

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS WORK SESSION
SROA BOARD ROOM
NOVEMBER 17, 2023**

DIRECTORS PRESENT: Bill Burke, Clark Pederson, Linda Beard, Mark Murray,
Julianna Hayes & Keith Mobley

DIRECTORS PRESENT VIA ZOOM: Scott Gillies, Gerhard Beenen & Tony De Alicante

STAFF: James Lewis, Keith Kessariss, Leigh Anne Dennis, Patti Gentiluomo, Rebecca Maloney, Mark Smith, Joe Healy & Kellie Allen

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

OWNERS IN ATTENDANCE: 3

OWNERS FORUM

Patty Smith, 2 Lodgepole Lane, addressed the Board regarding her objection to the proposed dog park being located adjacent to Holy Trinity Church & the Sunriver Christian Fellowship. Ms. Smith feels it will be very disruptive to normal church services as well as the other activities that take place throughout the week.

Ms. Smith is also concerned about the limited parking available as well as the lack of restrooms and feels that adding signage will not be sufficient. Additionally, she is concerned about maintenance of the park, the fact that dogs spread communicable health diseases to each other and does that present a liability for SROA. Ms. Smith encouraged the Board to consider other possibly more suitable locations.

Randy Schneider, 6 Dixie Mt. Lane, addressed the Board regarding the proposed Oregon Department of Transportation (ODOT) reduction in winter-time maintenance of Hwy 97 due to budgetary issues. He believes that ODOT should be asked to clarify what this means for the maintenance of Hwy 97 in southern Deschutes County and that this should be of importance to all Sunriver owners and other residents of south Deschutes County.

Jane Boubel, 18 Cultus Lane spoke about her participation on the Owner Enrichment Committee (OEC) since its inception eight years ago until this past summer. She acknowledged and thanked the Board and staff for their participation in and support for the OEC which has grown since its inception. She also noted that overall, there is a tremendous positive feeling in the community right now. Lastly, she thanked the SHARC staff for their support in the Sunriver Women's Club, Visions of Sugar Plums event held the previous weekend. Ms. Boubel thanked the Board, GM Lewis, and the staff for their generous hard work. It is making a difference in the new Sunriver.

GM Lewis read into the record a letter submitted by an attorney for Paul Conte, 8 McKenzie Lane. Mr. Conte was unable to be in attendance for today's meeting. Mr. Conte requested this letter be read into the record in its entirety, noting it should take less than three minutes, the time each owner is allotted for comments:

Dear Directors,

This office represents SROA member Paul Conte. Mr. Conte and his wife, Janice Gotchall, own #7 and #8 McKenzie Lane. Pursuant to ORS 94.670, ORS 65.771, and the SROA Bylaws, Mr. Conte requests that the following records of the association be made available to him for examination and duplication:

1. All envelopes returned to the SROA that contained one or more ballots for the 2023 SROA Board of Directors election and that bear the name(s) and/or addresses of the voter(s). (The ballots are *not* requested;) and
2. All comments submitted by SROA owners to SROA Board, staff, Design Manual Task Team, and/or Design Committee by SROA owners regarding plant protection rules on or after January 1, 2023, until present.

Please advise me of the arrangements that Mr. Conte should make to facilitate this request. Thank you in advance for your prompt attention to this matter.

Sincerely,
J. Christian Malone
Bristlecone Law

INTRODUCTION

STEPHEN (STEVE) LOPEZ –INCOMING SUNRIVER POLICE CHIEF

GM Lewis introduced Sunriver's new police chief Stephen Lopez who will assume the role of chief on December 1st. GM Lewis noted he's worked with Lieutenant Lopez for quite some time now, they meet on a regular basis, have a good working relationship and GM Lewis is confident Lieutenant Lopez will continue to do an excellent job for the community and the chief role will suit him well.

Lieutenant Lopez thanked GM Lewis and commented that there have been several changes at the police department over the past few years and they are changes that he feels are for the good. Current Chief Mike Womer's last day with the Sunriver Police Department is November 30th and Mr. Lopez will be sworn in as chief on December 1st. Additionally, the department is currently in the process of some restructuring, eliminating the lieutenant position and changing it to a captain position instead as it is more appropriate for that position and more recognizable regionally for what that position does. There are two internal candidates, and an announcement will be made soon. That individual will also be sworn into their new position on December 1st.

There are currently several vacancies with the department looking to fill a couple of corporal positions. These corporals will be out and about in Sunriver and serve as team leaders which provides some supervision into the evening hours. The department will also still have some sergeant positions providing the newer staff members with someone to bounce things off. Additionally, there will be some new police officers joining the staff soon.

