

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS WORK SESSION
SROA BOARD ROOM
MAY 19, 2023**

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

DIRECTORS PRESENT VIA ZOOM: Julianna Hayes

STAFF: James Lewis, Keith Kessarais, Mark Smith, Leigh Anne Dennis, Kellie Allen, Joe Healy, Susan Berger, Gabe Rice & Jacki Bue

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

OWNERS IN ATTENDANCE: 3

STAFF INTRODUCTION

GM Lewis introduced Brandon Powers, our new Aquatic Manager, and invited him to share a little about himself. Mr. Powers noted he has been in the aquatics industry for over fifteen years with a decade lifeguarding and teaching swimming lessons. More recently he has gotten into swim team coaching and has been the coach for the Bend Senior High swim team for the past two years. That team won districts for the past two years and the state championship this year. Mr. Powers has been awarded the Coach of the Year award for both of those years. He also noted he is encouraging his students to apply for lifeguarding positions with SROA this summer.

Recreation Director Leigh Anne Dennis reported how happy and excited they are to have Brandon on board. He is learning the SROA routine quickly and is already getting to know a number of our owners.

The Board welcomed Brandon and thanked him for stopping by this morning.

OWNERS FORUM

Tom Wimberly, 6 Jack Pine & 12 Pine Bough Lanes, is the President of the Sunriver Tennis Club that currently has approximately 165 members. Mr. Wimberly addressed the Board regarding Sunriver Resorts recent decision to convert both their indoor tennis courts at Sage Springs Club & Spa as well as their four outdoor courts to pickleball courts. This was a real blow to him and many members of the Sunriver Tennis Club who enjoy playing tennis year-round.

Mr. Wimberly felt it important to bring this to the Board's attention and would like to Board to explore ways of SROA possibly filling that gap. While the Parks & Recreation Master Plan that came out in March does not address anything of this nature, circumstances have changed with the Resort's recent decision, and which leaves no access to indoor tennis anywhere in Sunriver. Mr. Wimberly would like to revisit some of the assumptions made in that plan which might help determine where we go from here and how best to address the situation.

Mr. Wimberly suggested appointing a taskforce or committee to explore the issue and offered that the SR Tennis Club could certainly do some research and look at various options and bring that information back to the Board for consideration.

GM Lewis reported there were two letters received to be read into the record. A summary of those letters follows.

Glenn Berk, 2 Gannet Lane, asked for guidelines to be drafted regarding clean-up of dog defecation.

Lisa Holt, 5 Lupine Lane, expressed thanks for SROA being consistent regarding the welcome signage policy in Sunriver and noted that the article in the Scene explained it very well.

GM Lewis noted there were some comments received relative to the Design Manual of Rules & Procedures which were all forwarded to the Board in advance and were included in their materials. Due to the length of those, it is not practicable to read them in their entirety into the record.

SUNRIVER RESORT UPDATE – TOM O’SHEA

GM Lewis commented that the Resort is one of SROA’s key partners and Managing Director Tom O’Shea is here today to provide an update on what is happening at the Resort. GM Lewis noted in his three years at SROA he and Mr. O’Shea have had a great relationship and have been able to accomplish a number of things, most recently the dredging of the lagoon at the Marina.

Mr. O’Shea noted his appreciation for this opportunity to provide an update for the Board, commenting that he has been at the Resort for fifteen years and he loves this community.

Mr. O’Shea’s responsibility is to manage the partnership of Sunriver Resort Limited Partnership of which the two key components are Lowe Enterprises and City Trust Realty. Mr. O’Shea reports to their six-member board. They utilize a management company called Coral Tree Hospitality which came about as a result of the sale of Destination Hotels to Hyatt a few years back.

Currently, the Resort is gearing up for summer and hiring the necessary staff to accommodate all the open positions they have in the summer months. Mr. O’Shea noted they currently have approximately 120 more employees hired than a year ago at this time. The Resort currently has approximately 900 employees which is great news as we head into the busy months. 110 of those employees will be coming from 12 countries in Eastern Europe and the Caribbean which will provide a lot of diversity in the community this summer.

One of the main objectives over the past number of years for the Resort has been to flatten the season and entice visitors to come throughout the year and not just between Memorial Day and Labor Day. This in turn provides more available hours for employees. Additionally, the addition of the indoor pool at the Cove has made a significant difference with many people coming from the immediate area to stay for a weekend or have a mini staycation and it has meant a significant number of part-time employees were moved to full-time positions which like SROA then includes insurance benefits, 401k, etc.

In relation to Sage Springs and the recent decision to convert the existing tennis courts to pickleball courts, Mr. O’Shea noted the Resort has had a significant number of requests from pickleball organizations that would like to bring their groups to Sunriver and are willing to come in the off season if there are facilities that can accommodate indoor play. The same cannot be said for tennis groups. Mr. O’Shea noted one pickleball tournament that was held in Bend last year that drew over 2,000 people.

Per usual, the Resort wants their indoor pickleball courts to be a first-class operation and to that end, the Resort will be spending approximately \$2-3 million dollars on additional upgrades to the Club & Spa later this year. Naturally, those investments need to be monetized so there is a significant economic impact as well.

Continuing to grow the off seasons will remain key as there are no problems June through August. Major renovations are currently taking place on the bunkers of the Crosswater course which is a \$1.5 million

dollar investment. This is being done to ensure amenities are being maintained in the best possible manner. The Woodlands course will receive some renovations in 2024.

