

**SUNRIVER OWNERS ASSOCIATION  
BOARD OF DIRECTORS MEETING  
SROA BOARD ROOM  
FEBRUARY 17, 2024**

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

**DIRECTOR PRESENT VIA ZOOM:** Clark Pederson

**DIRECTOR ABSENT:** Julianna Hayes & Tony De Alicante

**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:** Paul Conte, 7 & 8 McKenzie Lane stated his desire for the Board to follow Oregon Statutes regarding executive sessions. Mr. Conte also provided two hard copy submittals about executive session requirements and barbed wire fences.

GM Lewis read three letters to the Board that were received.

The first letter was from Michelle Walsh, 5 Fifteenth Tee Lane, who stated she understood the Resort's business and marketing plan about changes to golf membership/fees. She asked about how this decision fits within the partnership between the Resort and SROA. Ms. Walsh asked if SROA could consider the purchase of the Woodlands course. Lastly, Ms. Walsh commented that the Board's response to the presentation from Mr. O'Shea seemed to come from a personal basis rather than the representation of owners.

The second letter was from Brian Walsh, 5 Fifteenth Tee Lane who stated he agrees with the comments submitted at the Friday Board Work Session from the Men's Golf Club president.

The third letter was from Cynthia Stubenrauch, 6 East Park Lane, who commented that she was thankful that portions of the Sunriver pathways were not plowed during recent winter storms so she could cross country ski. Ms. Stubenrauch encouraged SROA to reduce or remove the plowing of Sunriver pathways.

**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.

**RECAP OF 2/16/24 BOARD WORK SESSION**

President Beenen reported that Tom O'Shea, Managing Director at Sunriver Resort was in attendance and spoke to the Resort's rationale behind their decision to change golf in Sunriver to a private club. A number of owners were in attendance who are unhappy with the changes being made and Mr. O'Shea indicated he would be happy to talk to those owners directly.

The Board talked briefly on the proposed minor changes to the Covenants Committee charter, an item that is on the agenda for action today.

Controller Joe Healy provided a brief presentation on the capital reserve carryover from 2023 and provided the Board with a breakdown of those dollars. This item is on the agenda for action today.

Assistant GM Kessarlis provided an update on recreation and event statistics, the latest efforts of the Dog Park Taskforce, a brief update on the number of owner surveys that have been returned in the Comprehensive Owner Survey, and an update on the efforts of the Strategic Plan Taskforce.

President Beenen and GM Lewis provided an update on the discussions they had with Deschutes County officials in an effort to obtain some of the Transient Room Tax (TRT) dollars from Deschutes County in the future.

Assistant GM Keith Kessarlis provided an update on the proposed tree protection rules. The deadline for submitting comments ended on February 14, 2024. A number of comments were received and those have all been forwarded to the Board. This item will be on the agenda for action at the March meeting. Vice President Burke asked when the report is presented at the March meeting, the unique role of the Design Committee also be explained prior to the report being presented.

GM Lewis and President Beenen provided a brief update on the efforts by TDS relative to the fiber to the home installations.

The Board reviewed the agenda for today's meeting.

The Board held an executive session to discuss a legal matter with legal counsel.

**BOARD ACTION**  
**BOARD MEETING MINUTES**

Director Murray moved to approve the minutes of the January 19, 2024, board work session minutes as corrected. Seconded by Director Burke, the motion passed unanimously.

Director Mobley moved to approve the minutes of the January 20, 2024, board meeting minutes as corrected. Seconded by Director Murray, the motion passed unanimously.

Director Burke moved to approve the minutes of the February 2, 2024, special board meeting minutes as corrected. Seconded by Director Mobley, the motion passed unanimously.

**BOARD ACTION**  
**FINANCIALS**

Treasurer Pederson noted the Board will be hearing both the December 2023 and the January 2024 financial reports at today's meeting. Referencing the December statement, there was a big unfavorable shift from November to December. Starting with operating expenses, we were over budget by \$161,000 due to an unanticipated boiler replacement at SHARC, the purchase of deicer for the roads, significant attorney collection fees on past due fines, two months of utility bills and a severance payment that we did not anticipate paying until 2024. This brings the year end variance down to a positive \$24,953.

