

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS WORK SESSION
SROA BOARD ROOM
JUNE 14, 2024**

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

DIRECTORS PRESENT VIA ZOOM: Julianna Hayes & Tony De Alicante

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

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

OWNERS IN ATTENDANCE: 8

OWNERS FORUM

Ed Pitera, 25 Quelah Lane, commented on the recycle depot and provided information about recycling services in Sunriver. Mr. Pitera stated that because of the home-based side-yard recycling opportunities, there is no need for the recycling depot.

Chuck Swenson, 19 Quelah Lane, commented about the operation for the recycling depot. He cited safety concerns, specifically related to glass recycling, and stated that due to liability SROA should remove the recycling depot.

Bob Stillson, 10 Belknap Lane, thanked previous and outgoing Board members, specifically Tony De Alicante, Julianna Hayes, and Keith Mobley, for their participation on the Board. He cited specific actions that made them beneficial during their tenure. Mr. Stillson also thanked the aquatic staff for the great job they do at SHARC and the Members Pool.

GM Lewis summarized four letters from owners into the record:

Kevin Mitchell, 9 Aquila Lodge, commented on the aesthetics of the current recycle depot and stated that they are an eyesore to the community. Mr. Mitchell further stated that the side-yard recycling opportunity negates the rationale for having a recycling depot.

Timothy Dunne, 8 White Elm Lane, stated he did not see a reason for license plate readers being installed by the Sunriver Service District/SR Police Department and stated his opposition for such.

Mark McConnell, 3 Tamarack Lane, cited multiple reasons why the recycling depot should be closed. They included side-yard recycling availability; users who live outside of Sunriver who currently use the SR facility should be provided with at home service; Village businesses should be provided with their own facilities; Resort and rental agencies should provide their own services; closing the depot will encourage more home based recycling use; and Deschutes County and the providers should provide the service for property owners outside of Sunriver.

Debbie Baker, 6 Golden Eagle Lane wrote to the Board regarding incorporation. Ms. Baker cited three primary reasons for her opposition to incorporation.

1. A lack of representation for all owners if Sunriver incorporated and not all owners were able to have a say in governance – disenfranchisement through not being able to vote.
2. There are many regulations incumbent for cities that Sunriver, as a planned community, is currently not subject to.
3. Incorporation would not be in accordance with the adopted Sunriver Mission Statement.

ZACH BASS – REDMOND AIRPORT DIRECTOR

GM Lewis introduced Mr. Zach Bass, the current Airport Director at the Redmond Airport. Mr. Bass commented that he has been with the Redmond Airport for over nine years, noting it is never boring and is a great place to work.

Mr. Bass noted the Redmond airport operations are currently comprised of approximately 2,700 acres with approximately ¼ of all the land falling inside of the Redmond Urban Growth Boundary. The airport works with the city of Redmond as well as the Federal Aviation Administration (FAA), so it requires a fair amount of property management.

Mr. Bass reported the airport has the ability to add a third runway to the south should that become necessary in the future. After the current terminal expansion is complete, they hope to expand one of the current runways which would allow them to accommodate planes flying anywhere. Currently they cannot fly direct to Hawaii or New York with Chicago being the furthest east they can currently fly direct. Lengthening the current runway will give them the ability to accommodate the aircraft that can fly to any destination.

The airport will generate approximately \$26 million in revenue in 2024. They are fully self-supporting and have been since 1947. Approximately, 90% of all funding comes from people who fly in and out of the airport for commercial traffic. Revenue from parking is the airports' biggest revenue generator, with that category expected to bring in \$8.1 million dollars or 38% of their budget.

The Redmond Airport is the only regional commercial airport east of the Cascades and supports over 1,000 local jobs. Additionally, the airport is also one of the largest United States Forest Service (USFS) tanker bases in the country and is also identified as a critical asset for the Federal Emergency Management Agency (FEMA) and Cascadia Emergency Management.