Numerous discussions have been held regarding better ways to help with pathway education and enforcement. The pathways are the entity in Sunriver that the Board hears the most concerns and complaints about mostly due to lack of enforcement. The department feels it would be warranted to engage in reimagining how the bike patrol is utilized and possibly using some of the funding available for bike patrol a bit more effectively. They are in preliminary discussions about this issue.

Lieutenant Lopez referenced the new Public Safety building that is under construction, noting that it is currently on time and on budget and is going very well. The entire department is excited about this next chapter for both the police and fire departments.

In response to a question from Vice President Burke, Lieutenant Lopez reported that when an officer is hired who is not a lateral transfer and has no previous experience, from the initial interview it takes three to four months to complete the full background check on that individual followed by an additional 30-60 days to complete the psychological and physical tests resulting in an approximate six-month time frame to get that individual on board. This process is followed by the officer attending the only state academy in Oregon of which there has typically been a four-to-six-month delay in getting into now putting the entire process at

approximately nine months before they get into the academy. Once enrolled at the academy, that process takes another four months. Once the academy element is completed, they return to Sunriver for four months of field training which means they are not allowed to operate solo and must have another officer with them. So, best case scenario, it takes up to 18 months to get from the interview to having that officer on the street solo. The last few years due to the pandemic among other things it has taken closer to 20 months or sometimes longer to complete the entire process. Lieutenant Lopez noted that even with a lateral transfer, there is plenty of work involved, not the least of which is getting an officer familiar with Sunriver. Overall recruiting and retention are difficult.

Once the restructuring is complete the department will include six officers, two corporals, two sergeants, a captain, a chief, administrative assistant, and a half-time administrative assistant who they share with the fire department.

When asked about the Sunriver Police Department's relationships with other law enforcement agencies, Lieutenant Lopez commented that they have good relationships with the other regional agencies. He also noted that there has been an emphasis on building those relationships since he started working at Sunriver and the department is now more recognized regionally. Lieutenant Lopez added he believes it is important from a public safety perspective to be recognized and have a seat at the table and not be overshadowed by some of the larger agencies in the area. Lieutenant Lopez added that both he and Fire Chief Boos are very active regionally and know all the chiefs and heads of different departments, which helps them greatly.

In answer to a question regarding proposed legislation regarding ebikes, Lieutenant Lopez noted that his department would welcome some clarification at the state level, and he is hopeful that something will come out in early 2024 to more fully address ebikes. As your law enforcement agency, in many ways they can only enforce laws that the state writes so more clarification would be an asset to his personnel. Unfortunately, there is always a lag time between technology and the law which is unfortunately where we currently are. He believes it will be addressed sooner rather than later as it is a concern for a lot of our constituents as well. Until then, the department will continue to take an educational approach, which Chief Lopez feels is the best way to address some of those problems.

Assistant GM Kessarlis thanked Lieutenant Lopez for his participation on the Sunriver Area Chamber Board. It's great to have the chief on that board because it is important to have his voice as this board represents the community at large.

Lieutenant Lopez noted that he has been with the Sunriver Police Department for three years having started around the same time COVID hit making it hard for him to get to know community members. The Police Department, especially in the past twelve months or so, have made a more concerted effort to be more visible at community events and around town to the extent their short-staffed situation allowed.

Chief Lopez answered several more questions posed by the Board who thanked him for being here today and congratulated him on his promotion.

FULL RESERVE STUDY REPORT

Controller Joe Healy reminded the Board that back in 2010, the owners approved raising the monthly maintenance fees by \$30 per month to start adequately funding the reserve account. Since that time the Association has had a full reserve study done every three years and Rob Felix from the Felix Reserve Group has been producing that report since the Board and owners agreed to vigorously fund the reserves.

Mr. Felix was here again this past summer to look at all the Association's assets and review those with GM Lewis, Public Works Director Mark Smith, Fleet Services Manager Sam Bieber, and Greg Koozer who both

do an excellent job on both our fleet equipment and building maintenance. That knowledge proves extremely helpful when Mr. Felix is reviewing assets with the team.

Mr. Felix thanked Controller Healy, noting that he has been doing reserve studies for over 25 years and Sunriver is unique in that staff are very involved, forthcoming, and supportive. Mr. Felix also noted that this was the second year that the Sunriver Service District (SSD) was removed from the SROA. That information was pulled and was reviewed with SSD leadership working from their plans on the new public safety building to incorporate a lot of necessary information and to ensure no assets have fallen in the gap.