In regard to operating revenue, we ended the year with a positive \$163,065 due to additional interest income earned, Caldera expansion payments, design review fees and park reservation fees. Non-operating revenue came in at \$49,764 to the good for the month and \$327,010 for the year. Non-operating revenue

and expenses ended the year with a positive variance of \$430,883 resulting in an overall total for the year of \$618,901.

Treasurer Pederson noted there were two things in particular last year that made all the difference in the world. The first was the interest income, which produced over \$700,000. In the operating account we had \$132,00 additional income above budget and in the non-operating we had almost \$300,000 resulting in over \$400,000 we did not anticipate. Additionally, SROA through our Natural Resources Department was able to secure over \$400,000 in ladder fuels reduction grants. We have already been notified that there will not be any grant opportunities available to us in 2024 and we have budgeted interest income at a higher rate in the 2024 budget, so these large variances are not things we will see at the end of 2024. It will be important to be watchful of the budget in the coming year.

For the month ended December 31, 2023, there was a net operating deficit of \$140,117 which was \$143,667 worse than the budget. Total operating revenues were over budget by \$17,936. Total operating expenses were over budget by \$161,603. Salaries and burden were under budget by \$49,557 due to a severance payout. Materials and services were over budget by \$108,154 due to several factors:

- Boiler repair at SHARC
- IT equipment
- Road deicer
- Timing of utility payments (two months posted)
- Natural Resources restoration work
- Collection fees for past due accounts

For the year ended December 31, 2023, there was a net operating surplus of \$79,128 which was \$188,018 better than budgeted. Operating revenues were over budget by \$163,065 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 programs, gate admissions and event space rentals. Year-to-date the Member Preference Program (MPP) and the Recreation Plus Program (RPP) net revenues are at 101.2% and 100.1% of their respective annual goals. Salaries and burden were under budget by a combined \$109,110 due to open full-time and part-time positions in recreation and public works. Materials and services expenditures were over budget by \$102,598 for the year. This negative variance is mainly from higher than budgeted utility charges, Member Pool and SHARC equipment maintenance, cinders/deicer, pool chemicals and bank fees. Total interest income for 2023 was \$745,601.

There was a total of \$639,656 spent on road projects and a net of \$297,250 on ladder fuels reduction. As of December 31, 2023, there was a combined operating and non-operating surplus of \$1,356,098 which was \$618,901 better than budget.

Total assets as of December 31, 2023, were \$37,830,399. Cash and investments totaled \$16,408,742, an increase of \$2,402,510 from November. As of the end of December, there was \$15,806,312 invested in FIW money market funds and US Treasuries with durations between 90-days and five years and combined yield of 5.07%. A \$1,500,000 five-year treasury note was purchased in December with an annual yield of 3.88%. Receivables for owner's fees (maintenance fund, storage spaces, fines) \$130,799, of which \$84,284 are over 90-days past due. There is \$90,000 in reserve for uncollectible accounts against owners' receivables. Construction in progress included the public works yard and GIS platform design. Assets placed into service included: Ford F-250, fuel system, annex building roof replacement and SHARC indoor water feature.

December 31, 2023 (Year to Date Unaudited)

	<u>ACTUAL</u>
TOTAL REVENUE	\$13,408,264
TOTAL EXPENSES	\$13,329,136
OPERATING FUND SURPLUS	\$ 79,128

Director Mobley moved approval of the unaudited financial statements for the month ending December 31, 2024. Seconded by Director Murray, the motion carried unanimously.

Switching to January, Treasurer Pederson reported that January is always a bit dismal, and this year is no exception. Under operating revenue, we are under budget by \$21,566 largely attributable to the reduction in Recreation Plus Program (RPP) sales in January. In expenses we were over budget by \$22,000 largely attributable to snow removal overtime. Additionally, legal expenses were \$46k for the month of January. There were some savings in labor due to open positions and some savings on the material side. Year-to-date combined operating and non-operating surplus was \$121,402 which is \$32,380 behind budget.

The average return on investments in January was 5.06%. Treasurer Pederson mentioned the aging report noting that accounting staff members have been busy calling owners who normally pay their maintenance fees in full to determine why we have not received their maintenance fees so far in 2024 meaning this will shift over the next month. Also received in January was an SSD payment of \$40k for the ground lease for 2024.