Mr. Bass reported the airport anticipates serving 1.3 million passengers in the 2024/25 fiscal year noting that in 2008 when the airport last underwent an expansion, they were accommodating less than 300k passengers per year. The airport has been able to bounce back more quickly than most in the Northwest from the effects of 911, the 2008/09 recession and most recently the COVID 19 pandemic. Over those years, the passenger numbers have continued to grow even since COVID bringing them to the current 1.3 million passengers they expect this year.

Looking at their ten-year growth, passengers are up 165.5%, seats available in the market are up 133.5%, commercial landings are up 49.2%, mainlines are up 10,001.2%, operating revenue is up 190.7% and 7 additional destinations have been added. Mr. Bass also noted there are over 500

flight students at any given time who utilize the Redmond airport for their training. Redmond remains one of the busiest flight training facilities on the entire west coast.

The Redmond airport currently accommodates five airlines: Alaska, Delta, Avelo, American and United. These fly to thirteen different destinations including a direct flight to Dallas that was started last month.

Moving forward, they want to keep pushing options for travel to the east, Denver, Salt Lake, etc. to give people the option to move east easier. Furthermore, they want to add more non-stop markets, such as the recent addition of the non-stop flight to Dallas with Chicago and Minneapolis being their next goals. Anything further than that will have to wait until the runway is extended to accommodate the weight of larger aircraft.

The air service expansion is targeted at expanding service to existing markets, adding new non-stop markets, and adding additional airlines. Discussions have been held with Southwest Airlines and Mr. Bass is hopeful they may be able to add them by 2026/27. Additional options may be Allegiant, Breeze and Sun Country airlines, although it heavily depends on what is going on with different airlines individually as to whether they will commit to adding more airports to their offerings.

Currently the airport is undergoing a terminal expansion guided by a Terminal Area Concept Plan which in essence identified that the current facility is too small for the level of passengers it is accommodating on a yearly basis. When close to a dozen aircraft are all leaving within a three-hour period in the morning, things get very, very crowded.

Going forward, once through the Transportation Security Administration (TSA) there will be escalators and/or an elevator to take passengers up to a brand-new concourse. Mr. Bass also pointed out that they are working on hopefully getting a 25-30-foot-tall Sasquatch statue built that will be located just to the right of the TSA area.

The new concourse area will accommodate seven jet bridges, along with new food options, restrooms, concessions, and retail. This also means that for seven of the eleven spaces, passengers will no longer have to go outside in the winter to board their flight.

They are currently approximately 40% through the design phase on this second-floor expansion which is expected to cost \$170 million for Phase 1. Mr. Bass noted there are no local taxpayer dollars involved in this expansion.

The plan is to break ground in the summer of 2025, although some items such as the jet bridges, elevators, escalators, etc. have already been pre-ordered as those items have an exceptionally long lead time. Mr. Bass also noted the challenges of trying to build an airport on top of an airport that also has to operate on a daily basis.

In answer to a question about why the cost of parking increased, Mr. Bass responded it was due to the fact that they needed to raise money for the terminal, but also, they needed to identify additional monies to construct new parking as during peak times they were overflowing. They hope that once the terminal expansion is complete they will be able to add a long-term lot that will

give people better options for cost. Mr. Bass also confirmed that the money raised from parking is the main revenue generator for most airports. There are currently over 400-line items of revenue just for the airport which operates similar to Sunriver in that they have their own public works, fire, and security departments.

In answer to a question from Director De Alicante regarding direct flights to Portland, Mr. Bass reported that there are direct flights to Portland in the winter months which proved successful enough that they are planning to add a second direct flight in October of this year. This will be through Alaska Air and from October through May there will be two daily flights to Portland and Mr. Bass anticipates that the number of full-time direct flights will increase in the next year or two.

In answer to another question from Director De Alicante, Mr. Bass reported the terminal expansion will be completed prior to the 3,000-foot runway expansion and the cost is estimated at this time at \$160 million. There has to be a certain grade on the runway and currently there is a 50-foot drop as you move towards the fairgrounds. That will all have to be filled in along with the parallel taxiways. Environmental assessments will begin on that project over the next few years.