Mr. Felix started by providing a brief training course on the vital importance of reserve studies to owners' associations and the Board's responsibility to SROA and its members regarding the reserve study. The Board's primary responsibility is to preserve, maintain and enhance the value of the assets of the community. A reserve study can be used as a proactive plan, or a reactionary tool and Mr. Felix believes SROA has a good proactive threshold plan in place. It can be used for strategic future analysis, or an expansive accumulation of asset detail. It can be used as both a savings and a spending plan.

A good financial analysis should provide the manager and Board with details about future expenses, anticipated financial shortfalls, and recommendations for funding. An association should be 70-100% funded, a goal that SROA plans to hit by 2042. Mr. Felix noted that SROA is currently approximately 70% funded, which in the world of reserve studies is extremely, extremely strong as many of his clients are way down that ladder in comparison. SROA rates in the top 10% as far as funding in comparison to the many reserves studies Mr. Felix performs on a regular basis.

Mr. Felix then reviewed the recently completed study for SROA, answering several questions posed by the Board members. President Beenen pointed out that the \$11.5 million currently being held in reserves is used for both new capital acquisitions as well as for replacement items so this analysis which shows us at 71% would only be true if we didn't do any new capital investments, which is just something the Board needs to keep in mind. Controller Healy also answered a few questions posed by the Board and provided clarification where needed.

Controller Healy as well as the Board thanked Mr. Felix for his hard work on this report and for being in attendance today.

OWNER ENRICHMENT COMMITTEE (OEC) ANNUAL REPORT

OEC Chair Mark Fisler reminded the Board of the OEC mission of: *“developing, promoting, and evaluating SROA programs and activities of a social, educational, cultural, and recreational nature with an objective of making the Sunriver experience as enjoyable and rewarding for owners as possible.”*

The committee, which can have up to 11 members, currently has seven due to several unavoidable and unfortunate events. The committee is currently actively recruiting replacement candidates and has at least five individuals that have expressed interest. In addition, an article that was recently published in the Scene soliciting individuals that would be willing to volunteer for any activities that need additional support resulted in approximately 20 individuals stepping forward to offer their assistance in the future.

Easily the most impactful activity of the committee is the ongoing Sunriver You programs. Classes range from Quilt Making Basics to travel forums, SROA town halls and everything in between. Over the past year Sunriver You classes had a total of 1,230 participants with a subscribed student base of 1,080. There were 11K website hits to Sunriver You and over 600 volunteer hours contributed. Future classes include Medicare 101, Travel Forum: South Africa, tips for an Eco-Friendly Kitchen and the SROA Strategic Plan.

The second most impactful ongoing activity hosted by the OEC is the first Saturday Sunriver Owner's Happy Hour held at SHARC. During the pandemic, Happy Hour was suspended and then only restarted intermittently as conditions improved and attendance was reduced. However, the event has returned to its every month format and the numbers of attendees have returned to pre-pandemic levels in the range of 30-60 guests depending on the time of year. Susan Huseonica served as host since its inception but has recently turned the reins over to Carol Mosman.

In March of 2023, the OEC sponsored West Coast swing dance lessons followed by a dance held at Benham Hall. The lessons were limited to 30 people due to space and three lesson sessions were held with 29 individuals signing up for classes at \$35 per person. The dance was held on March 24th and hosted 74 attendees at \$20 per person. There was a DJ and a cash bar and the OEC provided snacks and decorations. There was an initial outlay of approximately \$1,450 for the dance instructions and the dance itself, but the lessons and event receipts resulted in a net cost of \$5.

In the fall of 2023, the OEC, with help from the administrative staff at SROA, mailed thank you notes along with a \$10 gift card to 147 volunteers. This included all committee and task force members as well as War on Weeds (WOW) volunteers.

Also in the fall, the OEC held its second daffodil bulb sale. This event started in 2022 and was repeated this year. 3125 bulbs were sold in 2023 with seven different varieties of daffodil bulbs offered. Residents signed a form stipulating that the bulbs were only to be planted on their property and no bulbs would be planted on common areas, wire cages were prohibited around the bulbs and there would be no Design Committee approval required.

In addition to the previously mentioned activities, OEC members support and volunteer at other SROA events and programs including but not limited to movie nights, concerts, the Uncorked wine event and more.

The OEC has a bright future as an incubator for ideas. Not only does the OEC and Sunriver You put-on programs and classes that enrich the experience of community members, but our network of volunteers also facilitate the formation of spinoff clubs and the realization of ideas. The Travel Forum series in Sunriver You came through the OEC. The Sunriver Ski Club, being implemented as we speak, was initiated by the OEC. A club for hosting board games is trying to launch. Reactivating the community potlucks is on the agenda and summer outdoor yoga classes are also being considered.

