

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS WORK SESSION
SROA BOARD ROOM
FEBRUARY 16, 2024**

DIRECTORS PRESENT: Bill Burke, Gerhard Beenen, Keith Mobley, Linda Beard & Scott Gillies

DIRECTORS PRESENT VIA ZOOM: Clark Pederson, Tony De Alicante & Mark Murray

DIRECTORS ABSENT: Julianna Hayes

STAFF: James Lewis, Keith Kessariss, Leigh Anne Dennis, Patti Gentiluomo, Joe Healy, Kellie Allen, Susan Berger, Jesus Mendoza & Mark Smith

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

OWNERS IN ATTENDANCE: 9

President Beenen announced that for this meeting, Mr. O'Shea will give his presentation first which will be followed by the owners forum.

SUNRIVER RESORT – TOM O'SHEA

Sunriver Resort Managing Director Tom O'Shea attended at the invitation of GM Lewis to speak about the information released earlier this week regarding changes to the golf operations.

Mr. O'Shea noted he has been in Sunriver for sixteen years now and a lot of change has occurred over that time including how they view and brand the Resort, where they envision the Resort in the future and what changes are necessary to get there. The first step is to identify who their primary and secondary customers are and then evaluate that in regard to how they create a brand that represents them properly.

Over the past ten years, the Resort has focused on their key competencies as well as being able to adapt and change to the current market conditions. This is what Mr. O'Shea was asked to do when he arrived sixteen years ago, fully aware that Sunriver is an aging asset in the company's portfolio. This presents challenges of how to maintain the Resort as a major asset in light of new competition such as Pronghorn, Tetherow, and Brasada that have all been added and present major competition for the Resort.

Mr. O'Shea reported that the Resort's number one amenity is overnight accommodations followed by golf operations, spa, fitness, recreation, retail sales, and retail real estate brokerage and development. Those are the key businesses for the Resort. Mr. O'Shea also looked into each endeavor to determine if it makes sense for the Resort to be in a particular business.

Referencing the utility company that supplies water and sewer services to Sunriver owners and that was previously owned and operated by the Resort, Mr. O'Shea noted this is a good example of an entity that he felt was difficult to integrate into the brand of the resort. After several years of being in the community getting to know how things operate, the Resort made the decision to sell the water/sewer company to NW Natural.

Mr. O'Shea spoke about their stables operation that had a husband-and-wife team who ran it successfully for a number of years prior to their retirement. The Resort had to find another operator as it is a business Mr. O'Shea knew they did not have the experience or expertise to run and be good at. While a stable is an appropriate business to complement the offerings of the Resort, one must look at who can run the business best and through their expertise make the Resort's brand better.

When it came to the airport, it was a similar situation to the stables. A husband-and-wife team ran the airport operation for several years prior to their retirement. At the same time, the airport needed significant investment to bring it up to the Resort's level. And similar to the stables, the Resort staff went out and secured someone who understands that business. Part of that discussion included the fact that new operators were interested in purchasing the airport, something the Resort was not interested in selling. The parties settled on a long-term, twenty-year agreement, with two ten-year renewable options included in the contract. This was with the understanding that they would invest significant money into the airport, which to date is over \$15 million. They have installed a new runway and new taxiway allowing luxury jets to fly into Sunriver again.

With the new focus centered on their brand being front and center, and having identified the key components of their business, a ten-year vision plan was created to illustrate to the partners the investments needed to keep the Resort at a four-star/four diamond level. This is both from a customer and a competition standpoint as there are several newer resorts also competing for the business of accommodating visitors to Central Oregon.

In the past five years, over \$40 million has been spent on refurbishing the guest rooms, launching a new concept for food and beverage, and the successful completion of the Cove indoor/outdoor aquatic center.

They are also making improvements to the Woodlands golf course and plan to spend \$1 million on the course over the next three months. Sage Springs Club & Spa is currently undergoing a complete renovation of the fitness center portion of the facility which will re-open in March. In the fall of 2024, a complete renovation of the spa will take place.