In answer to a question about how much the terminal and runway expansion may convince other airlines to consider flying into Redmond, Mr. Bass noted that currently they are unable to accommodate the aircraft that can go farther east without having to change planes somewhere, so the runway expansion is necessary for airlines to even consider adding Redmond to their schedules.

Mr. Bass also noted that currently 72% of the people flying out of Redmond are either from Bend or Sunriver. Mr. Bass also offered tours to any of the Board members who would like one.

The Board thanked Mr. Bass for being in attendance today and sharing this update.

2023 AUDIT REPORT **PRICE, FRONK & CO.**

SROA Controller Joe Healy introduced Heather McMeekin from Price, Fronk & Co. who was in attendance to report on the recently completed 2023 audit for the Association.

Mr. Healy noted the audit was presented yesterday to both the Audit and Finance Committees. Ms. McMeekin added that they spent the necessary time yesterday to go through all of the financials, their processes and procedures with the Audit and Finance Committees.

Ms. McMeekin noted that Price Fronk is in the process of merging with KDP Certified Public Accountants, LLP, so by next year they will officially have a new name.

Ms. McMeekin explained that the Price Fronk staff go through and confirm with third parties on confirmation for investments, account balances, debt, etc. to confirm that everything provided by staff is accurate. They test controls over payroll and disbursements and dig into the controls that are in place. Examples include proper approvals, items being coded to the correct expense accounts, and checks that are clearing the bank are going to the correct vendor. The bulk of the audit is done via cut-off testing where they look at accounts receivable and accounts payable to make sure everything is in the correct period.

Ms. McMeekin thanked Mr. Healy and his team for making SROA's audit an easy audit to perform due to the clean, concise manner in which records are kept. Requests to staff with questions or requests for

additional information are always dealt with swiftly by staff. Ms. McMeekin noted everything looked great and is being done well. The audit team goes through the SROA records in a lot of detail and appreciates the assistance they receive from staff in that regard.

The audit was conducted in accordance with auditing standards generally accepted in the United States of America and she is happy to report that SROA has received a clean opinion. Ms. McMeekin and her team found that the financial statements present fairly, in all material respects, the financial position of the Sunriver Owners Association as of December 31, 2023, and the results of its operations and its cash flows for the year then ended.

Ms. McMeekin noted that overall revenues exceeded expenditures by approximately \$1.4 million in 2023. One of the largest contributors has been the favorable interest rates over the last year, with \$727,000 in investment income earned in 2023 compared to \$131,000 in 2022.

The Board had several questions for Ms. McMeekin and thanked her for attending today's meeting.

Copies of the audit are available at the SROA Administration office.

INFORMAL RECYCLE SURVEYS

GM Lewis reminded the Board that for the last several meetings the Board has discussed moving forward with trying to gain more data of who is using the recycle depot. Included in this month's board binders was the information Director Pederson compiled of the numbers received from the carting company recapping the stats of the recycle center and side-yard recycling. Also included were the results from the most recent Comprehensive Owner Survey regarding garbage/recycling, a summary of the informal surveys done at the recycle center in December of 2023 and January of 2024, as well as an example of the questions users were asked.

Since last month's meeting, and at the Board's direction, GM Lewis along with SROA Public Works Director Mark Smith, Assistant GM Kessar, Director's Murray and Pederson and owners Randy Schneider, Ed Pitera and Lori Menalia all met to discuss how to best collect more data.

Director Pederson reported that when this work group met, they discussed when they might go out and do additional surveys and one of the things that became clear to them was, they wanted to ensure that the Board actually wants the additional data. If the Board feels they are already ready to make a decision on the fate of the recycle center, this group does not want to go out and do the work if it is not going to serve a purpose. Thus, they are returning to find out if the Board really wants additional data or not.

Director Pederson went on that all the arguments have been heard over the past year, in particular about inclusion in the public works yard, safety for both people and vehicles, garbage or unrecyclable items that are left on a regular basis both in the bins and stacked outside of the bins. Are all those issues such that it does not really matter what the percentages are of who is using the depot or is the Board ready to go ahead and move forward with closing the facility?

