

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM
DECEMBER 16, 2023**

DIRECTORS PRESENT: Clark Pederson, Bill Burke, Gerhard Beenen, Scott Gillies, Keith Mobley, Mark Murray & Linda Beard

DIRECTOR PRESENT VIA ZOOM: Tony De Alicante

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: 4

OWNERS FORUM: Theresa Youmans, 15 Big Sky Lane, wished the Board a Merry Christmas and expressed her appreciation for the hard work of the SROA staff and Board.

Ms. Youman's is a member of the Design Committee and asked to provide some clarification on a couple points from Friday's work session, the first being relative to an owner being denied a permit to plant some trees. For the record, she asked to clarify that this owner was requesting to plant trees on SROA commons, not on their own property. The SROA commons in question was the area between a paved road and the owners property line. There are specific rules regarding landscaping in these areas which have been in place for many years. The denial was not arbitrary, the rule promotes a safe site distance near driveways and avoids conflicts with our utility infrastructure and easements.

Secondly, Ms. Youman's spoke to a statement that implied that the Design Committee is primarily concerned with aesthetics. If you refer to the Design Manual of Rules & Procedures among other things, the committee is also intended to promote personal and public safety. The rule regarding limited plantings in the area of common requested by the owner is a public safety issue not an aesthetic one.

Additionally, the committee is intended to protect the natural environment and some of that consideration is our wildlife as part of that natural environment. This intention is why the tree protection barrier issue has required a lot of research as fencing creates an inherent risk to wildlife. Small animals can get caught up in fencing, deer can get their antlers and/or heads trapped in fencing which is why the committee recommends limiting the number of enclosures while offering an avenue for an exception to the rule. There are a lot of things that the committee had to take into consideration much beyond just aesthetics.

GM Lewis read two letters into the record. The first was from Barbara Brocker, 5 Cedar Lane, questioning where SROA was in the process of final decision making for the dog park location.

The second was from Beverly Cook, 3 Three Iron Lane, who noted her comments were as an individual owner and not as a Design Committee member. Her comments addressed the decision-making process used by the Design Committee for the tree protection rule recommendations.

OWNER FORUM FOLLOW-UP FROM PREVIOUS MONTH

Vice President Burke commented that there was no follow-up necessary from the owners who spoke or wrote to the Board at last month's meeting.

There was one letter to the Board from August that inadvertently had not been responded to. This was from Martha Sharman & John Reid, 10 Loon Lane who are concerned about soil bank erosion of the riverbank in numerous areas in Sunriver. Since this oversight was discovered, Vice President Burke and SROA staff members have reached out to them.

Director Burke noted his appreciation for the work that staff have put into this concern which creates a blueprint for the future. It illustrates all the steps and necessary engineering that it would take, the extensive permitting process that would be required and the other agencies that must be coordinated with, so kudos to the staff for their efforts on this concern.

GM Lewis reported that he worked with Public Works Director Mark Smith and Natural Resources Director Patti Gentiluomo who are aware of the area Ms. Sharman & Mr. Reid referred to in the pictures they sent in, but there are other areas where restoration work also needs to be done. PW Director Smith met with Ms. Sharman and Mr. Reid in late September and explained the process involved.

Staff are hoping to start this project in 2024 and the goal would be to address all the areas in need of attention at the same time. Anytime something is done along a river, there is an extensive permitting process. An engineer would need to be engaged to create a design so that whatever restoration is done along the river, whether it is the placement of boulders, logs, soil, etc. is tied back into the bank and is structurally sound.

The agencies that would be involved are Deschutes County, Oregon State Parks due to the scenic waterway designation, the Department of State Lands, and the Oregon Department of Fish and Wildlife.

Timing wise, it will take 2024 to get the engineering, design, and permitting done. Work in the river can only occur when the water level is low, so the construction period is essentially November through March.

As an illustration, GM Lewis noted when the Marina lagoon was dredged recently, the Resort applied for the permits in the fall of 2021, and the work finally took place in the fall of 2022, so it is a lengthy process.

RECAP OF 12/15/23 BOARD WORK SESSION

President Beenen reported that ODOT District Manager Jim Scholtes was in attendance and provided an update on ODOT's plans relative to highway categories and road conditions on Hwy. 97 this winter. The Board learned yesterday that Lava Butte has been moved back to Category A which allows the use of overtime in the case of a major storm. Despite the last-minute funding of this year's operations, there is a significant budget shortfall that is continuing and is something ODOT will be watching closely.

Michael Hughes with Brown & Brown Insurance provided the Board with an overview of the various insurance policies that SROA has and the coverage going forward. Increases for 2024 are less than what we had anticipated, which is good news.