As far as business is concerned, Sunriver is presently doing better than Deschutes County at large, including Bend. Business for the Resort has been very strong, as are their bookings for the summer. Group and convention business is back to about 95% of what it was prior to the pandemic. Since 2019, the Resort's leisure business has grown by approximately 25%.

Mr. O'Shea noted the importance of the Resort and SROA working together and commented that he enjoys working with GM Lewis. He also noted the Resort will continue to look at amenities and offerings that make the Resort more prominent, noting how much social media has changed the game and the need to respond to inquiries quickly.

President Beenen commented that he has worked with Mr. O'Shea fairly closely over the past six months noting that it has been very enjoyable, and that Tom is a very strong partner to have. Additionally, President Beenen noted that the investments the Resort makes are complimentary to the investments SROA makes. Partnerships are key in his opinion, and we must ensure we treat each other as such and do what we can to help each other out. President Beenen along with GM Lewis and Mr. O'Shea have spent considerable time in the past few months dialoging with Deschutes County staff regarding Transient Room Tax (TRT) rates and Mr. O'Shea has been very supportive throughout that process.

GM Lewis added that in order for SROA, the Resort, or the Village to be successful, we all have to work together, which has occurred more frequently in the past three years and is attributable to the successes we have seen. Additionally, while they do not always see eye to eye on a particular topic, they manage to get to a decision, and it is always done respectfully. Mr. O'Shea noted the great team the Resort has in place and commended both Josh Willis and Krista Miller, who both do a fantastic job.

The Board had a couple of follow-up questions for Mr. O'Shea and thanked him for taking the time to be here today.

RESOLUTION 2023-001 PROPOSED FINANCIAL POLICY REVISIONS

Controller Joe Healy reminded the Board that this topic was discussed briefly last month. Mr. Healy explained that the current SROA financial policy pertaining to the collection of maintenance fees and fines lacks specific clarity in a number of areas.

Proposed language has been provided to both the Finance Committee and our legal counsel. The Finance Committee reviewed the proposed changes last month and again yesterday at their regular monthly meeting. They are in support of the proposed language and recommend the Board approve the changes.

GM Lewis added the proposed changes will provide clarity on maintenance fees, on fines that have been assessed, and on the fees associated with fines that have not been paid. These changes will provide direction and clarity as to the steps of the process. Treasurer Pederson added that the intent was to clarify exactly what the process is and what steps the Association takes in these situations. He added that the language did not really change much, primarily more language was added to clearly spell out the process, so owners know what to expect.

In answer to Director Ishmael's question about the size of the problem, Controller Healy responded there are currently approximately five owners who have been turned over to our collections attorney and approximately ten properties that have liens placed on them.

Controller Healy noted the only new section added was to spell out that it is the owners responsibility to provide the Association with their current mailing address. Frequently, owners will move their primary

residence and fail to notify the Association. SROA does not have the responsibility to locate a current mailing address for owners. It is up to the owner to notify SROA if their mailing address has changed.

The Board had a few questions for the Controller and GM. This item is on the agenda for action at tomorrow's meeting.

SUMMER PREPARATIONS UPDATE

GM Lewis noted that while we all naturally think about the recreation department gearing up for summer, the same applies to other SROA departments as well. The Natural Resources staff are busy responding to calls and visits as a result of recent mailing to owners regarding ladder fuels reduction. The Community Development Department always picks up this time of year as owners undertake an array of different projects. That said, the recreation and public works departments are the areas where a shortage of staff can cause real headaches, so GM Lewis has asked Recreation Director Leigh Anne Dennis and Public Works Director Mark Smith to provide updates on where they currently are in regard to staffing and facilities readiness for the summer.

Recreation Director Leigh Anne Dennis reported the indoor pool plaster project has been completed on time and the weather cooperated for the most part during the closure allowing us to keep the outdoor pool open and available for owners to do their lap swimming. They will be replacing the water feature in the indoor pool area but that will happen sometime in the fall/early winter.

More shade structures are being added to the Member Pool which will be installed by Memorial Day weekend. All the tennis and pickleball courts are open, wind screens are up, and some benches and umbrellas have been added to provide some shade. A lifeguard class, which has already sold out, will be held on Memorial Day weekend. Ms. Dennis will be teaching another lifeguard class the following weekend which already has ten people signed up. Ms. Dennis is working toward having all aquatic positions filled by Memorial Day weekend this year, which will be a huge improvement over the last two-three years.

Plans are to keep both aquatic facilities open an hour later than last year. The SHARC Bite Café is planning to open Memorial Day weekend. Event bookings are going remarkably well with 29 events booked year to date, which is more than all of last year. Alexandria is doing a great job and it looks as though we may have finally found an Events Assistant, with an offer having been made to an individual. We have been trying to get that position refilled for quite some time so it will be nice to get some assistance for Alexandria with these events.

The Sunriver Women's Club wine event will be held at SHARC tomorrow. Turf Tunes will begin on June 25th and we signed the contract yesterday for this year's ticketed concert.

Lastly, Ms. Dennis is thrilled to report that the front desk at SHARC is once again fully staffed with all but one of our seasonal employees from last year coming back. As that person was only working one day a week, a big adjustment will not be necessary.