In 2023, the Resort made the decision to move away from indoor tennis at Sage Springs and replace it with pickleball, one of the world's fastest growing sports. Not everyone in the community was happy with that decision and Mr. O'Shea received a number of emails and phone calls regarding the change. Mr. O'Shea invited those with concerns to sit down with him and discuss the issue which he explained ultimately came down to a business decision for the Resort.

Prior to the change, the facility was being used by approximately twenty tennis players on a varied schedule of play that left the facility empty or not fully utilized a good deal of the time. Since the switch to pickleball, the facility is consistently busy with people using it for regular play as well as for tournaments and players are happy to have an indoor option in Sunriver. The Resort has received great reviews about the change as well as inquiries about the possibility of hosting a national pickleball event in the future. Mr. O'Shea added now that the Resort has the proper indoor facilities to host such an event, weather would not be a factor, which means events like this might even be held in the off season. That type of event helps everybody, not just the Resort.

Bottom line, this decision was made based on it being both brand and business appropriate. Mr. O'Shea acknowledged that some folks did lose something as a result of the change, but again talking about their primary customer, everything they do when it comes to amenities is to sell guest rooms and the other amenities are secondary to that. They are the businesses the Resort builds so they can augment their ability to sell guest rooms throughout the year.

The Cove alone has seen significant growth in weekend business which puts a lot of local people to work. The Resort is always looking for ways to grow the shoulder season and flatten out the seasonality, so employees are not worried about having enough hours to maintain their benefits in the off season.

In reference to golf operations, Mr. O'Shea asked a general question as to why would one be in the golf business? Mr. O'Shea went on to say that if golf were an independent business in Sunriver, it would not

succeed. There simply would not be enough income and the cost of golf is extremely high. If you are looking at the percentage of revenue capital expenditures associated with golf, they are the highest of anything done at the Resort and the cost of operating a golf course over the last five years has increased by 74%.

Mr. O'Shea added if you think of golf as an independent business, you would not be in business for more than a year in Sunriver. That amenity is in place to sell room nights and room packages, it gives individuals and groups something to do when they come here. In order to be competitive, they looked to what other resorts are doing and found they do not operate their golf courses the way that Sunriver does. These other resort courses have two components, social memberships, and golf memberships and in fact in most new developments, you are not given the option to have a social membership. Initiation fees can run anywhere from \$2,500 to \$5,000 along with monthly dues which provide access to other amenities they may offer.

Mr. O'Shea remarked that in a Sunriver type resort you will pay anywhere from \$25,000-\$40,000 in initiation fees and between \$650 and \$700 in monthly dues. Again, it goes back to the brand and having the ability to advertise that you run a membership club is far more lucrative than saying you are a public golf course. There is a difference and that difference can also be what ultimately leads to a greater value in real estate values. When looking at a large development in the US, if a golf course is built the lots surrounding that golf course will normally sell for as much as double the cost of a property not on the golf course as people want views of the fairways and the lakes. Golf is for some an exclusive sport and the Resort's desire is to elevate Sunriver's amenities to the extent that they remain a four diamond, four-star property. This, Mr. O'Shea added, ultimately brings everybody up.

Switching to property management, Mr. O'Shea noted that when he arrived sixteen years ago, the Resort had over 400 privately owned homes and condos available for nightly rental. Some of those units had no business being part of the Resort program as they did not meet the standards required at any level and some owners were unwilling to make the necessary upgrades to bring their unit to the level required. In the first two years Mr. O'Shea was here, he removed over one hundred units from the nightly rental pool. Did that have a financial impact? Yes, in the short term it did, but in the longer term it was the most beneficial thing to do. Fast forward to today and Mr. O'Shea just approved removing sixteen homes from the program that are no longer meeting the higher standard required.