Year to date, the OEC has submitted expenses of \$5990.40 but had receipts of \$4650 for a net impact on the budget of \$1925.40. Looking forward to 2024, expected costs for the Sunriver You website, Zoom account, volunteer appreciation, Owner Happy Hour and new projects and activities, the OEC respectfully requests a budget of \$5000 for 2024 programs and activities.

Heartfelt gratitude was expressed to SROA staff members Keith Kessaris, Leigh Anne Dennis and Alexandra Haupt who regularly attend the OEC meetings and whose collaboration was critical to the success of these activities. Additionally, the OEC thanked members who have rotated off the committee including Jane Boubel, Susan Huseonica, Al Klascius, and Mary Condy for their service and brilliant ideas.

FINANCE COMMITTEE INVESTMENT PROPOSAL

Controller Healy led this discussion noting that in 2021 SROA's interest income for the whole year was just under \$12k. Fast forward to the end of October of 2023 and we have generated over \$575,000 in interest income an obvious significant difference in what yields and raising interest rates has done.

One of the discussions that has been held at the Finance Committee over the past few months is that as interest rates, at some point, start to go down, we would like to try to capture some of those higher yields on a longer term.

The current financial policy allows the purchase of any treasury or CD up to two years and what the committee would like to be able to do is invest some of the cash right now and maybe in the future and extend some of those durations to between two and five years. First Interstate Wealth who is SROA's investment advisor, attend the Finance Committee meetings on a quarterly basis and provide an update on the economy, current rates, etc. so the committee has held discussions about this proposal with our First Interstate representatives as well.

Currently one-year treasuries are paying over 5% and the three and four years are paying 4.6-4.7%. The committee is aware that those rates are going to start dropping at some point so capturing some of those yields on longer terms benefits the organization. The Finance Committee is recommending that the Board authorize the SROA Controller to purchase up to \$3 million in US treasuries with maturities of over two years and up to five years in duration.

If approved by the Board tomorrow, this plan would be put into effect over the next couple of months as we have some treasuries that are maturing in January.

Treasurer Pederson commented that the Finance Committee has spent considerable time discussing this proposal. The Association's portfolio of treasuries is currently yielding 5.26% overall which is what has helped to generate this \$575k in interest income and it's been a tremendous help to the budget and to building the reserves which are much higher than what we budgeted for interest for the year.

Treasurer Pederson added that even though we will see a slightly lower interest rate up front going from 5% on a very short-term treasury to maybe 4.6% on potentially a four-year treasury, at least if/when rates come down, we would still be receiving the 4.6% for the duration of that treasury. In trying to be conservative, the committee noted we can't invest all our reserves in long-term investments as we have needs every year along with the risk of some catastrophic event that might affect our need for cash which is why the committee has set a limit of no more than \$3 million on their recommendation to the Board for approval.

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

ADMISSIONS MODEL WORKGROUP UPDATE

Assistant GM Keith Kessarisi provided a breakdown of recreation statistics for the month of October.

As of October 31, 2023, a total of 7,277 Member Preference Program (MPP) cards have either been purchased or renewed. Of that total, 5,735 were renewals and 734 were new cards. The remainder are extended household, long-term renter, or commercial passes. This is 133 less than the end of September 2022. At the end of October, the MPP revenue totaled \$607,844 or 100.1% of the annual budget. Mr. Kessarisi also noted that the next big uptick in visitors will be over the Christmas holidays.

About the 2023 Recreation Plus Program (RPP), as of October 31, 2023, there were 918 homes and/or condominiums signed up for the program. Last year at the same time there were 924 properties participating in the program. Mr. Kessarisi also provided a breakdown of the RPP's by the number of bedrooms. Revenue at the end of October stands at \$2,455,704 or 100.1% of the 2023 budget. Mr. Kessarisi does not anticipate that we will get any other properties on this year's program.

Gate revenue is currently sitting at \$558,171 or 95% of the budgeted \$587,050. The return of the gate revenue was welcomed this year after the lifting of capacity limits on the facilities.

SHARC hosted a total of 6,357 attendees to the facility in the month of October compared to 5,765 in 2022. Of that number, 3,073 were owners, 1,951 were RPP pass holders, 24 were member guests, 346 were extended family, 105 were gate admissions, and 132 were Central Oregon Sunday users. Year to date, overall attendance is at 195,618, an increase of 9,686 guests over 2022.