Public Works (PW) Director Mark Smith reported the Circle 1 tunnel is moving along nicely. The contractor, Marcum & Sons, has until June 1st to complete the work but if things continue in the fashion they are currently, they anticipate finishing by next Friday, just in time for the Memorial Day weekend. The contractor, Marcum and Sons, have done a fantastic job and it's looking great. The old failing guardrails have been replaced with certified guardrails today and tomorrow.

The new bathroom at Mary McCallum Park will be opened up today. There have been porta-potties at the park for over twenty years, so this will be a welcome change. The paving of approximately a quarter mile

of the pathway along the river is completed. Director Pederson noted he has been to the park a couple times recently and the PW staff has done a terrific job. It looks beautiful and he asked Mark Smith to pass along his thanks to the staff for all their hard work.

Director Pederson asked how best to keep cyclists off that section of path which was designated for pedestrians only. PW Director Smith reported that there two signs as you enter that say, "Pedestrians Only" and right next to those is a sign that say's "No Bikes." Additionally, PW staff will be painting "No Bikes" on the actual paved surface. The bike racks have all been moved closer to where the bathroom is, and the no bike symbol will be posted there as well. In a perfect world people will see the signs and instructions as they are entering the park and will park their bikes at the bike rack and walk from there. Mr. Smith added that in reality no matter how many signs we put up it probably will not matter unless there is someone out there on a regular basis educating people. President Beenen commented he believes we need to give this a try and see how it plays out. Adjustments can be made going forward if necessary.

Director De Alicante questioned why the decision was made to prohibit bikes on that stretch of pathway. PW Director Smith noted we have 34 miles of pathways for people to use and this is an area that lends itself to a quieter experience and the goal was to have that intrinsic quality within Mary McCallum Park. Additionally, there are some owners with mobility issues who would love the opportunity to stroll along the river without the fear of being knocked over by an errant cyclist. While Director De Alicante understands that desire, he does not necessarily agree with it as he wears cleats when he bikes which are not conducive to walking on a path for a quarter of a mile. Director Pederson reiterated the fact that there are miles and miles of other pathways a biker of Director De Alicante's caliber can use, and this one small stretch of pathway is the one peaceful place where owners can go and not fight bikes. If all cyclists used the etiquette Director De Alicante no doubt uses on the pathways, there would not be an issue. Unfortunately, the majority of cyclists these days do not seem to know even the basics of bike etiquette.

Director Pederson noted that the part of the $\frac{3}{4}$ mile pathway that has been paved is the $\frac{1}{4}$ mile portion along the river. This will allow people with wheelchairs, walkers, and canes to be able safely utilize that area. After the $\frac{1}{4}$ mile of paving, the path returns to the gravel surface for the remainder of the $\frac{3}{4}$ mile loop.

In response to Director Ishmael's question regarding how this came about, PW Director Smith noted that the property is deed restricted to owners only. Within the Infrastructure and Amenities Master Plan (IAMP), the Parks & Recreation Master Plan, and via numerous surveys of owners over the years, owners have indicated over and over again that they do not want Mary McCallum Park to be overly developed. They want to keep the experience at that location more peaceful and natural.

Lastly, the gate, which is left open during the winter months, will be closed today. Owners can gain access either with the use of their updated Member Preference Card or by calling the Administration office for the gate code.

PW Director Smith also reported that the exterior painting at the SHARC facility is moving along nicely with the completion date scheduled for June 15th. It looks very sharp, and the contractor has been great to work with. In addition to the main building being painted, all the outbuildings, fences, and enclosures are being painted as well.

We have a new landscape company taking care of all SROA facilities and quite a bit of work been done at the waterfall/entry circle adding some additional plantings to provide more color and contribute to that first impression people have as they are entering Sunriver. In regard to the Public Works building improvements, the structure and how it will go in has been identified, a public meeting has been held, the preliminary submittal with SROA was held and approved. The final with the SROA Design Committee is

scheduled for May 26th. There have been some challenges with owners that live in the area of the Public Works operation that have some concerns with the project. Deschutes County has approved it through the land use process and site plan review. They requested more information from SROA, part of which was based on some things the planning staff wanted to see to address the review criteria, but they also responded to some of the correspondence they received from owners during the comment period. SROA submitted additional information, a lot of which had to do aesthetics, buffering, and landscaping around the facility. The land use decision was ultimately approved and there were no outstanding conditions of that approval.

That decision was appealed by an owner living to the south of the facility. The appeal requires points of appeal to be included and his points had to do with some of the landscaping, buffering, and some of the things that had already been addressed and that Deschutes County had found that SROA met the criteria on. Another of his requests was that PW vehicles and equipment should be rerouted through the employee parking area of the Administration building and exit onto Abbot Drive from that driveway instead of utilizing Sun Eagle Lane which is not a safe or feasible option. There is an appeal hearing scheduled for Tuesday, June 6th. GM Lewis noted that he reached out to Mr. Pitera prior to him filing the appeal and offered to meet with him but that fell through. GM Lewis reached out to Mr. Pitera again a few days ago and he has not received a response. The goal is to try to address the owner's concerns and show what SROA has done to address those concerns while also allowing the project to move forward in a timely fashion without redesigning the entire project and how the daily functions of the facility operate.