Additionally, when Mr. O'Shea arrived over 50% of the privately owned units rented through the Resort did not have air conditioning. That is now a requirement, especially in light of the amount of smoke we have had to endure in the past few years. If you are not able to open the windows due to smoke and you have no air conditioning in the middle of summer, the impression left on the guest is not a favorable or four-star experience one. One of Mr. O'Shea's goals is to be able to say on their website that every property they manage is an air conditioned one and they currently have 80% of their homes/condominiums that include air conditioning. Mr. O'Shea went on to say that this is something everyone should feel good about. If owners can be convinced to upgrade their property, that benefits everyone.

Referencing golf again, Mr. O'Shea commented that he considers someone that is contributing to Sunriver golf, plays a minimum of at least once per week. If someone is playing golf 25-30 times per week, they are a good Sunriver golf customer. When the Resort looked at this issue, they paid a great deal of attention to how they would structure the membership. Mr. O'Shea noted he wanted to be clear on the fact that they do not have to have a membership in order to charge more, they could start charging more tomorrow, but that does not solve the public golf course issue. Mr. O'Shea wants the Resort to be able to say they are a private club that affords Resort access. That puts the Resort in a strong position when compared to similar resorts. Mr. O'Shea commented that a public golf course has a certain view and look to it that is different from a private course and does not align with the Resort's brand.

It was important to Mr. O'Shea to ensure they did not restrict access and they endeavored to come up with offers that would fit the needs of the golfers who play the Sunriver courses. This includes Resort guests, owners, and the casual golfer, who is the one who plays several times a year. The key word, Mr. O'Shea went on, is membership and there is exclusivity to membership. If someone is playing golf 40-50 times a year, Mr. O'Shea wants them to feel exclusive and to have benefits. Mr. O'Shea noted he recently received a call from some soon to be Sunriver owners who wanted to pay their \$10,000 membership fee now so they can be assured of that price as they, according to Mr. O'Shea, understand the market. In reference to the initiation fee, Mr. O'Shea noted that five years ago, maybe less, the initiation fee at Crosswater was \$10,000. Now it is \$30,000 and these fees are all market driven. Brasada and Tethrow both have initiation fees of \$40,000 plus monthly dues over \$600.

When looking at the Sunriver owners who golf and have been good supporters of the Resort's business over the years, Mr. O'Shea said they wanted to produce something that shows respect to those Sunriver owners. The amount they decided on of \$375 per month is much lower than any other Oregon courses at the same level as the Resort's courses, in fact it is approximately 50% lower than what most courses charge for monthly dues. When the topic of initiation fees was discussed, Mr. O'Shea said they decided on \$10,000, however anyone who was a homeowner as of the 31st of December of 2023, that participated at any level in the previous golf program will have their initiation fee waived.

Mr. O'Shea noted that in addition to having access to the two golf courses, members also have access to the Cove Aquatic Center making this the single best deal the Resort has ever offered. This is due in part to the fact that under the old annual pass program, you had to buy an individual pass for each family member whereas this is a family membership so a husband, wife, and children under twenty-five can play golf for that \$375 per month. In regard to the Sunriver golfer, Mr. O'Shea, who tries to golf three to four times per week, believes this is a great deal for the approximately two hundred regular golfers in Sunriver. Mr. O'Shea noted there are already over forty people who have signed up for new memberships, which equates to \$400,000 that has been waived in initiation fees. If you amortize that over a ten-year period it equates to approximately \$80 per month, so the person who signs up now is really getting a good deal.

This change will also allow the Resort to take one golf course out of commission for one day every month so they can maintain the courses at the level required to ensure players have the best private club experience available.

Mr. O'Shea added for the Resort to maintain these golf facilities at a prominent level, they must innovate and act on the information they know. This entire effort has all been brand driven to be competitive in the marketplace while maintaining a top-notch facility. Mr. O'Shea also noted the Resort has hired a new branding agency and will be rolling out a new logo and marketing materials in the coming months.

Mr. O'Shea commented that they have done a lot of research over the past six months on this golf issue, and he understands the owners who have contacted him are looking at it more from an emotional perspective feeling than from a business perspective. Mr. O'Shea said what he is doing is ensuring that this Resort and this community continue to grow and remain relevant in an incredibly competitive market for years to come. This change to golf is just one of the many changes the Resort has made in the past few years. The market has changed significantly and some of the changes the Resort has made may have gone unnoticed by owners as they are things that do not affect them.