HR Director Kellie Allen, at the request of the Finance Committee, provided the Board with a brief presentation of the SROA employee benefits.

Assistant GM Kessarir provided an update on recreation statistics and noted that owners can now update their Member Preference Program cards for 2024. Assistant GM Kessarir and GM Lewis provided an update on the Strategic Plan Taskforce and Assistant GM Kessarir provided an update on the Comprehensive Owner Survey Taskforce's efforts to date.

The Board heard from Design Committee Chair Richard Look and Assistant GM Kessarir on the Design Committee's tree protection recommendations followed by a lengthy discussion.

In Other Business, GM Lewis reported that staff just received word from Mid-State Electric that rates are increasing by 16% in 2024 which equates to an approximate \$25k expense that is not budgeted for since the budget was approved in November.

GM Lewis also provided the Board with the latest letter from TDS regarding hooking homes up to their system and informed the Board that legal counsel is reviewing a number of proposed changes to the Bylaws that will come to the Board in January.

An executive session was held to discuss a legal matter.

BOARD ACTION
BOARD MEETING MINUTES

Director Murray moved to approve the minutes of the November 17, 2023, board work session minutes as corrected. Seconded by Director Burke, the motion passed unanimously.

Director Mobley moved to approve the minutes of the November 18, 2023, board meeting minutes as corrected. Seconded by Director Beard, the motion passed unanimously.

BOARD ACTION
FINANCIALS

Treasurer Pederson referred to the key data sheet noting that we finished the month with an operating deficit of \$52,533 against a budgeted deficit of \$48,457 so not a significant difference from our forecast. Total operating revenue was \$18,210, better than the budget, due to interest income, design review fees, and fines. On the operating expense side, we were over budget by \$22,286 largely because of material & services such as the huge pile of cinders recently received in the Public Works yard.

Year to date, there is a surplus on the operating side of \$220,627 with the year-end projection set at approximately \$100k. The variance from budget is \$333,067 to the good against a budget of a negative \$112,440.

On the non-operating side, there was a deficit for the month of \$377,660 against a budgeted deficit of \$318,394 leaving a variance of a negative \$59,266. Treasurer Pederson noted that ladder fuel grants have been moved to a separate line item. The Association received grants totaling \$411,936 for ladder fuels reduction. On the expense side, we were over budget by \$86,093 largely due to asphalt expenses. Year to date, we are currently at \$1,252,796 which is a positive variance from budget of \$380,260. Total surplus year to date is \$1,473,423 and variance from budget is a positive \$713,327.

Treasurer Pederson reviewed the cash and investment balances noting that while there is still a negative in the operating side, that will disappear in December and January as we transfer money in this last quarter of the year.

President Beenen added that the fact that SROA has \$658k in the operating plan at the end of November

is really an indication of good cash management. Controller Healy has done an excellent job and almost all our money is invested. Treasurer Pederson commented that after the Board’s approval last month for the SROA Controller to purchase two to five-year treasuries, Controller Healy and our representatives at 1st Interstate Bank bought a four-year, \$1.5 million treasury and locked in a 4.51% interest rate.

For the month ended November 30, 2023, there was a net operating deficit of \$52,533, which was \$4,076 worse than the budget. Total operating revenue was over budget by \$18,210. Design review fees, ladder fuel fines and interest income were all over their respective budgets for the month. Total operating expenses were over budget by \$22,286. Salaries and burden were under budget by \$18,379 due to open f/t positions in recreation and public works. Material and services were over budget by \$51,746 due to several factors:

- Large purchase of sanding cinders
- Service parts for UV system at Member Pool
- Bobcat tires
- Cutting edges for plows
- Collection fees for past due accounts

In November, grant funds received in 2023 for ladder fuel expenditures were reclassified from the expense account to grant revenue. This gives a more transparent view of the 2023 expenditures compared to funds received. There was \$531,241 spent on road/asphalt work in November.

Through the first eleven months of 2023. There was a net operating surplus of \$220,627, which was \$333,067 better than budgeted. Operating revenues were over budget by \$146,350 mainly due to a Caldera expansion payment, interest income, and positive variances in design review fees, park reservations, and ladder fuel reduction fines. These positive variances were partially offset by shortfalls in special program, gate admissions, and event rental space. Year to date Member Preference Program and Recreation Plus Program revenues are at 101.3% and 100.2% of their respective annual goal. Salaries & burden were under budget by a combined \$158,733 due to open f/t positions in recreation and public works. Material and services expenditures were under budget by \$5,651 through the first eleven months. As of November 30, 2023, there was a combined operating and non-operating surplus of \$1,473,423 which was \$713,327 better than budget.