For the month ended January 31, 2024, there was a net operating deficit of \$174,171 which was \$44,191 worse than budget. Operating revenues were under budget by \$21,566 due to Recreation Plus sales being behind plan. At the end of January, there were 102 less home sales than at the same point last year. Salaries and burden were over budget by a combined \$18,750 due to overtime in public works during recent winter storms. Material and services are under budget by \$41,000 due to timing of payments. Legal fees are over budget by \$46,502 for the month.

As of January 31, 2024, there was a combined operating and non-operating surplus of \$121,402 which was \$32,380 behind budget.

Total assets as of January 31, 2024, were \$40,933,945. Cash and investments totaled \$18,542,080, an increase of \$2,133,338 from December. As of January 31, 2024, there was \$17,572,828 invested in FIW money market funds and US Treasuries with durations between 90-days and five years with an annual yield of 5.06%. Deferred revenue increased by \$2,852,487 due to annual maintenance dues payment, RPP and MPP sales. Construction in progress included \$323,123 spent on the public works building.

January 31, 2023 (Year to Date Unaudited)

	<u>ACTUAL</u>
TOTAL REVENUE	\$ 987,959
TOTAL EXPENSES	\$1,162,130
OPERATING FUND SURPLUS	(\$ 174,171)

Director Murray moved approval of the unaudited financial statements for the month ending January 31, 2024, as presented. Seconded by Director Mobley, the motion carried unanimously.

**GENERAL MANAGER'S REPORT**

GM Lewis reported his recap for activities in January.

GM Lewis participated in the on-going Newberry Regional Partnership Strategic Action Plan for south Deschutes County.

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 ongoing litigation and new threats.

GM Lewis met individually with the three County Commissioners and County Administrators regarding Transient Room Tax dollars.

GM Lewis worked with the SROA HR Director and appropriate staff as part of the interview team for open managerial positions.

GM Lewis conducted additional follow-up with the architects to discuss future remodeling of the SROA Administration building and SHARC.

GM Lewis continues to attend 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 met with the chairs of the Covenants, Election and Nominating Committees regarding amendments to their respective charters and upcoming meeting agendas.

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 met with the Deschutes County Long Range Planner regarding the update of the County Comprehensive Land Use Plan.

In the Accounting Department, staff were very busy processing 2024 maintenance fee payments as well as significant revenues associated to the Recreation Plus and Member Preference Programs.

Controller Healy made treasury purchases through FIW.

Accounting staff worked on year-end closing for 2023.

The 2024 operating and reserves budgets were uploaded and distributed to department heads.

The Controller worked with our collection attorneys on past due accounts.

The IT department fixed an alpha card license server failure at SHARC.

IT employee Gabe Rice completed ArcGIS Pro Essentials workshop.

Multi-Factor Authentication was added to five user accounts.

IT interviewed, hired and on boarded new desktop technician Nicole Futrell.

Created a new share point site to move our file shares to.

Email notifications were set up on all backups.

IT staff completed Phase II of the recommended security fixes after penetration testing.

IT staff member Jesus Mendoza has been putting a lot of work into the Azure Cloud infrastructure.

The IT staff replaced the Kyocera printer in Community Development.

IT staff added some features to the Vehicle Maintenance User Interface.

IT staff assisted Natural Resources staff on extracting ESRI files on the computer for GIS.

Gabe Rice, Community Development staff, Natural Resources staff and some Public Works staff completed GIS dashboard training.

IT staff updated the GIS permissions for a new platform.

IT staff matched addresses and tax lots from Deschutes County with owner data.

IT staff set up new credit card readers for Administration and Community Development.

IT staff installed a newer computer and printer for public works shared workstation in the Annex building.

IT repaired a glitch with the weather station and corrected the snowfall files on the weather page.

In the Communications Department, Scene advertising was at \$21,713 (\$18,897 in January 2023).

There were 172 reads of the online January Scene including readers from Ireland.

SROA websites most popular pages in January were weather, plowing, Member Preference Program/Recreation Plus.

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

January eblasts included information about the snow closures, reminding walkers to stay on paths and off roadways and Martin Luther King holiday closure of Administration office.

Social media: snow closures, snow/ice control procedures.

Scene staff continue to update forms and refine language related to the new Design Manual of Rules & Procedures.

The new kiosk map is off to the printer.

Worked on language related to unauthorized use of the SROA/SHARC logos.

Scene staff are working with Natural Resources staff to create educational videos related to ladder fuels reduction on private property.