Director Murray noted that in the earlier meetings, the Board was really focused on gathering more data but as things moved forward there seemed to be a shift that yes it was limited data, but the survey group seem to come to the conclusion that SROA should begin the move toward shutting it down but gathering additional data might prove helpful in mitigating some of the effects of closing the facility. Owners who may have space issues in accommodating the necessary recycling can, condominiums that do not provide the necessary space or setup for side-yard recycling. Would additional information be helpful to our efforts and how could SROA assist those properties who have challenges with the current side-yard program?

Additionally, at least one business from the Sunriver Business Park recycles glass liquor bottles at the facility and is SROA being taken advantage of as a result of that business choosing to bring the glass to the recycle facility instead of throwing it in the trash.

Either way, if more data is gathered or not, if it remains open or it closes, one of the key factors is the need for additional education to owners. While the side-yard recycling has been in place and operating for well over a year now, there are still many owners who do not seem to know it exists and is a service they are paying for every month whether they use it or not, a decision that was made by the Deschutes County Commissioners.

Director Pederson added that the group also discussed the importance of education on the alternative options if the recycle center closes. The group recommends a several month lead time on the closure. If for example, the Board makes a decision in July to close the operation that would accomplish two things. First, it would allow Public Works Director Mark Smith to make final plans on how the future flow of traffic coming in and out of the Public Works campus will function. This is something Mr. Smith needs to know by the end of September or very early October to be able to complete or alter the layout of the public works yard accordingly.

Secondly, it provides the opportunity to use those months to inform owners through a variety of methods on how to take advantage of side-yard recycling, what to do during those times when your garbage may fill two cans, as well as tips for recycling cardboard as that is one of the main reasons owners who use side-yard recycling still use the recycle depot. It has been noted that Cascade has been very good about accepting clean, broken-down and stacked cardboard laying on top of the recycling can at no additional cost.

GM Lewis spoke with Denease Schiffman, the Manager of the Village @ Sunriver. They have their own system for recycling in the Village so closing the recycling depot would not have a lot of impact on them.

In response to President Beenen's question about where staff stands on the issue, GM Lewis responded that staff has had safety concerns in that area for a long time. There are large pieces of Public Works equipment coming in and out of that location in the same location where people may have their vision blocked by the load of cardboard they are carrying to the containers, or people darting out from behind a car, etc.

There is also a lot of staff time spent cleaning up the facility, breaking down cardboard for those too entitled to do so themselves and getting rid of the bags of trash people leave behind even when they know it is wrong to do. Staff has had issues and concerns about the facility for a long time. It would not be a pain point for staff if the facility were to close.

Director Murray added the group also agreed that Deschutes County and Cascade and/or Republic need to step up and provide more options to the communities south of Sunriver such as Caldera, Crosswater, OWW, etc. Closing the Sunriver depot may push those companies to provide those services.

President Beenen recapped that the question to the Board members, is do we need more additional data or is the Board satisfied enough with the amount of data they currently have to vote on whether or not to close the depot.

Vice President Burke commented he does not know if more data is necessary, but his understanding is that you are not supposed to put the glass container on top of your recycle can and if that is allowable, he would like to see that included in the agreement. The same goes for additional cardboard. If it is ok to put additional cardboard on top of or next to the recycling can, he thinks we need that in writing and that all drivers should be instructed if those changes are being allowed. His understanding is that if you recycle improperly, the carting company may be forced to cut off your privilege if you do so repeatedly.

Director Mobley commented that he feels that if the Board decides to go ahead with the closure of the facility, once that is announced, SROA will start hearing from people who are in favor of keeping the facility open.

Director Beard feels she has enough data to make a decision and does not see the need for additional informal surveys.