Total assets as of November 30, 2023, were \$35,411,063. Cash and investments totaled \$14,008,170, a decrease of \$1,099,313 from October. As of the end of November, there was \$13,844,748 invested in FIW money market fund and US Treasuries with durations between 90-days and four years and a yield of 5.18%. A \$1,500,000 four-year treasury note was purchased in November with an annual yield of 4.51%. Receivables for owner’s fees (maintenance fund, storage space, fines) \$136,296 of which \$78,212 is over 90-days past due. There is \$90,000 in reserve for uncollectible accounts against owners’ receivables. The increase in the current and over 30 days past due is related to ladder fuel and Community Development fines. Construction in progress included public works year, trail signs, and GIS platform design. As of this report date, there has been over \$700,000 in payments received for 2024 maintenance dues. Sales for 2024 MPP and RPP memberships begin on December 15th.

November 30, 2023 (Year to Date Unaudited)

	<u>ACTUAL</u>
TOTAL REVENUE	\$12,361,760
TOTAL EXPENSES	\$12,141,133
OPERATING FUND SURPLUS	\$ 220,627

Director Murray moved approval of the unaudited financial statements for the month ending November

30, 2023. Seconded by Director Pederson, the motion passed unanimously.

GENERAL MANAGER'S REPORT

GM Lewis reported his recap for activities in November.

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.

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

GM Lewis worked with SROA legal counsel regarding fine/fee lawsuits, HR issues, litigation, by-law amendments and more.

GM Lewis worked with SROA collections legal counsel regarding owner non-payment of fee/fines, as well as proceeding with on-going legal actions for such collections according to the SROA Financial Policies.

GM Lewis continues to participate in ongoing/regular meetings with TDS staff regarding the physical construction and eventual migration of owners to fiber to the home and their SROA account.

GM Lewis continues to participate in the on-going Newberry Partnership Strategic Action Plan for south Deschutes County.

GM Lewis continues to attend and participate in the regular monthly meetings of the Owner Enrichment, Finance, and Covenants committees, the Dog Park Task Force, Strategic Plan Taskforce, Admissions Model Workgroup and Design Committee, as necessary.

GM Lewis continued to work with department heads to finalize their 2024 budgets.

GM Lewis worked with the HR Director on a number of issues.

In the Accounting Department, Controller Healy prepared the unaudited financials for the month ended 10/31/23.

The Controller presented the investment proposal for purchases of treasuries with a duration of between two and five years to the Finance Committee and Board.

The Controller presented the 2024 operating and reserve budgets to the Finance Committee and Board of Directors.

The full reserve study was finalized.

Accounting staff began preparation of 2024 invoice mailing.

In IT, the old Docuware host has been decommissioned and moved.

New switches have been installed at SHARC.

An encrypted password vault has been created for IT.

Phase I of the recommended security fixes after penetration testing has been completed.

IT staff set the Community Development Director up for remote work capability.

IT staff added the vehicle maintenance interface to the internal Sunriver database.

Adjusted work order forms to display updated SROA logo and fit to one page.

Creation of a new citation and notification system is underway.

Onsite needs assessment for GIS completed with Tetrattech.

Georeferenced the RV lot map to be interactive for reservations and costs.

Created query to cross reference TDS data with SROA's to generate a list of emails they did not have. This allows for an interactive map for the TDS fiber to the home project.

A new laptop was configured for the executive assistant.

Monitors were replaced in Member Services.

Phone tree recording testing was conducted.

In the Communications Department, Scene advertising was at \$26,456 (includes ads for Owner Directory; November 2022 was \$27,931.)

There were 164 reads of the online November Scene including readers from Sweden and Australia.

SROA websites most popular pages in November were weather and tree flagging, and calendar.

The SHARC websites most popular pages were recreation swim, calendar, and plan your visit.

November eblasts included information about Sip Sip Soiree and holiday lights rule.

Social media projects promoted soiree wine events, SROA/SHARC Thanksgiving hours and holiday lights rule.

Additional projects included design and printing of 2024 Recreation Guest Passes, Recreation Plus posters, member brochures, and the 2024 Owner Guide.

Communications staff made more updates to forms related to the new Design Manual, designed event space marketing materials for upcoming bridal shows and finalized the design of the new kiosk map.

The Community Development Department reports the Design Committee meetings continue to occur on a regular schedule with multiple items on each agenda – the two November meetings had a total of seven items combined – 2 and 5).