The Community Development Department reports the Design Committee meetings continue to occur on a regular schedule with multiple items on each agenda – the two January meetings included a regular business meeting with two items and a second meeting that consisted of legal training and discussion/recommendations on Design Manual amendments previously considered by the Board at their January meeting. There were no project submittals to be considered during the second meeting of the month.

There are currently approximately 282 active projects/building permits (down by 40 from the previous month of December.)

The number of applications submitted in January was down from the same month in 2023 – from 50 in 2023 to 46 in 2024.

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.

The Natural Resources (NR) staff continued the GIS platform design project with the IT department.

NR staff completed the 2023 LFR inspection data entry for private properties.

NR staff continued LFR and tree thinning at SHARC.

NR staff performed site visits regarding tree removal requests on private properties.

Public Works (PW) staff cut/split some firewood and developed a new place where owners with a current wood gathering permit can pick wood up at Mary McCallum Park.

PW staff are reviewing specifications for 2024 landscaping.

Sunriver received 58 inches of snow in ten days in January which kept PW crews working around the clock.

The 2024 road project evaluation process has begun.

PW Director Mark Smith is developing a process for evaluating the Circle 2 to Circle 3 pathway feasibility.

At SHARC, facilities and aquatics staff are working with Knorr systems and Penair for a quote on pump replacement which is a reserve item.

The outdoor pool heater is showing signs of failure recently and may need to be bumped into the 2024 budget to ensure reliability for the 2024 summer season.

Facilities & Aquatics staff cleaned and organized the pump room mezzanine and replaced the spa pump.

PW crews completed the demolition of the old storage building that was a safety hazard.

The new public works metal building is in manufacturing and will hopefully ship soon.

The Recreation Department reports 1,372 MPP memberships were purchased through the end of January.

There are currently 542 homes/condominiums enrolled in the 2024 Recreation Plus Program (RPP).

There was a total of 7,150 visitors to SHARC in January compared to 8,263 in January of 2023 and 5,508 in 2022.

Much like other SROA departments, SHARC operations were impacted by the rough January storms. The facility was closed for two full days and had five days of limited operation. Members were very understanding and appreciative of the efforts to stay open even if it was limited hours.

An offer has been made for the Events Manager position with a probable start date of 2/7/24.

The Recreation department is sad to announce the resignation of Emily Alexander after 12 amazing years at SHARC. Emily has decided to spend time focusing on her family and young children. The SHARC team is forging ahead feeling confidence in her mentorship and hoping to continue to make her proud in the upcoming years.

### **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**

President Beenen reported the SSD is in the process of developing their 2024/25 fiscal budget and they have some significant financial challenges to work through for the next fiscal year. County tax rates will be increasing in 2024 but despite that, the SSD may have to look at raising the current millage rate of \$3.33 per \$1,000 assessed value. The maximum it could be raised without a vote of the owners who are registered to vote in Deschutes County is up to \$3.45 per \$1,000 assessed value.

The new Public Safety building continues to move forward and is still on schedule to be completed by the end of 2024. From a financial perspective, it appears that they will still get everything done within the \$1.8 million dollar budget and to date there has been no need to utilize any of the contingency dollars they have set aside.



The Police Department is still in the process of hiring enough officers to fill all the open positions they have. They have had some recent resignations, so they are trying to backfill those positions while some new hires are still at the police academy.

The Fire Department is interviewing shortly to fill one firefighter/paramedic position but otherwise they are fully staffed. Chief Boos has been taking shifts to help cover for regular employees out on different varieties of leave.

**BOARD ACTION**  
**COMMITTEE APPOINTMENT**

Director Mobley moved to approve the appointment of Kathy Vogel as a member of the Owner Enrichment Committee. Seconded by Director Beard, the motion passed unanimously.

**BOARD ACTION**  
**COVENANTS COMMITTEE CHARTER – PROPOSED CHANGES**

Director Burke moved approval of the proposed changes to the Covenants Committee charter as presented. Seconded by Director Murray, the motion passed unanimously.

**BOARD ACTION**  
**FOURTH QUARTER TRANSFERS**

Director Pederson moved approval of the transfer of \$1,064,377.81 from the Operating Fund to the Regular Reserve Fund and the transfer of \$29,435 from the SHARC Reserve Fund to the Operating Fund for the 2023 fourth quarter acquisitions. Seconded by Director Beard, the motion passed unanimously.

