covers for non-fixed outdoor furniture which can also be beige/tan in color.
- Section 1.02 I. (A.4.c.) – Flags & Banners – Amend to say: *flags used for commercial, advertising, or political campaign purposes are prohibited.*
- Section 4.02 I (A.3.) Add b. *Inflatable yard decorations are prohibited.*
- Section 4.02 F (G.33) Delete existing language and replace with: *Exterior holiday lights can be illuminated from November 15th to January 15th.*

Seconded by Director Burke, amendment passed unanimously.

Director Pederson moved approval of the proposed amendments to Sections 1.05 and 4.02 including the additional amendments made today to the Sunriver Rules & Regulations to incorporate and amend elements removed from the SR Design Manual of Rules & Procedures as a result of the update of that document. Seconded by Director Beard, motion passed unanimously.

BOARD ACITON

SROA EMPLOYEE COVID VACCINATION POLICY

Director Burke moved approval of an amendment to the SROA Employee Policies to repeal in its entirety, the mandatory vaccination policy adopted by the SROA Board on August 21, 2023. Seconded by Director De Alicante, motion passed unanimously.

BOARD ACTION

SROA EMPLOYEE HANDBOOK POLICY – SHIFT DIFFERENTIAL POLICY

Director Gillies moved approval of an amendment to the SROA Employee Handbook to update the Shift Differential Policy. Seconded by Director Ishmael, motion passed unanimously.

BOARD ACTION

SROA EMPLOYEE HANDBOOK – OREGON PAID LEAVE REQUIREMENT

Director Pederson moved approval of an amendment to the SROA Employee Handbook Government Required Benefits section to include Paid Leave Oregon deductions. Seconded by Director Mobley, motion passed unanimously.

MEETING DEBRIEF

President Beenen led the group in a meeting debrief.

OTHER BUSINESS

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

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

The meeting was adjourned at 11:55 A.M.

Respectfully Submitted,

Scott Gillies, SROA Secretary