Director Burke wondered about the guests of owners who stay with a property management company other than the Resort and what rate they will pay. Mr. O'Shea responded they would pay the posted rate for that day plus an additional \$50. This only makes sense as they are not paying anything into the investment in golf. Mr. O'Shea added that he and the Resort leadership understand that having golf as an amenity is a benefit to the property managers and their ability to rent accommodations. Mr. O'Shea also noted he has

personally communicated with each of the property managers on this issue and has followed up with those that had questions and/or concerns.

Director Mobley noted that he sees a parallel between this golf situation and the SROA Design Committee whereby a standard is set and then enforced. Mr. O’Shea commented that he hopes that five years down the road, people say this is one of the better decisions that the Resort ever made because it will elevate the community and will have owners wanting to say that they are part of the Sunriver golf club.

Mr. O’Shea noted that he knows a lot of people in the community that he has regular conversations with. He said realizes that changes such as this are not popular and are not going to make everyone happy but if the goal is to lift the community, then he believes that in the long term this is the right strategy.

OWNERS FORUM

Randy Schneider, 6 Dixie Mtn Lane spoke about two issues: The proposal from Sunriver Resort for golf membership and fees; and the recycling center. In these regards he stated: The Resort proposal will affect the Men’s Golf Club membership, it is difficult getting answers from the Resort in this regard and that there may be other issues that arise that the Resort has not thought of; and it is his opinion that most users of the recycle depot are not from Sunriver proper but from outlying areas.

Paul Conte, 7 & 8 McKenzie Lane, spoke about four issues: Resort golf membership/fee proposal; Design Committee proposal for tree protection rules; Wildlife area signs; and barbed wire use in Sunriver. In these regards he stated that while the Resort obtained evidence for their decision, the Design Committee lacked credibility based on the lack of evidence in their proposal; he did not receive a response from the SROA general manager regarding a request about a wildlife sign and SROA rules for such; and, wondered why barbed wire is used/allowed in Sunriver.

The General Manager noted there were three letters from owners to the Board.

The first is from Ken Arnold, 1 Cypress Lane who is opposed to the current proposed Design Manual rules for plant protections as recommended by the Design Committee. He would like to see SROA take a more active position on native plants. If these plants are indeed a valued part of the community, he encourages the development of policies and rules that promote that position for all native plants, not just trees.

The second letter was from Layne Brown, 34 Tokatee Lane, who is opposed to the membership/fee structure changes for golf at Sunriver Resort for 2024. Mr. Brown’s submittal included many questions to the Resort about their proposed operations.

The third letter was from Don Nolte, 14 Quelah Condos, who submitted his comments as an owner and the President of the Sunriver Men’s Golf Club. He is completely opposed to the recent changes to the membership/fee structure for the Meadows and Woodlands golf courses that Sunriver Resort has adopted for 2024. His submittal discussed the intrinsic value of the golf courses to the community and to the owners who moved here for access to such.

COVENANTS COMMITTEE CHARTER – PROPOSED CHANGES

GM Lewis reported that during a recent standard review of their charter, the Covenants Committee identified several items that needed attention. The proposed changes were provided to the Board for this item and GM Lewis walked the Board through them. This item is on the agenda for action at Saturday’s meeting.

2024 RESERVE CARRY OVER FROM 2023

SROA Controller Joe Healy noted that every year the Board approves the capital reserve budget which has replacement reserves and new capital items. The Board approved the budget for 2024 at its November 2023 regular meeting. The amount that was approved by the Board was \$4,196,578.

In discussions with the SROA Finance Committee, it was requested that items that were budgeted for 2023 but where the dollars did not get spent in 2023, be added to the 2024 budget so we can more accurately see the dollar figure we anticipate spending in 2024.