What SROA demonstrated to Deschutes County through the land use process is that other than taking down an old building and constructing a new building which is larger, the operations that we have going on are not changing. We are not hiring more PW employees, there is no need for new parking, and no additional traffic is being generated. The primary impact was aesthetics itself and GM Lewis noted that the Public Works operation has been in existence for 50 plus years and was here long before anything was developed around it. PW Director Smith noted the offer to meet with the neighbors who object to the facility improvements has been made at many points to no avail. GM Lewis said they would continue to reach out as they would like to try to work collaboratively with this owner to address his concerns.

The appeal process itself will take an additional \$5k and a minimum of 60 days before SROA will receive a final decision. GM Lewis is confident it will receive approval, although there could be additional conditions of approval added to it. This delay will push the project completion into 2024.

PW Director Smith noted that the building is over 100 feet from the nearest home. The distance between homes adjacent to the project is 30 feet and the homes are equal or taller than the PW facility. Additionally, there is a fence already in place, landscaping berms and swales will be added and there are several mature trees and bushes that also help screen the operation from view. This will also occur on the Abbot Drive side to help screen operations from the road.

The Board held further discussion on the issue and GM Lewis reiterated that staff still hopes to meet with Mr. Pitera and if possible, avoid the appeal hearing. GM Lewis added that based on some of comments submitted by owners to the south of the facility, there seems to be a desire that there be no additional impacts or development in the public works yard and that any existing impacts such as the PW traffic that goes out on Sun Eagle to Abbot Drive be redirected. GM Lewis noted this is an existing pattern that has been in place for many, many years and SROA is not exacerbating it as the amount of traffic is not changing. He is hopeful these issues can be resolved in a timely fashion.

The Board thanked Ms. Dennis and Mr. Smith for these important updates today.

ADMISSIONS MODEL WORKGROUP UPDATE

Assistant GM Keith Kessarlis provided a breakdown of recreation statistics for the month of April.

As of March 31, 2023, a total of 3,839 Member Preference Program (MPP) cards have either been purchased or renewed. Of that total, 3,083 were renewals and 311 were new cards. The remainder are extended household, long-term renter, or commercial passes. This is 27 more than the end of March 2022 and it was also noted that the increase in the cost of the MPP card continues to not be an issue. Mr. Kessarlis noted we will see another wave of MPP activity around Memorial Day weekend. At the end of April, the MPP revenue totaled \$323,270 or 53.8% of the annual budget. Mr. Kessarlis also reminded the Board that 70% of our use at SHARC in regard to attendance actually comes after July 1st and goes through the end of the year.

In regard to the 2023 Recreation Plus Program (RPP), as of April 30, 2023, there were 880 homes and/or condominiums signed up on the program. Last year at the same time there were 870 properties participating in the program. Mr. Kessarlis also provided a breakdown of the RPP's by the number of bedrooms. Revenue at the end of April stands at \$2,452,233 or 95.3% of the 2023 budget. We should see another bump here around the end of May or early June but the majority of properties that plan to participate have signed up already.

Gate revenue is currently sitting at \$29,473 against a budget of \$587,050 or 5% of budget. Mr. Kessarlis reminded the Board that the majority of our gate revenue will come after school is out and vacationers start arriving.

SHARC hosted a total of 6,653 attendees to the facility in the month of April compared to 6,390 in 2022. Of that number, 2,826 were owners, 2,685 were RPP pass holders, 33 were member guests, 218 were extended family, 310 were gate admissions and 24 were Central Oregon Sunday users. Year to date, overall attendance is at 32,420, an increase of 5,566 guests over 2022.

Through the end of April 2023, staff had issued 22,850 paper guest passes and of those 1,518 have been redeemed at SHARC.

In regard to events, the first quarter of the year is always the slowest in relation to events being held and this year is no exception. Additionally, we started out the year without an events manager. Currently we are down \$12k compared to budget but there are a lot of events booked for the summer so that trend will reverse as the months go on. The events budget for this year is \$128,500 and we are currently at 11% of that number.

Mr. Kessarlis reminded the group that owners can update their MPP card in a variety of ways. It 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. The Member Services office is open seven days a week from 9:00 A.M.– 4:30 P.M.

The Board thanked Assistant GM Kessarlis for his report and update.

TELECOMMUNICATIONS TASKFORCE FINAL REPORT

President Beenen was commended on the well written report he produced in relation to the activities of the Telecommunications Taskforce over the past few years. Director Pederson noted it was a very thorough and informative summary of all the work that was done with no stone being left unturned in exploring the choices/options and eventually finding the alternatives to get to where we got to today. This will be a great summary to have for future and President Beenen was thanked for his efforts.

Assistant GM Kessarlis added that this report really illustrates the breadth of work that actually went into this effort including all the meetings the taskforce held and all the options that were explored is significant and illustrates great transparency for the owners as well.

This item is on the agenda for action at tomorrows meeting.

GM Lewis noted that in regard to the progress of TDS and fiber to the homes, TDS is currently transitioning from the team that worked on the agreement to their boots on the ground construction crews. The new contact person for SROA is Patrick Rentmeester who is based in Wisconsin but is working with the local TDS personnel to establish timelines for construction, the creation of a map illustrating what area they are working on and when, which is key for SROA to coordinate in case we have road projects or the like occurring, so we don't have conflicting construction issues. The plan is that we will know 45-60 days ahead of when they will start work in a given area so we can coordinate accordingly. Additionally, SROA staff will be meeting on a weekly basis with TDS staff.