There are currently approximately 338 active projects/building permits (up by 15 from the previous month of Oct.)

The number of applications submitted in November was down from the same month in 2022 - from 81 in 2022 to 68 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 continue modifying the new application forms and informational handouts, as necessary.

Community Development staff continue to provide updates to the Design Committee on the procedural elements in the new Design Manual of Rules & Procedures and how staff conveys those to owners.

Community Development staff worked with the Design Committee on continued discussion of tree protections.

The Natural Resources (NR) staff prepared and mailed ladder fuels reduction (LFR) fifth violation letters.

NR staff performed annual fall ladder fuels reduction inspections of private properties (south end).

Ladder fuels reduction and tree thinning continued on commons.

NR staff completed the 2023 Firewise Communities USA recertification.

NR staff completed the annual asbestos awareness training for field staff.

NR staff completed the annual asbestos cap inspection at SHARC.

NR staff started flagging property lines and marking trees for the 2024 LFR contract.

Public Works staff completed winterization of all sports courts and completed the last round of ladder fuel pickups for the year.

Firewood being moved from hard to access areas will now be moved to the Owners Park where owners with a Wood Gathering Permit can access it.

All fall road projects were completed on time and within budget.

Edge of road hazards are being removed and road patching is taking place.

Snow poles and markers are going up.

A lot of training for new people on snow removal equipment is underway.

Repairs and fabrications have been completed on the plows.

A truck with a plow and trailer was sold per the reserve replacement schedule.

Repairs to the snowmelt system at SHARC are completed and working well.

The sledding hill has been prepared for use including placing straw bales.

The foundation of the new PW building is completed as well as underground plumbing and building electrical.

Longtime PW employee Perry Thatcher has retired after 30-years with SROA.

Two new PW employees have been hired, but we are still down two. Katie successfully completed her CDL.

The Recreation Department reports 7,299 Member Preference Program (MPP) memberships have been sold in 2023 and 914 homes/condos are currently participating in the Recreation Plus Program (RPP) which is 10 less than the same time in 2022.

There was a total of 7,023 visitors to SHARC in the month of November versus 7,417 in October of 2022, and 8,202 in 2019.

The November Sip, Sip Soiree was a sell out and everyone appeared to have a fantastic time.

The Member Holiday Party is set for Thursday, December 28th beginning at 4 P.M. All members are welcome to attend.

SHARC will be closed on Christmas Day.

RPP usage reports have been communicated to property managers.

SHARC is currently operating at winter staff levels.

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 new building is coming along nicely and the SSD Board at their meeting yesterday approved the next \$876k in funding for the project. The project is still on schedule and on budget to date and things are going well. The lack of snowfall has been good news in that it has allowed them to complete significant portions of the exterior of the building. They are now working on the rough-in in the interior of the building.

In the Police Department, Sergeant Tory Kornblum has been promoted to Captain Tory Kornblum and she was sworn in about a week ago. Captain Kornblum has been with the Sunriver Police Department since 2022 and she is doing a fantastic job.

In the Fire Department, things have been slower now that summer is over. Ambulance calls have been relatively low in comparison to historical numbers.

Director Mobley inquired about the status of the SSD Managing Board considering changing the number

of SROA board members required to be on the SSD Managing Board of which the current number is two. President Beenen responded that the SSD Managing Board has drafted a new management agreement that was provided to Directors Beenen and De Alicante at their last meeting. President Beenen has not had the opportunity to read it thoroughly but based on previous discussions, what they are proposing is that there be one member from the SROA Board and further they want to run their own nomination process for board candidates going forward.

BOARD ACTION
TREE PROTECTION

Director Burke moved to approve the recommendations from the SROA Design Committee, submitted on Friday, December 15, 2023, in reference to new and amended language to replace Section 3.18 a.f. of the current Design Manual of Rules and Procedures. See attached hereto noted by Exhibit A, as pertaining to wildlife damage mitigation for trees only, on private property. Seconded by Director Murray.

Director Murray noted that during Friday's discussion on this topic, the suggestion was made to put the motion on hold and put it out to owners for a couple of months recognizing that he believes this is of little interest to most of our members.

President Beenen commented that indeed any Board member can put forward a motion today to table the issue if they so choose. Additionally, President Beenen believes the Board is much more aware of these issues as they are provided with information relative to a given subject monthly and while that information is also available to owners, it's unknown how many owners take the time to avail themselves to all the information provided to better educate themselves on a particular issue in front of the Board.

The thing that comes to mind for President Beenen is have we done a good enough job in communicating that to owners, so they understand what is happening. And, as was mentioned yesterday, due to the time of year, there is not a sense of urgency to decide today.