Controller Healy noted there is a total of \$1,783,106 to be carried forward from 2023, a substantial portion of which is the remodel/expansion of the Public Works building. The Board was provided with a breakdown of the different items and/or projects included in the carryover proposal. Controller Healy noted it is essentially a listing of items that had not been purchased yet or were in the process of being purchased in 2023. The Finance Committee is recommending the carry over for approval by the Board and this item is on the agenda for action at tomorrow's meeting.

Treasurer Pederson commented that the Finance Committee felt it was important to bring it to the Board's attention that these are carry forward items that did not get completed before December 31, 2023. Treasurer Pederson added that sometimes it has to do with ordering, particularly on vehicles, as well as other unforeseen delays with the Public Works building.

ADMISSIONS MODEL WORKGROUP UPDATE

Assistant GM Keith Kessar provided a breakdown of recreation statistics for the month of January.

As of January 31, 2024, a total of 1,500 Member Preference Program (MPP) cards have either been purchased or renewed. Of that total, 1,207 were renewals and 112 were new cards. The remainder are extended household, long-term renter, or commercial passes. This is 50 fewer MPP cards than January of 2023, and 115 fewer membership renewals overall. At the end of January, the MPP revenue totaled \$132,070 or 20.9% of the annual budget.

Regarding the 2024 Recreation Plus Program (RPP), as of January 31, 2024, there were 545 homes and/or condominiums signed up for the program. Last year at the same time there were 647 properties participating in the program. Mr. Kessar also provided a breakdown of the RPP's by the number of bedrooms. RPP revenue is at \$1,525,018 or 58% of the 2024 budget. Mr. Kessar also noted that a number of homes/condos sign up in January so we will have a better sense of how many units will participate at next months meeting.

Gate revenue is currently sitting at \$4,963 or .01% of the budgeted \$580,357.

SHARC hosted a total of 7,501 attendees at the facility in the month of January compared to 8,630 in 2023. Of that number, 3,305 were owners, 2,610 were RPP pass holders, 22 were member guests, 291 were extended family, 199 were gate admissions, and 53 were Central Oregon Sunday users.

By the end of January 2024, staff issued 8,840 paper guest passes and of those 653 have been redeemed at SHARC. There were 8,820 passes issued in January 2023 of which 785 were redeemed at the SHARC.

Mr. Kessar reminded the Board that owners can renew or purchase their cards for 2024 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](http://sunriversharc.com/Programs/SROA%20Member%20Preference%20Program). The Member Services office is open seven days a week from 9:00 A.M.– 4:30 P.M.

Facility event space rentals brought in \$2,100 for the month of January, which is less than the budget, however, we were in transition from not having an events manager. The new events manager, Beth Herron, was hired the first week of February. She comes with a lot of experience and skill and has hit the ground running. There is revenue generated from the event space but also there is also a difference of use of the events space from owner and/or club use that sometimes does not drive any revenue. This will be discussed in further detail at next month's work session. There are currently approximately fifty events scheduled at SHARC in 2024 so far, and we will no doubt pick up other bookings throughout the year, but we are off to a good start.

Director Burke noted his appreciation to Leigh Anne Dennis and her staff, along with any other SROA employees who have helped in picking up the slack during the time that we did not have an events coordinator facilitating operations.

DOG PARK TASKFORCE UPDATE

Assistant GM Kessarlis reported the taskforce recently held their eighth meeting at the proposed dog park location to walk the facility again with the goal being to provide a presentation to the Board at the March meeting with a full report from the taskforce.

GM Kessarlis reminded the Board that in addition to the regular meetings the taskforce has held, they have also reached out to neighboring property owners. Two in-person meetings have been held with representatives from the two churches and a representative from one of the churches attended the most recent taskforce meeting.

In answering a question from Director De Alicante, Assistant GM Kessarlis reported that the key issues the churches have with the dog park are potential for noise and parking issues along with the change in use of what is currently there now and has been more of a passive use for a long time other than the tennis courts.