**BOARD ACTION**  
**2024 RESERVES CARRYOVER FROM 2023**

Director Murray moved approval of the carryover of \$1,783,106 from the 2023 Reserve & Capital Budget to the 2024 budget resulting in a total of \$5,979,684 in the 2024 Reserve & Capital Budget. Seconded by Director Mobley, the motion passed unanimously.

**BOARD ACTION**  
**SKYPARK YEAR-END TRANSFER**

Director Mobley moved approval of the transfer of \$20,850.85 from the operating account to the Skypark Reserve Account for the year ending December 31, 2023. Seconded by Director Beard, the motion passed unanimously.

**OTHER BUSINESS**  
**UPCOMING STATE OF SOUTH COUNTY BREAKFAST**

Vice President Burke reminded the Board of the upcoming State of South County breakfast that will be held at SHARC on February 27<sup>th</sup>. Breakfast is from 7-9 A.M. and there are a number of speakers, including GM Lewis, who will address the crowd. This is always a good opportunity to hear an update on the broader picture outside the confines of Sunriver.

GM Lewis added that if any of the Board members are interested in attending this function, to please contact Becki Sylvester at the Admin office no later than next Tuesday and she can assist you in getting signed up.

**OTHER BUSINESS**  
**LEGAL EXPENSES**

President Beenen referenced the earlier discussion on the amount of money spent so far this year on legal expenses and floated the idea of using legal counsel less often.

GM Lewis noted that SROA is not generally the proponent of legal matters, it is generally the recipient of them and often not responding is not an option. That said, each situation would have to be evaluated individually and independently and while there may be some things that the Board may feel we do not necessarily need a legal opinion on, there are other situations where we have no choice but to utilize those services.

GM Lewis went on to say that he has a good working relationship with Josh Newton at Best, Best and Kreiger and this is a topic he and Mr. Newton have discussed in the past. He agreed with Director Mobley who commented we should definitely let our legal counsel know if we are going to change how we operate in this regard.

President Beenen further commented that he is not at all complaining about the work they perform for the Association. They have given SROA some very good advice and good insightful information. But, from the Board perspective, he believes the Board should start thinking about when it is prudent to spend the money and take on lower risk and when it is prudent to not spend the money and accept a higher risk.

GM Lewis compared it to the of the current Strategic Plan Taskforce, a group of knowledgeable owners who have come in and volunteered their time and expertise to assist in drafting this plan. This is a very professional and knowledgeable group of people that are putting together an excellent document that has come at no expense to SROA in the way of the consulting fees one would otherwise pay. But again, every threat that SROA receives has to be considered on a case-by-case basis.

#### **OTHER BUSINESS**

##### **DESCHUTES COUNTY PROPOSED SHORT-TERM RENTAL BUSINESS LICENSE**

GM Lewis reported last month that Deschutes County is considering requiring a business license for short-term rentals. At their meeting last month, the Commissioners said that they were going to engage in a public process. GM Lewis is included on the stakeholder list for whatever stakeholder committee or public process that they have. They have not engaged that yet, but they do have an item on their agenda for next Wednesday to further discuss their options and what would be involved in administering a process on their end.

GM Lewis added that he is aware that a number of the local property managers have formed their own little coalition, and they are participating with the county as well as some individual owners that have taken an interest on this issue.

Director Pederson wonders if this is even something that Sunriver needs and should the Board be taking a position that Sunriver be exempt from these rules. GM Lewis responded he does not believe we know enough yet to take a position and that has been his comment to the county, that they have not really fully developed what the program would be, but there are two aspects. One is managing the impacts such as noise, parking, etc. and the other is the safety of the building itself. Is it a legally built structure, does it have smoke alarms, adequate sleeping areas, etc.

In short, in the staff report for next Wednesday, County legal counsel are attempting to determine if they have a legal obligation that by collecting transient room tax (TRT), they are basically authorizing and saying it is okay to use a house as a business. But is it a business, is it a land-use decision that needs to be made, is it residential because it is just people living there or is it a business? The county needs to figure out its legal obligations or risks. If they continue doing what they are doing, and somebody were to challenge them for authorizing a commercial use in a building by virtue of collecting the TRT tax, but have not ensured that the house is safe, such as is done with a hotel, does that present a legal risk for the

county?

Director Pederson encouraged the GM and the Board to keep a close eye on this issue moving forward.

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

Director Murray 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