TRANSIENT ROOM TAX (TRT) TASKFORCE UPDATE

GM Lewis reminded the Board of the recent meetings held with some Deschutes County representatives to see if it is possible for SROA and the Sunriver Service District (SSD) to get some of the TRT dollars back into Sunriver. Not just for a specific project such as the Public Safety building but on an annual basis for operations. Sunriver has generated 50-60% of the rural county TRT dollars for the past ten years or more. If you look at last year where \$12 million dollars were generated in rural TRT dollars, Sunriver contributed \$6 million or half of that which is substantial when you consider that Black Butte Ranch, Eagle Crest, etc. are included in that category. Sunriver currently does not receive any of those dollars back due to the fact that Sunriver is not a municipality.

The funds are guided by statutes whereby 70% of the funds go towards marketing via Visit Central Oregon and 30% is unallocated to the County's general fund. What is being discussed is whether there is a portion of that unallocated 30% that should come back to Sunriver.

President Beenen added that SR Resort Managing Director Tom O'Shea who is participating on the taskforce also has brought up the possibility of relooking at the 70% that is allocated for marketing and whether those dollars are being spent as wisely as possible. Things have changed dramatically in Central Oregon since 2003 when the 70% rule was put in place. The Resort spends millions of dollars on a yearly basis on marketing. There is a lot going on in Central Oregon in terms of self-promotion by the businesses and perhaps the County does not need to spend as much as they have in the past on marketing.

GM Lewis noted that statute requires that 70% needs to go to marketing for tourism so the question is, 70% of the TRT revenue ten years ago was significantly less than the 70% is currently because the TRT tax grew over time. Does this increasing dollar amount need to be spent on marketing around Central Oregon every year when you have so many individual companies such as the Resort, the other property managers in Sunriver, Pronghorn, Eagle Crest, Black Butte, etc. all doing their own advertising to benefit not only their own entities but Central Oregon as a whole.

President Beenen provided the Board the same presentation that has been presented to the County Administrator and County Commissioners Tony De Bone and Patti Adair. GM Lewis will be setting up a meeting with Commissioner Phil Chang in the near future to share this information with him also. The objective of this presentation is to make sure the County understands what SROA's perspective is.

Sunriver's structure when looked at in totality is not a lot different than a city, and if you look at the resources, we have in Sunriver, it is probably more than the resources that La Pine or Sisters have available. Cities receive 100% of the TRT taxes that are collected inside their jurisdiction less the 1.25%

they pay to the state. These cities can then use the TRT dollars for whatever they choose where the money collected in Sunriver all goes directly to Deschutes County who then allocates those dollars. Currently one of the things they are looking at using the 30% for is the major remodel/expansion of the County Courthouse. This obviously does not have a lot to do with tourism, but it is their choice to do if they choose.

While the taskforce recognizes and greatly appreciates the \$8 million that the County is contributing towards the new Sunriver Public Safety building, it was the first time that Sunriver got any substantial funds from the TRT tax collection.

From 2013-2022, \$42 million in TRT dollars were generated in Sunriver. This equates to roughly 63% of TRT taxes collected from all Deschutes County resort communities and is approximately 50% of the total rural Deschutes County TRT collection. The TRT revenue from Sunriver has been increasing at a 6.2% annual rate.

President Beenen did some assumption calculations using an average room rate of \$125 per night with an average stay of 4.5 nights which equates to over 200,000 tourists per year coming to Sunriver which is a conservative estimate. During the summer months Sunriver is the third largest “city” (population wise) in Central Oregon. As we all know, Sunriver provides significant recreational amenities and opportunities along with local shopping and restaurants and is considered a “family safe” brand which in Mr. Beenen’s opinion is absolutely critical and something he stressed when meeting with Ms. Adair and Mr. De Bone. It’s SROA, the Resort, the Village, the Village tenants, and other area businesses that are putting in the money to make sure that brand stays intact.

Significant investments have been made in the last ten years by SROA, Sunriver Resort, and The Village @ Sunriver to the tune of tens of millions of dollars to maintain that brand. With 40% of Sunriver properties being second homes and 40% being rentals, every dollar spent has a connection to visitors coming to Sunriver, which is not the case in municipalities. They spend some of those TRT dollars on amenities infrastructure or other projects that really are not connected to tourists. Our argument is that in Sunriver every dollar has some connection to the tourists that are generating the tax dollars.

In addition to the investments there are ongoing expenses associated with tourism for Sunriver owners and those expenses come out through what SROA, and the SSD have to do to accommodate the increase in the number of people on property. President Beenen estimates that cost to be \$1.6 million per year none of which comes from the TRT dollars.

In addition to that, the SSD supports a much broader area than just the five square miles that make up Sunriver. The ambulance service district is 350 square miles versus five square miles in Sunriver. Currently 9% of the EMS and 14% of fire calls are from outside of Sunriver. In the Police Department, 33% of their calls are for outside of Sunriver. In a matter of complete transparency, President Beenen added that Police Chief Womer and former Police Chief Darling use some of these external call as training opportunities for their younger/newer recruits because we do not get a lot of the same type incidents in Sunriver, so there are some advantages to our folks responding to these type calls. But we are providing a very significant service to the Sheriff and to the other police agencies in the area.