One of the churches wants to potentially add a labyrinth and a meditation area on the east side of their building which is closest to where the dog park area would be located, and they think that it will affect the tranquility of that setting if there's a dog park in that location. Different mitigation methods were discussed with church representatives such as visual and sound blockage protection.

GM Lewis added that in the multiple conversations held with representatives from both of the churches they were reminded that the entire site in question has been designated for recreational use for the past thirty years or more. There are conceptual plans that go back ten plus years for recreational needs in the north part of Sunriver which include a playground, picnic pavilion, restroom facilities, and sport courts such as basketball. A very straight forward discussion was held on the matter and GM Lewis explained to the church representatives that he would defend that those proposed uses as they are brought forward in the future.

GM Kessarlis commended the efforts of the taskforce noting how engaged they have been in the entire process including exploring other dog parks in the region and over in the valley. They recorded activity, took notes, and provided some good research as a result. The final report will include concerns about noise, signage, etc. and the Board can look for that report in March.

COMPREHENSIVE OWNER SURVEY UPDATE

Assistant GM Kessarlis reported that as of last night at 9 P.M. there are 1,660 owners who have completed the online survey and 299 that are in progress for a total of 1,959. In comparison to 2021, we had sent it out to 2,100 owners and 1,810 completed the survey. We have had 26 owners request hard copies of the survey be sent to them and out of those 26, two have been returned. In 2021, staff mailed out 341 hard copies of the survey so there has been a significant drop in that category as this time owners had to specifically request a

hard copy of the survey instead of SROA automatically sending it to people who had not completed the survey online.

The survey averages approximately 26 minutes to complete and due to ongoing efforts by staff to ensure we have the most current email addresses, has resulted in the survey successfully getting to a larger number of owners. Reminders are sent from the consultant to owners who have not yet completed the survey. The survey closes on February 29, 2024, so we have a full two weeks yet for owners to take or complete the survey.

Our consultant, JD Cornutt from DRC Research, will provide a full report to the Board once the survey is completed and the results are all tallied, and which will take place in March or April.

STRATEGIC PLAN UPDATE

Assistant GM Kessarlis reported at their last meeting, the taskforce divided into four groups focused around their four guiding principles, excellence in governance, environmental stewardship, quality of life/Sunriver experience, and community engagement.

Each sub-group has a leader, and their goal was to go back and take the individual goals listed under each of the guiding principles and work on policy and action items that are tied to each of those individual goals underneath each guiding principle.

The taskforce meets again next week and will go over each of those four guiding principles, policies and goals and action items. This is a more efficient way to do it than to try to do it collectively with over twenty members included on the taskforce.

One of the subgroups already has their power point presentation ready for next weeks meeting illustrating how engaged these folks are with the entire process. Assistant GM Kessarlis also reminded the Board that there are also individuals from different entities in Sunriver included on the taskforce such as representatives from the property managers, Fire and Police Chiefs, the Resort, Nature Center, and the Village @ Sunriver.

TRANSIENT ROOM TAX (TRT) UPDATE

GM Lewis reminded the Board that he, along with President Beenen and SR Resort Managing Director Tom O'Shea requested to be put on one of the Deschutes County Commissioners work session agendas to make the case as to why SROA and the SSD should be receiving some of the discretionary funds from the TRT pool. The Commissioners declined that opportunity and instead said they wanted to meet individually. President Beenen, Mr. O'Shea, and GM Lewis met with each commissioner one after another along with the county administrator and county treasurer.

The commissioners made it clear that they are not going to distribute any of the discretionary funds to SROA or the SSD especially for this next fiscal year budget. The Commissioners indicated that they have already predetermined where those funds will be going, a large part of which has to do with the courthouse expansion that is currently underway.

