

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM
FEBRUARY 2, 2024**

DIRECTORS PRESENT: Clark Pederson, Bill Burke, Gerhard Beenen, Scott Gillies & Linda Beard

DIRECTOR PRESENT VIA ZOOM: Julianna Hayes & Keith Mobley

DIRECTOR ABSENT: Tony De Alicante & Mark Murray

STAFF: James Lewis, Jesus Mendoza, Keith Kessariss & Patti Gentiluomo

STAFF PRESENT VIA ZOOM: Susan Berger

The Board of Directors meeting was called to order at 10:00 A.M.

NUMBER OF ATTENDEES: 8

President Beenen announced the purpose of today's special meeting is to get some issues resolved prior to the upcoming election.

OWNERS FORUM: No owners addressed the Board.

SROA/SSD/DESCHUTES COUNTY MANAGEMENT AGREEMENT

Sunriver Service District (SSD) Managing Board Chair Jim Fister and SSD Board member John Shoemaker were in attendance to present the SSD's proposed changes to the Management Agreement between SROA, the SSD and Deschutes County.

Chair Fister provided an overview of what he and Director Shoemaker will cover including a recent timeline of the management agreement, the current thinking on the SSD/SROA relationship, timeline of proposed changes, and areas for continued SSD/SROA collaboration.

The SSD was formed in 2002 and was primarily an agreement between SROA and the County as the District was still in formation. In 2014 there were some significant changes that were made. One was to add a District Administrator position into the management agreement allowing basic administrative duties which had previously been done primarily by the fire and police chiefs to fall under the administrators responsibilities. From the beginning, the SSD contracted with SROA to perform its HR and finance needs, and this continued until 2023.

Fast forward to 2017 and more significant changes were made including moving from five to seven board members and prohibiting the SROA board members serving on the SSD Board from holding the Chair position on the SSD Managing Board. It was felt it would be better to separate that for better linkage to the County. Additionally, the SSD also became a full signatory on the agreement making it a three-way agreement. At that time, County Administration acknowledged that the SSD should really start picking up and doing a better job of owning the relationship with the County.

In 2021 there were some minor updates made to the agreement and at that time SROA went from being a joint signer to simply acknowledging its role in the agreement. As a result, the agreement is now between

the SSD and Deschutes County.

Since that time, some major things have gone on, including the SSD's heavy focus on building a taskforce and driving a county discussion and a ballot process for funding the new Public Safety building. This required negotiations with the Deschutes County finance/budget manager to make a case for a county contribution as well as County counsel. Chair Fister recognized former SSD Administrator Debbie Baker and SSD Board member Bill Hepburn who teamed up nicely to collaborate with the people making the decisions in the County to make a successful case for an \$8 million contribution to the new public safety building which is over 40% of the building cost. It was a huge relief to the SSD to not have to lean on the taxpayers for the entire cost of the project.

The SSD taskforce along with a lot of community volunteers drove the County ballot to a successful vote of the owners who are registered to vote in Deschutes County. The endorsement from SROA, for which Chair Fister thanked the SROA Board, was an important component of the successful ballot measure.

Also in 2023, the SSD was informed by SROA that SROA no longer wanted to manage the HR and financials for the SSD. In the process of that transition, it really pushed the SSD to seek out other individuals to provide reliable advice. The SSD has received a lot of support from the County HR, Finance and Legal departments. Additionally, the Special Districts Association of Oregon (SDAO) provided helpful guidance which the SSD has been relying on more and more.

In conversations with these different entities, they encouraged the SSD to focus more on acting like a government agency letting employees run the day-to-day activities and allowing the SSD leadership to focus more on oversight. As a result, the SSD started seeing more and more areas where the SSD needed independence in its decision process and during conversations with the County and SDAO the SSD was advised to become an independent government agency with an oversight management board and as such, they were asked to rewrite the current management agreement to address that.

Also, during this time frame, both a new fire and police chief needed to be hired and the interim administrator moved into a permanent position. This led to internal conversations regarding the need to recommit to hiring and training capable staff to run the District. Fast forward to today and we have two wonderful and capable chiefs running the police and fire departments as well as a great District Administrator who is doing everything she can to train up and pick up a lot of the things that were otherwise being done elsewhere.

Some of the reasons for that independence include the fact that District boundaries may not always equal SROA bounds. More independence allows more opportunities for owner/resident community engagement. The SSD has a fair number of volunteers right now, most of which are kind of ancillary organizations and there will be more volunteer opportunities this year and going forward.