In terms of Sunriver financially supporting Deschutes County, the assessed value of Sunriver properties totals \$1.71 billion assessed value and local government property taxes are \$5.5 million which goes directly to Deschutes County. Additional annual taxes include \$9.4 million that go towards education and \$4.1 million that goes to various bond levies.

\$5.7 million per year is paid only by Sunriver owners to the SSD via county taxes for the standard operations of the district. Additionally, the owners recently approved an additional ten-year Public Safety Building levy that will generate \$800k per year. That is a total of approximately \$6.5 million that owners in Sunriver pay for public safety and that public safety serves much more than just Sunriver proper. Sunriver simply does not benefit from any federal or state revenue sharing.

President Beenen also noted that Deschutes County received \$40 million in federal COVID dollars. That money was distributed throughout the County, yet Sunriver received nothing.

In conclusion, Sunriver owners maintain the Sunriver brand by investing in roads, pathways, wildfire mitigation, and recreational facilities as well as having police and fire services available on property. Sunriver brings significant economic benefit to Deschutes County via the county taxes owners pay and via the TRT dollars that the tourists generate. Sunriver is highly impacted by tourism with no other city in Deschutes county experiencing a 10x increase in population due to tourism.

The TRT annual revenues should be shared with SROA and the SSD to offset the cost of tourism today and into the future.

Sunriver is, in many respects, like an incorporated city. The preference is to continue as a planned residential and resort community, but with an equitable allocation of the lodging taxes generated by Sunriver. A reading of legislative history makes clear that the tax was and is intended to be available in support of facilities and organizations that serve and increase tourism.

Being a city or county is obviously a qualifier but Sunriver owner's investments in support of tourism, should count for something.

GM Lewis pointed out that the County is currently wrestling with their next budget cycle and how they are going to manage the capital projects they have in the works, union contracts coming due, inflationary costs, etc. so he doesn't anticipate that Sunriver will likely see anything in the 2023/24 fiscal year, but we have our foot in the door so to speak and we will continue to dialogue with the County staff.

Director Mobley added that in regard to current legislation regarding the TRT dollars he has reviewed those statutes specifically looking for the reason Sunriver is not eligible, and he found nothing. Instead, what he found was a definition that made it look as though Sunriver should be eligible. He believes there is a possibility that even though Sunriver is not an incorporated city under the language of the statutes that currently exist, we may be eligible, and it would be prudent to check with SROA's legal counsel and see how they would interpret the language.

President Beenen commented that both Mr. De Bone and Ms. Adair were both very positive and supportive. They understand the rationale and agree that it is something that warrants further discussion. However, as GM Lewis noted earlier, the County has plans to expand/remodel the County Courthouse which is a huge capital project. SSD Managing Board Chair Jim Fister, who also serves on the TRT taskforce as well as the Deschutes County Budget Committee has reported they are looking at putting those unallocated TRT dollars and allocating them to this infrastructure capital project. While the County is looking to get \$25 million from the State of Oregon to help pay for the cost, the total cost of the project is estimated at \$40 million.

GM Lewis added that he believes the next step, or an additional step is if we are not successful through the County we go back to the statute and further examine if the 70% that is allocated for tourism-related marketing is an appropriate number. Could that be lowered to allow the County to have more unallocated funds to work with, which might in turn provide more opportunities for Sunriver to receive some of those

TRT dollars back. Another option might be to modify the statutes to identify that some of those dollars go directly to organizations such as SROA and the SSD. That would however require a legislative change.

The Board held some further discussion on this issue including the suggestion that we be more forthright in our ask with a specific percentage or dollar amount identified.

DESIGN MANUAL OF RULES & PROCEDURES – SECOND READING – DISCUSSION

Assistant GM provided a refresher for the group noting that the SROA Design Manual Taskforce was officially formed to thoroughly review the current Design Manual of Rules & Procedures and bring the current manual more in line with most applications the Community Development Department is receiving.

The taskforce was established in August of 2023 and was made up of a very diverse group of owners, contractors, realtors, and community partners. An outside consultant was hired to help build the framework for the new manual and it was vetted through 23 taskforce meetings and hours of discussions.

Articles have been written in the Sunriver Scene about the project and a well-attended Sunriver You Town Hall was held last fall. In answer to Director De Alicante's question regarding how long the document has been available to owners, GM Lewis noted the draft document has been on the SROA website since November of 2022. Director De Alicante noted he asks this question in light of the furious name calling emails the Board received this week from an owner who is upset about the proposed changes and for whatever reason was unaware of them until recently.

GM Lewis pointed out that Board Liaison to the Design Committee Scott Gillies participated in the process as did Curt Wolf, Chair of the Design Committee. When the task force was created there was desire to have a broad swath of representation and input from people who have been involved in the development of Sunriver. It was diverse and knowledge based, and it was not done under a shroud of secrecy. For the past 21 months, staff, the taskforce and the Design Committee have been available to answer questions and/or address concerns.

The document was reviewed by the Sunriver Design Committee in March of 2023. The initial draft was officially recommended for approval of a first reading by the SROA Design Committee at their regular committee meeting on March 10, 2023. The committee reviewed the document again at their May 12, 2023, meeting based on owner input received during the comment period and provided further input for some modifications.