President Beenen added that there are other options that the Commissioners could potentially support such as legislative changes. State law currently directs 70% of the TRT funds must go to visitor related promotions. Deschutes County currently charges 8% transient room tax while places like Portland and Seattle are higher. The Commissioners realize that any rise in the tax does not change the fact that 70% of that increase will not be used for general operations and has to go to promotion of tourism. As there is already more than enough money going into tourist promotion, they are undoubtedly hesitant to raise it as they are already putting more than enough money into tourist promotion than they need. In regard to

legislative changes, they need to be altered so that there is more flexibility with the approved uses for that money versus it all going for tourism promotion.

GM Lewis added that another way to approach it may be to change the percentage of dollars that are currently required to be spent on promotion to 60% instead of 70% which affords more discretionary dollars that could potentially be used for other things. This could be accomplished via an expansion of the definition of what the dollars can be spent on, so there is a variety of options to explore. One of the key pieces locally is that currently state law directs 70% of the TRT dollars for tourist promotion, not infrastructure and the like.

We do have the Central Oregon Visitors Center (COVA) in Sunriver, which is the recipient of some of those dollars. When you have an organization that receives more and more money each year, the question becomes, do they really need more of those dollars every year or could some be used for other worthy projects. When do the tourist agencies reach the point at which they are so successful doing what they are doing that maybe things could flatten out a bit and some of those increasing dollars can be distributed to other sources that also benefit tourism.

President Beenen commented that one of SR Resort Managing Director Tom O'Shea's main arguments to the Commissioners is the amount of money that entities such as the Resort and the other property managers as well as the Village @ Sunriver put into advertising and tourism promotion every year, so COVA doesn't need to do as much anymore.

GM Lewis added, in short, the Commissioners indicated they would support legislative changes that would allow them more discretionary dollars. There is a meeting scheduled for mid-March where the Commissioners are going to meet with the different tourism entities to discuss how the dollars that are distributed to them are used. That is an indication to GM Lewis that the Commissioners have heard what he, President Beenen, and Mr. O'Shea have saying over the past few months. GM Lewis also cautioned that this is not the type of thing that moves quickly.

Director Mobley suggested dialoguing with Todd Davidson who is the CEO of Travel Oregon. He has been with Travel Oregon for over 25 years and knows his way around the legislature. He knows the local community as well as the statewide community. If we give him a strong presentation on our position, he would likely be able to assist us in that effort.

GM Lewis also noted that anytime an entity that is receiving dollars sees a push to examine what those dollars are being used for, there is going to be push back. Strategically from our standpoint, we are not wanting to receive dollars to put any of those organizations at a disadvantage or to go backward, but it is important that the money is being spent effectively and the question is could they be just as effective with less money.

TREE PROTECTION RULES UPDATE

Assistant GM Keith Kessar reported the 60-day comment period for owners on the proposed tree protections closed on Wednesday, February 14th. This is in reference to section 3.18 of the Design Manual or Rules and Procedures. A full update will be provided to the Board at the March meeting and today will serve as a quick update.

We received twenty-eight owner comments which have been shared with both the entire Board and the members of the Design Committee. Of those twenty-eight submissions, seventeen were not in favor of the proposed rule, 9.5 were in favor of the proposed rule and 1.5 were in favor of zero protections. Those calculated as a half were people who indicated they were in favor of no protections allowed, but if there is going to be a rule, they support what the Design Committee has proposed. Out of the seventeen in favor,

one individual submitted five separate submittals, reducing that number down to fourteen if you look at it that way.

Additionally, in regard to the postcard that was mailed out to by an individual owner to a select group of owners, we do not know how many, 22 postcards that were preaddressed were mailed back to SROA. Nineteen were opposed to the proposed rule and 3 were in favor of it.

As a side note Assistant GM Kessarlis noted that over the summer and fall there were three separate mailings from an individual owner to a select group of owners and which have been shared with the Board. Sixty-seven were opposed to the proposed rule and two were in favor. This was prior to the Board asking the Design Committee to revisit the issue and when what was being proposed was no protections being allowed and not the revised rule from December which allows for protection of trees.