These proposed changes align the SSD better with the intent of the Oregon Revised Statutes (ORS) founding statute. It allows both entities to raise or seek capital in different ways, and it will allow both to negotiate agreements with other entities independently. It also allows the SSD to utilize its government status and gives the SSD the ability to make nimble decisions on public safety.

Chair Fister then outlined the proposed changes noting the County Commissioners would like those to be presented at their February 26th work session in front of the County Administrative staff and Commissioners so they can view it all at once. Chair Fister added that he has spent approximately six hours with County Counsel already on the agreement, as well as a couple of hours with County Administrative staff to ensure they are clear on what is being proposed. As the County Commissioners are

the Governing Body for the SSD, they have the right to make any changes that they feel necessary.

The first change being proposed is that Position 1 on the SSD Managing Board will still be held by an SROA Board member, but Position 2 which is also currently held by an SROA Board member would go to being a member at large position. This change would also allow the SROA Board to appoint any current or previous board member SROA member to Position 1.

They are also proposing a change to the approval process for Position 1 whereby the candidates will be referred to the District Managing Board for suitable screening prior to the District Managing Board recommending their appointment to the Deschutes County Commissioners.

Additionally, the SSD Managing Board is recommending that the SROA Board member shall not serve in any officer position of the District Managing Board.

SSD Director Shoemaker added that this is what the SSD is proposing to the County however their expectation is that the County may ask for other iterations of this which could mean no SROA representation on the Managing Board or leaving it as it currently is with two SROA Board members on the Managing Board. They feel that this proposal will meet with the expectations of the County.

Director Shoemaker noted that one of biggest concerns for County Counsel at this point is there often times is a conflict of interest that arises with the SROA Board members when they are on the SSD Managing Board and they must vote for anything relating to finance, payments, etc. Chair Fister added that he personally feels there should be continued representation on the SSD Managing Board by an SROA Board member. Further he feels that conflicts of interest need to be recognized and he noted that he is currently on the County Budget Committee and is Chair of the SSD Managing Board, which affects his ability to vote on the SSD's portion of the budget as he must recuse himself.

SROA Director Mobley noted that this change moves SROA farther from public safety activities which does bother him as SROA will have less and less control over things that make a great deal of difference in the livability of Sunriver. If Director Mobley didn't have the high level of confidence he has in Chair Fister and the chiefs his concern would be even greater. He simply raises this as a matter that came to mind.

The second proposed change is for the SSD Managing Board to become the recommending body to the Governing Board which Chair Fister strongly recommends based on SDAO information as well as the ORS. The SSD is a county agency, and the County wants the SSD driving those decisions that are based in it instead of SROA. The goal would be to continue to use the existing SROA Nominating Committee but to add language to pursue other options long-term. Chair Fister very much appreciates the SROA Nominating Committee and their efforts and does not feel any changes will take place anytime soon. That said, if there were a significant change in future district boundaries, what the Nominating Committee does or what it is responsible for might be less and less depending on what might happen with an expanded service district.

The SSD has had discussions on options for selecting board members up to and including an election process although that is not currently favored by the majority of the Managing Board. In the end, the Governing Body, in this case Deschutes County, is the one that represents the people and is the one that gives final approval to any SSD Managing Board appointment. Said governing body has always been careful to point out that if there is opposition to a nominee, they are open to hearing it before they make a final decision on the recommendation. This would be done via a public hearing.

The SROA Board questioned what a future expansion of boundaries might look like and what effect it might have on the services Sunriver owners currently have. Chair Fister responded that if you look five to twenty years down the road, there will still be the Sunriver police, there will be LaPine police department and a skeleton Sheriff's service in South County. Where that boundary line will be drawn is unknown at present. While this may apply to both fire and police, the current concern has been more on police from a law enforcement standpoint. The fire boundaries are already well defined, and the Sunriver Fire Department has an exceptionally good working relationship with the LaPine Fire Department. Chair Fister shared that Fire Chief Boos is working with LaPine Fire Chief Erick Holsey on a South County service agreement that could be converted to an intergovernmental agreement in the future.

In response to a question from SROA Director Burke about how expanded boundaries might affect the residents and businesses of Sunriver. Police Chief Lopez responded that when fully staffed he has no concerns about being able to continue to provide the service Sunriver residents are accustomed to. Chair Fister added that if they were expanding bounds, it would be on the assumption that they would also be increasing revenue and the number of staff. Additionally, something of this nature would most likely have to have the approval of owners via a vote which would include outreach to owners and probably a public hearing. Director Shoemaker added that he can confidently say that the needs of the Sunriver owners will always come first.