The Board discussed adding the information they received this month to the SROA website in a more prominent way, sending out an eblast to encourage owners to study the issue if it is important to them, and prominently featuring it in the Sunriver Scene. President Beenen feels it is important for owners to have Exhibit B readily available so they can better understand all the things that the Design Committee did in researching and producing this set of rules. It is not arbitrary. There is a lot of arduous work that went into this issue. Additionally, there is already a Sunriver You Town Hall Forum scheduled for Thursday, January 11, 2024, which could include this information and could be advertised via an email blast. If the Board does all of the above, we will have availed ourselves to the technology currently available to us and utilized all forms of communication with our owners.

Director Mobley added he would like to see both Exhibits A & B be available to owners in a forum so there will be an opportunity for people to read it all and what has been in controversy so they may begin to understand the reasons behind why and where we currently are on this issue. This will hopefully allow the Board to get a sense of how deep the concern is in our ownership and if there are new arguments, the Board will learn those, if there is a high level of satisfaction with Exhibit A, we will learn that as well. Director Mobley feels that it is a good opportunity to use the technology we have available and find out what owners have to say and how many owners are concerned about this issue as well.

Director De Alicante commented he is not in favor of imposing new rules where we are not solving some problem. The Board carefully considered the Design Manual of Rules & Procedures prior to approving it and then the deer and beaver browsing issue was brought forward as something that had not been thoroughly considered. Director De Alicante added that the Board has already considered the information

submitted on plants, “When proposed, landscaping shall be consistent with the following requirements: Should not use cages, wire mesh, or fencing to protect trees, shrubs, perennials, grasses, ground cover, or other vegetation.”

Director De Alicante thought that was sufficient and that the Board had spent enough time on it, and they should focus on trees and to that end he is uncertain why the committee chose to include language related to such. He agrees with allowing additional time for owners to educate themselves and weigh in on the issue if they choose.

Director Mobley moved to table the motion. Seconded by Director De Alicante.

The Board held further discussion on the issue and the importance of having an end date for comments, so owners are aware of how long they have. The suggestion was made to follow the 60-day comment period practice that is in place and is generally used for items such as this. GM Lewis noted that a 60-day comment period would end in mid-February which would then allow time for the Design Committee to have thoroughly reviewed all comments received and decide as to whether they want to alter their initial recommendation to the Board.

Director Mobley, having carefully listened to this discussion, agreed with the general manager.

Director Mobley moved to withdraw his motion table the action. Seconded by Director De Alicante.

Director Mobley moved to postpone this matter as described and afford a 60-day owner comment period starting today and ending on February 14th. Seconded by Director Murray, the motion passed unanimously.

The comment period will end on February 14th, and this issue will be included on the March Board meeting agenda.

OTHER BUSINESS

President Beenen referenced the proposed dog park location and noted the good work that has been done on this long-awaited project. That said, he believes that should be communicated more heavily as he feels we need more people to understand exactly what is happening such as why the other options for location of a dog park were not chosen over the Cottonwood location. That kind of information is very helpful for people to understand why the taskforce chose it as the best site.

Director Gillies noted that to date, an email blast was sent to owners regarding the project and location, an open house was held at the site for anyone who wanted to attend and there has been a Sunriver You forum held on the topic as well, so there have been efforts made to engage the public.

GM Lewis noted that when the task force comes to the Board with their final report and recommendations, it will include all the research they did on other available sites, etc. GM Lewis added that when he and Assistant GM Kessarlis met with the leadership for both churches, they also reminded the leadership that the Cottonwood property is designated for park use and absent the dog park, there will be at some point a playground, pickleball courts, etc. added to that location which will also produce some noise. He also conveyed to them that he will defend SROA’s right to develop that location despite the churches decision to develop their churches in that location whilst knowing it is zoned for park and recreational use.

Treasurer Pederson also felt it important to note that if the Cottonwood location is chosen, it is not a given

that the park will be closed on Sunday mornings. The taskforce said that is something that could be considered if noise becomes an issue. Initially, sound barrier panels such as we have at the pickleball courts at Fort Rock Park will be installed on the fence on the church side and the group is hopeful that will muffle any noise. A number of Board members also noted they have visited numerous dog parks and have never found excessive barking to be a problem.

Lastly, in other business President Beenen thanked the rest of the Board for their participation and hard work this year and wished them and their families all a very happy holiday.

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

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

The meeting was adjourned at 10:54 A.M.

Respectfully Submitted,

Scott Gillies, SROA Secretary