President Beenen commented there will no doubt be a robust discussion on this topic at next month's meeting but in the meantime, the Board members need to be thinking about how we approach it since the Board's role is to say yay or nay to the proposed rule. President Beenen also pointed out that if the Board does not approve the proposed rule, things will go back to how they were in the previous Design Manual of Rules & Procedures which does not allow for any tree or plant protection of any kind.

Assistant GM Kessarlis added there is one thing he feels owners have not clearly understood about the original rule that was in place for over 35 years prior to the June 15, 2023, launch of the new manual. The old manual required an owner to submit a landscape plan and show where all trees, shrubs, rocks, etc. would be placed and including any protections around trees on a newly landscaped lot. This all had to be pre-approved by the Design Committee. So, tree protection was possible, but it was not prescriptively allowed. The rules being proposed now are much more flexible than the original rule and allow an owner a number of protections without the need to ask for something additional, which is also an option.

The Board discussed the fact that out of over 4,000 owners, only thirty-six have responded with their comments either for or against the proposed rule. It was also noted that even within that group of 36, which comprises less than 1% of the overall ownership, there may not have a clear understanding of what is being proposed. Additionally, there has been a continually active campaign against the proposed rule change by one owner.

The Board also discussed the need for further education for all owners on the role of the Design Committee in the Association as illustrated in the SROA organizational chart. Staff were encouraged to provide a display of that chart as well as some comments and background on this subject whenever the opportunities allow.

TDS UPDATE

GM Lewis reported that TDS continues to install the fiber mainline in the central part of Sunriver and then they are going down each lane to install the drops to the individual properties. TDS uses a third-party contractor to install the drops to each individual home. They are doing this in blocks of one hundred and notice has been sent to four separate blocks of one hundred properties. GM Lewis added that he received an email two days ago that said they had done an additional 175 drops, so they are close to having six hundred properties connected or ready to connect in the next month.

If an owner has an existing coaxial or direct bury line, TDS will need to trench and install the fiber that will run from the main line to the home. If there is already conduit installed to the house, they do not have to do anything from a trenching standpoint. Once the drops in a particular group of one hundred are complete, TDS will contact the owner to arrange a time for TDS to install the modem inside the dwelling and

complete the hookup. If conduit already exists, those owners will receive notice from TDS to set up an appointment for TDS to come to the home and complete the installation.

Owner Luis Bayol, who is on the Finance Committee, was the first person contacted to complete the installation process at his home and he reported it was a good experience and the service he is receiving at that home is working well.

Overall, it seems that work is progressing well, and TDS has reported they will be providing a weekly list of what homes are connected to the service so SROA's accounting department can start billing those owners on a monthly basis for that fee under the terms of the bulk agreement that SROA has with TDS. GM Lewis also noted the bulk of the calls staff receive at the administrative office are primarily related to owners wanting to know when their street will be hooked onto the new system.

President Beenen noted at the last meeting TDS reported they were working at the Wildflower condominiums and that they have been able to continue to work despite being slowed down a bit due to the snowy weather.

OTHER BUSINESS

President Beenen reported that Director Gillies has put his Sunriver home on the market and while we do not know when it might sell, one of the things the Board should be thinking about is how to fill that position that has a little more than two years left on it.

OTHER BUSINESS

GM Lewis shifted back to the topic of golf noting that SROA had an agreement with the Resort for SROA employees to get reduced golf rates in exchange for the Resort's employees having reduced rates at SHARC. GM Lewis made the decision earlier this week to terminate that agreement as it would not be fair for the employees to receive a lower rate on golf than the owners are afforded.

The Board held further discussion on the numerous things that SROA and the Resort have worked on together over the years and how well the two organizations coexist together. The Board understands that this is a business decision on the Resort's part.

REVIEW 2/17/24 REGULAR MEETING AGENDA

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

ADJOURN

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 the meeting. Seconded by Director Beard, the motion passed unanimously.

The public meeting recessed @ 12:00 P.M.

The public meeting resumed @ 1:56 P.M.

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 Mobley, the motion passed unanimously.

The public meeting adjourned at 1:57 P.M.

Respectfully submitted,

Scott Gillies, SROA Secretary