As was noted last month, the overall attendance at the Member Pool through the end of the season was 17,636 compared to 20,039 in 2022, a decrease of 2,403. The Board discussed this downward trend and suggested including a question and/or questions related to this in the next Owner Survey in 2024.

By the end of October 2023, staff had issued 51,000 paper guest passes and of those 10,710 have been redeemed at SHARC and 4,176 were redeemed at the Member Pool. There were 55,138 passes issued in 2022 of which 10,884 were redeemed at the SHARC facility and 4,644 were redeemed at the Member Pool. This decrease reflects the fact that overall fewer properties renewed their MPP cards, but more people per household renewed.

Mr. Kessarlis reminded the Board that owners can update their MPP card for 2024 beginning on Friday, December 15th 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.

In regard to the Café, seasonal sales totaled \$532,672.22 of which SROA received \$79,900.83.

Assistant GM Kessarlis commented that we have had a very robust tennis/pickleball season this year that continued in October due to favorable weather. \$92.5k in revenue has been brought in so far this year versus expenses of \$73.5k so we are at a net of \$18,991. As we were budgeted to lose money there this year, compared to budget we are \$26,047 to the good versus the budget for that department.

Facility event space rentals continue to pick up with several events on the books in the coming weeks. We are currently at \$59,236 or 46.1% of the annual budget of \$128,500. The number of owner events versus general public events also affects the revenue as owner events are charged a lower rate than the general public.

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

2024 BUDGET UPDATE

Treasurer Pederson opened the discussion by thanking the SROA staff who have worked very hard to ensure they have what they absolutely need and what the proper estimates and guidance would be to accomplish the tasks. Controller Healy has worked and reworked the numbers to reach the goal set which was to have a balanced budget with a below average increase in maintenance fees. Several different scenarios were considered, and the staff and Finance Committee settled on a proposed 3.75% increase in the maintenance fees for 2024 which is slightly below the ten-year average.

Staff and the Finance Committee believe they have put together a sound budget that includes some necessary work that needs to be accomplished. Costs, many of which we have no control over, keep going up but they came in reasonably relative enough that there were no big surprises. The Finance Committee met yesterday and approved the proposed 2024 budget and further recommended approval by the Board.

GM Lewis noted his appreciation for the hard work of the Finance Committee. They are a top-notch group of very smart individuals and SROA is lucky to have their assistance. GM Lewis also thanked Controller Healy and the rest of the department heads for their hard work in finalizing a balanced budget. GM Lewis

noted that we started the year with a projected \$100k deficit and have ended up with a surplus instead, which he believes is a testament to all the staff and how they went about looking at the 2024 budget. Essentially, there is an understanding that you can't spend what you don't have, so staff are quite frugal, and the message is to control what we can because as Treasurer Pederson pointed out there are many things that are out of our control such as insurance, utilities, etc.

Controller Healy detailed the process used by department heads who receive their budget packets in September. The first task is to forecast year-end projections so we have a better idea how we are going to finish the year and how we will go into the next year. Department heads then begin working on the next year's budget numbers, which are all submitted to the controller for input into the system.

The proposed budget is next provided to the Finance Committee who hold a series of meetings in September, October, and November to review the proposed versions of the budget. Additionally, Controller Healy and GM Lewis met with President Beenen and Treasurer Pederson to further discuss different budget scenarios. Out of all this come numerous iterations of the budget as well as a lot of input, perspectives, and suggestions that assist us in getting to the final document. Controller Healy echoed GM Lewis' comments regarding how engaged and active the Finance Committee is in the process. The committee met yesterday and gave their unanimous approval of the 2024 budget.

Controller Healy provided more detail regarding the proposed budget for 2024 for the Board noting that total revenues are projected at \$13.9 million of which approximately 60% comes from the maintenance fees and 97% of those fees are from owners. 53% of that projected revenue goes directly down to the reserve fund which will equate to \$3.88 million in 2024. The controller led the Board and those in attendance through a review of the proposed budget and answered numerous questions.

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

2024 MAINTENANCE FEES DISCUSSION

President Beenen reported that the maintenance fees for 2024 will increase by 3.75% which will put the monthly maintenance fee at \$159.51 per month. This is an increase of \$5.77 per property per month. Owners do have the option of paying the entire assessment in full by January 25, 2024, and will receive a 3% discount by doing so. The yearly assessment including the 3% discount totals \$1914.12 a savings of \$57.42.

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

REVIEW 11/18/23 REGULAR MEETING AGENDA

The Board reviewed the agenda for tomorrow's business meeting.

ADJOURN

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

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

The public meeting adjourned at 10:50 A.M.

Respectfully submitted,

Linda Beard, SROA Assistant Secretary