The third proposed change to the agreement is the SSD's desire to drive a more stringent criteria for SSD Managing Board member participating in any nomination discussion will include an extension of the background and conflict of interest process that would be overseen by a third party. This is based on discussions that have been going on elsewhere in the County as they also have the need to have a clear and concise conflict of interest policy. Chair Fister added that the County has requested the SSD to more broadly acknowledge transparency and conflict of interest.

The fourth proposed change is to open the SSD board positions for more options. Currently, you must be a Sunriver property owner to participate on the SSD Managing Board. If in future, the boundaries of the SSD were to change, that would be a limiting thing for the management agreement. They are proposing broader participation and will propose "District property owner, registered district elector, or business owner representative within the district bounds." This will allow participation both ways, owner but not voter, voter but not owner and allows for district expansion and representation of new owners regardless of method. It would also allow businesses in the area to propose representation.

Chair Fister commented that the SSD Managing Board wants to focus on making sure they are maintaining a close collaboration with SROA. There are multiple reasons including monitoring the total burden on the Sunriver ratepayer/taxpayer, combining efforts to influence others, and attracting local talent to employment opportunities in Sunriver. Collaboration ensures we can jointly manage the seasonal population variance and provide a cooperative effort on any localized and county-wide emergencies. Obviously, the SSD and SROA still have multiple reasons to maintain a close (and overlapping) relationship. Chair Fister provided a quick overview of the current agreements between SROA and the SSD.

Chair Fister then touched on the siren towers and the possibility of the SSD purchasing and sub-leasing them as a secondary option. Also mentioned was the possibility of using fire reserve or seasonal fire resources to participate in ladder fuel work on commons, the possibility of a more formal agreement for use of the water tender for extended ladder fuel work time and seasonal vehicle storage.

The Board had some questions for Chair Fister and thanked him for the excellent presentation.

President Beenen noted the next three agenda items are interrelated and tied together and were first presented to the Board at their regular January board meeting. At that time, the Board requested more time to review all the proposed changes prior to voting on the amendments. As the changes are time-sensitive to the efforts of the Nominating Committee, the Board agreed to hold this special meeting to vote on the proposed amendments so the committee will have the direction they need to move forward. The Board has had two weeks to further review the documents and send their proposed modifications, questions, or concerns to the general manager. The documents presented today incorporate the input received.

Nominating Committee Chair Ron Angell and committee member Debbie Baker were in attendance and answered some questions posed by the Board. The Board also thanked owner and past board member Pat Hensley who was in attendance for her input on the Bylaws.

Nominating Committee Chair Ron Angell thanked the Board for moving on this issue so the Nominating Committee can move forward with their work.

BOARD ACTION
NOMINATING COMMITTEE CHARTER AMENDMENTS

Director Burke moved to approve the amendments to the SROA Nominating Committee Charter as recommended by the SROA Nominating Committee and staff and further modified by the SROA Board as attached hereto. Seconded by Director Beard, the motion passed unanimously.

BOARD ACTION
CONFLICT OF INTEREST POLICY AMENDMENTS

Director Burke moved to approve the amendments to the SROA Conflict of Interest Policy to create two policies – a Conflict of Interest Policy and a Board Candidate Conflict of Interest policy- as recommended from the SROA Nominating Committee and staff, with additional comments provided by the SROA Board as incorporated herein, as attached hereto. Seconded by Director Beard, the motion passed unanimously.

BOARD ACTION
SROA BYLAWS

Director Burke moved to approve the amendments to the SROA Bylaws, Board Member Candidacy Application and Board Member Candidacy by Petition Application attached hereto, as recommended by the Nominating Committee and staff, with additional comments provided by the Board as incorporated herein, to clarify responsibilities and procedures pertaining to establishing Board candidates and associated election procedures and timelines for such, and for consistency with Committee Charters and SROA governing documents. Seconded by Director Beard, the motion passed unanimously.

DESIGN MANUAL OF RULES & PROCEDURES

Director Burke moved to approve the recommendations from the SROA Design Committee, submitted on Friday, January 19, 2024, and the edits approved by the Design Committee on January 26, 2024, in reference to new and amended language of the current SROA Design Manual of Rules and Procedures. Seconded by Director Beard, the motion passed unanimously.

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

Director Gillies moved to recess the public meeting and reconvene in Executive Session under the authority given in the SROA Bylaws, Article IV, Section 10, to confer with legal counsel regarding

threatened litigation that is subject to a claim of attorney-client privilege. This will be a privileged communication and it cannot be disclosed to anyone outside of this meeting. Seconded by Director Burke, the motion passed unanimously.

The public meeting recessed at 11:07 A.M.

The public meeting resumed at 11:40 A.M.

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

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

The meeting was adjourned at 11:41 A.M.

Respectfully Submitted,

Scott Gillies, SROA Secretary