Director De Alicante feels that more data would be helpful to gather more information between now and the next board meeting because if we ultimately decide to close it the Board is going to be asked to justify the closure. If some data collected during the summertime were included it might be helpful to provide the extra information that the Board and staff can pass along to people who ask what the justification is for closing the recycling center.

That said, the Board has heard a lot of objections to keeping the facility open, especially from the people who live nearby and want it closed, but the Board has not necessarily heard from the people who want to keep the facility open. On the recent Comprehensive Owner Survey over 40% of respondents said they would start using the side-yard option if the recycle center closes which is good but 35% said they would add their recyclables to their garbage instead which rather defeats the purpose. This has been a topic of discussion for several years now and much has been written in the Scene as well as the board meeting minutes about the reasons behind the desire to close the facility.

Assistant GM Kessarlis noted that in the most recent Comprehensive Owner Survey, 85% or 1,887 respondents indicated they either have full-time or seasonal garbage service already. Closure of the facility would affect the 15% of owners who currently take their garbage back to their permanent residence and do their recycling at the recycle depot, but they could add seasonal service as an option or take their recyclables back to their permanent residence.

Recycling at rental properties remains a challenge, part of which is driven by the fact that different things are recyclable in different states and even counties and it can be very cumbersome for the management companies to monitor. By year end, Oregon is scheduled to have universal rules that apply to every part of the state in place which will help some, but lots of people are coming from states other than Oregon.

Director Pederson commented that his recommendation would be that the work group prepare a plan spelling out the procedure to be followed and have that ready to bring to the Board at the July meeting. Prior to then, President Beenen suggested contact be made with the carting company regarding the questions brought up today in regard to the placement of the glass container and the inclusion of cardboard that does not fit into the recycle container and see if we can get clarification on those issues prior to next months meeting. While not an absolute requirement, to the extent that that there is the opportunity to bolster the data and people willing to gather it, he feels more data would be appreciated and helpful for a lot of the reasons Director De Alicante noted. That said, it is up to the small work group to decide what they believe is the best plan, moving forward and bringing that back to the Board in July to vote on.

GM Lewis noted that he is hearing two different things. One is an action plan coming to the Board in July for consideration of closure which will require notification to the owners, education about what other options are available for owners and guests, and conversations with Cascade Disposal on clarity of the items previously noted. That is easily doable between now and the July meeting. The question that remains unanswered is whether or not we should collect additional data.

President Beenen reiterated that there are some Board members who feel it would be good to have some summer data to bolster the overall findings of the informal surveys and there are some who feel people have

better things to do than stand at the recycle center with a clipboard. Director De Alicante added that he would rather have the information prior to making a decision instead of making a decision then getting the information.

Director Mobley noted the process will take several months during which time, he is certain the Board and staff will hear from those unhappy with the decision whichever way it goes.

Public Works Director Mark Smith asked if he is correctly hearing that it seems like there is a direction to close the recycle depot and the plan will be for the work group to get back together to produce an education process associated with the closure. If there is a need to get more data, that data would help develop the plan of how we close the facility, but would not necessarily affect the decision of closing it or not? The Board was in agreement with that synopsis. Mr. Smith suggested including that education information as part of the informal survey information, if additional surveys are conducted, which might also provide more information to develop/support the plan the group brings back to the Board in July.

GM Lewis commented he will contact the members of the work group to set up a meeting in the next two weeks and the issue will come back to the Board in July for a vote.

ADMISSIONS MODEL WORK GROUP UPDATE

Assistant GM Keith Kessarlis provided a breakdown of recreation statistics for the month of May.

As of May 31, 2024, a total of 4,894 Member Preference Program (MPP) cards have either been purchased or renewed. Mr. Kessarlis noted that due to some computer difficulties and the inability to print cards for the better part of a week in May, some owners chose to wait to update their cards until they return later in the summer. Of that total, 4,076 were renewals and 340 were new cards. The remainder are extended household, long-term renter, or commercial passes. This is 44 more MPP cards than the end of May of 2023. At the end of May, the MPP revenue totaled \$424,465 or 67.2% of the annual budget.