A first reading of the document was held at the March 17th Board Work Session. Since that time, the document has been posted on the SROA website for 60-days and notice of the comment period was published in the Sunriver Scene. Additionally, over the last 18 months there have been articles and updates in the Sunriver Scene, Fourteen owner comments were received, copies of which were provided to the Board.

The document the Board has been provided with today includes some changes to the version provided in March based on input received from owners and our legal counsel who recommended some minor changes but otherwise were satisfied with the document.

One of the things owners seem to find confusion with is the addition of the floor area ratio so that definition was changed, and a definition of what floor area means was added.

GM Lewis reminded the Board that this is a living document, as it has been for the past 35 years, so we know changes/modifications can be made going forward as warranted. That said, the recommendation is

that the Board move forward with approval of the document tomorrow and if additional amendments need to be made, those can be traced back to either the taskforce or the Design Committee for consideration.

Due to the length and complexity of this document, there will always be the need for amendments. Mr. Lewis also noted that in his experience, anytime you get near the end of project like this there are always those requests for delays, more time, etc. Director Gillies also pointed out that we have been getting comments since back when the town hall was held in November 2022 and have been considered and where possible and/or prudent adjusted the document accordingly. While some of the comments received most recently may have merit, he disagrees that there has not been ample time for input over the past six months. Assistant GM Kessarlis also pointed out that staff have been making owners and contractors aware of the upcoming changes as well when they call or come into the office, thus educating more people about the proposed changes to the document.

Director Pederson asked if GM Lewis or Assistant GM Kessarlis would please provide further explanation on the thought process that went into the decision on limiting the paint colors and also the protections around trees or plants.

GM Lewis responded that protections for vegetation were discussed over two different meetings with the taskforce. Under the existing manual, those types of protections such as caging or fencing around trees are not currently allowed. There was exploration as to whether there should be a period when they are allowed, six months, a year, etc. so there was vetting to look at when is it needed, what is it needed for, how long is an appropriate period to allow such devices, etc. Through all of that conversation it came back to what has been recommended which is to not allow them, but it was a fully vetted discussion that looked at a variety of alternatives. This is not a new rule as some are portraying it.

Director Gillies added that if the Board wants to consider caging or fencing off trees that is fine, but one must keep in mind that in turn you could see lots and lots of trees with unsightly cages on them throughout Sunriver and is that the aesthetic that is desired.

In regard to paint colors, Assistant GM Kessarlis noted that custom colors will no longer be allowed. If the manual is approved tomorrow, there will be still be 15 house body colors to choose from, but there will now be up to four trim choices available thereby increasing the number of varieties an owner can have. Additionally, an accent color which is a transparent stain of the house body color will also be available for accent wood such as porch entries, timbers, etc.

One of the current challenges and the majority of the appeals that have gone through the re-review process and then to the Appeals Board has been in regard to paint colors which becomes time consuming. Also, house colors need to blend into the community as in the structures must be subordinate to the forest. The current system is challenging and time consuming.

Taskforce member and Design Committee Chair Curt Wolf commented that the taskforce held two long meetings discussing and selecting the colors attempting to provide enough variety to satisfy owners which then limits the process, so things do not become bogged down in the process. The Design Manual is and always has been explicit in terms of the dwelling being subordinate to the forest. Chair Wolf pointed out that now the available colors will mirror the colors of the forest and colors such as the blues and some greens that were permitted in the past will no longer be allowed.

Mr. Wolf added that it is very rare that there is disagreement over a particular color with the committee, the issue comes from the owner applying for that color who doesn't understand the process, which is important. Custom color requests require a full committee review, and the committee has been presented

with some interesting combinations over the years such the submittal for tan body color with red trim and blue garage doors. Obviously, this was not approved but often times when denied the owner will then request a re-review where they get denied again and then they request an appeal hearing. All of this is time-consuming and usually does not change the decision of the committee.

Mr. Wolf feels it is important that Board move forward now with approving this document, which is also supported by the Design Committee, because it is something that can be changed and will be changed but there has to be a point where you start. Director Gillies added that the hope is to have this in place prior to the busy building season and previous delays have already caused us to be right up against that busy time.

Assistant GM Kessarlis reminded the group that the new manual is more prescriptive to make it easier for owners to interpret and understand. It is much clearer about the process for a given project and what is required. GM Lewis added it is also clearer for staff and the Design Committee to understand and work within. A lot of the processes have been streamlined and will take less time for the owner, staff, and the Design Committee.

The Board held discussion on clarification of sole discretion and suggested some modifications including adding it under the definition portion of the document. Minor modifications were also suggested to Section 3.24 Awnings & Externally Affixed Materials. Appendix C will also be revised to provide a better description.

Director Burke thanked the taskforce, the staff and the committee for their long-term commitment, participation, and leadership on this project. As President Beenen noted this was a herculean task and it is one of those kinds of tasks that no matter how good of job you do, there will be arrows coming your way. The task force has done a commendable job and has produced something that will be acceptable to the vast majority of owners and that is a great achievement.

Assistant GM Kessarlis also noted that staff is reworking most all of the forms to be simpler to complete and owners will get approval for minor projects in a much quicker fashion. Additionally, we will be adding interactive forms to the SROA website.

Director Mobley pointed out that if you look at the organizational chart for SROA, the Design Committee is up with the Board. That is by design as the original organizers wanted tight controls over design to preserve what owners enjoy so much about Sunriver every day.

STRATEGIC PLAN 2030

Assistant GM Kessarlis started by providing the definition of a strategic plan which is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization or association is, what it does, why it does it, with a focus on the future. This is important as you are looking at the mission, vision, actionable goals, etc.

When the initial thought process on this subject began, it was recognized that when you look at a plan that encompasses your entire community you have to look at all aspects from operations to programs and facilities, so it is a very comprehensive plan. What Mr. Kessarlis will provide today is more of the 30k foot level providing the framework for what the plan will be going forward.

Mr. Kessarlis reviewed the contents for the plan which include mission, vision, values, building blocks, analysis, initiative, actionable goals, timeline, and implementation.

Sunriver is a 55-year-old community that continues to mature and evolve so it is vital that SROA continues to provide exceptional service to its owners and guests, while maintaining \$30 million in assets, acknowledging emerging trends, and providing a safe and modern community for future generations.

This all ties back to the mission statement: Maintaining Sunriver as a premier residential and resort community, protecting and enhancing its quality of life, natural environment, and property values.

Assistant GM Kessarlis provided a list of some examples of SROA strategic plan building blocks which included the numerous task forces and work groups that have contributed significant time to help develop a lot of information. These include the IAMP, Recycle Center, Rules Enforcement, IT Strategic Plan, Parks & Facilities Master Plan, Pathway Master Plan, COVID-19, Member Pool, and most recently the Telecommunications and Design Manual of Rules and Procedures taskforce. We have hired experts when and where necessary and we open things up for owner comments and participation. Additionally, every three years we do both a comprehensive owner survey and a capital reserve study.

Without these volunteers providing their time, expertise and input for these different items/projects and been of great assistance in producing recommendations that were then brought to the Board for consideration.

GM Lewis added since Vision 2020 a lot of work has occurred and in these different documents there is overlap and there is longevity, those are projects that are going to go on over a period of time and what's important in this strategic plan is taking all of those and the community input and determine how do we move those together in a comprehensive and logical process and looking at those collectively instead of individually. Mr. Kessarlis provided a timeline for this project noting it will kick off in July/Aug of this year and be finalized by November for presentation to the Board.

The summary of the key aspects is as follows:

- Establish community vision
- Develop goals and actions
- Communication with owner/community
- Board of Directors engagement
- Well-balanced taskforce
- Implementable plan
- Engage community partners
- Mindful of fiscal abilities

GM Lewis commented he looks at this as a five-year look into the future as his experience is that these type plans need to be updated every five years. As has been done with a lot of the taskforce work previously mentioned is it needs to be a thoughtful product. President Beenen added he feels for the last ten or so years, the owners have been very supportive financially of SROA because we have brought a lot of benefit to Sunriver. To him it started with the pathways being redone, then SHARC, the river access, member pool and improvements to Mary McCallum Park have kept the owners engaged financially and we cannot take that for granted.

The Board thanked the GM's for this helpful presentation on this important issue.

POST OFFICE/ADDRESSING/DELIVERY DISCUSSION

GM Lewis provided the draft of a letter to the local postmaster in Bend requesting them to add the official Deschutes County five-digit address to their database. While it could possibly help them with delivery it will help the other parcel delivery companies who sometimes get their information from the USPS database.

Additionally, the regular UPS driver approached Executive Assistant Becki Sylvester earlier this morning who was requesting a listing both the five-digit alongside the one- or two-digit address and they will have UPS staff load them all into their database as they are tired of dealing with the USPS database. This way

they can easily cross reference the five-digit to the one or two digits. The new UPS manager for this area is supportive of the idea and while it will take some time initially to get all the addresses in, it will pay off in the long run. Staff will work with UPS on that and will keep the Board updated.

EMPLOYEE COVID VACCINE POLICY

GM Lewis directed the Board to a board action request in their binders that is requesting a repeal of the COVID-19 vaccination policy that was put in place back in August of 2021. At that time there were a lot of state and federal regulations including wearing masks and vaccinations. As of May 11, 2023, those requirements have been dropped at both the state and federal level. As SROA has consistently followed those guidelines staff is recommending that SROA repeal the mandatory employee vaccination policy currently in place.

REVIEW OF 5/20/ 23 BOARD MEETING AGENDA

The Board reviewed the agenda for tomorrow's meeting.

OTHER BUSINESS

HR Director Kellie Allen spoke to the Board about taking care of a couple housekeeping items to the Employee Handbook since it will need to be modified if the COVID vaccine requirement is repealed tomorrow.

The first has to do with adding a section regarding Paid Leave Oregon, a state mandated program that began on January 1, 2023.

The second is to update and provide clarification on the Shift Differential Policy language.

The Board had a few questions for Ms. Allen and thanked her for her explanations on these items.

OTHER BUSINESS

Director Burke reported that the slate of officers for the 2023/24 year will need to be decided on at the June meeting. Those appointments will be effective at the September 15th Board Work Session. Director Burke would like to hear from all the officers prior to the end of the month to visit about their interest in serving as an officer or any recommendations for the positions that they may have.

ADJOURN

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

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

The public meeting adjourned at 1:14 P.M.

Respectfully submitted,

Scott Gillies, SROA Secretary