Regarding the 2024 Recreation Plus Program (RPP), as of May 31, 2024, there were 847 homes and/or condominiums signed up for the program. Last year at the same time there were 894 properties participating in the program. Mr. Kessarlis also provided a breakdown of the RPP's by the number of bedrooms. RPP revenue is at \$2,382,790 or 92.3% of the 2024 budget.

As has been discussed previously, one of the property management companies that had participated in the RPP in the past is going a different direction this year and chose not to renew a number of properties that had previously participated in the program. This should however mean that we will see more gate revenue as the property manager will reimburse the guest 50% of their entrance fee when they pay at the gate. Additionally, staff has heard from some guests who have rented the same property year after year that they have switched to either a different property or different property manager in some cases to find lodging that includes the RPP passes so the value of the program is evident.

Gate revenue is currently sitting at \$57,850 or 9.90% of the budgeted \$580,357.

SHARC hosted a total of 11,288 attendees at the facility in the month of May compared to 9,997 in 2023. Of that number, 3,309 were owners, 6,091 were RPP pass holders, 81 were member guests, 298 were extended family, 875 were gate admissions, and 29 were Central Oregon Sunday users.

466 people went to the Member Pool in May compared to 596 in 2023.

By the end of May 2024, staff have issued 38,620 paper guest passes and of those 1,904 have been redeemed at SHARC and 98 have been redeemed at the Member Pool. There were 31,790 passes issued by

the end of May 2023 of which 1,878 were redeemed at the SHARC and 130 were redeemed at the Member Pool. The main difference is that more individuals in the same home have purchased their MPP passes this year than last year. Year to date, there have been 44,589 guests at the SHARC facility compared to 42,417 by the end of May of 2023.

Mr. Kessarlis noted that uptick in the number of people playing pickleball continued in May. Owners must have an updated MPP card to gain access to the courts. Also, the Sunriver Music Festival will be holding a pickleball tournament fund raiser on the last weekend of May.

Mr. Kessarlis 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.

Tennis and pickleball revenue is down by \$342 compared to last year at this time and net profit versus budget is down \$8,741. This is tied to the way labor was allocated due to the absence of an operations manager. One of the full-time staff members from the front desk at SHARC has been filling Emily Alexander's old role of operations manager and spent considerable time in May getting things open and up and running for the tennis/pickleball season. Those labor dollars came out of the tennis labor account instead of the general recreation labor account, so while there is an increase in labor in one line item, there is a decrease in another one.

There was a large pickleball tournament that ended on May 31st so the income from that event is not yet reflected and will be included in the reporting for June.

The Café is open and doing well. They brought in over \$10k over the three-day Memorial Day weekend without any alcohol sales included due to their final paperwork still being finalized with the OLCC. They are now open seven days a week for the summer season. SROA receives 18% of gross sales for the Café.

Facility event space rentals are off by \$2,756 at the end of May. Year-to-date sales are approximately \$38,929. There are 18 paid events booked between June and December of 2024 that equate to approximately \$49k in deferred revenue. We are in a better position than we were at this time last year and look forward to closing some more of that gap. The overall budget, which includes AV rentals, linens, etc., is \$115,000 for the year. There continues to be a lot of non-paid events for local groups on the books as well.

The Board thanked Assistant GM Kessarlis for this update.

OREGON FAMILY LEAVE ACT (OFLA)

HR Director Kellie Allen Assistant reminded the Board of the State of Oregon's Paid Leave Oregon program that was launched last fall. This program is meant to compliment Oregon's OFLA plan. There are additional changes that go into effect on July 1st and necessitate the need to update the SROA Employee Handbook accordingly to be consistent with state and federal law. Legal counsel is also reviewing the proposed language prior to the changes being brought to the Board for action. Ms. Allen anticipates she will have all of the language ready for the Board to approve at their next meeting.

BOARD OFFICER AND LIAISON APPOINTMENTS

Vice President Burke reminded the Board that 2024/25 board officers are due to be chosen and approved this month in accordance with the SROA Bylaws, Article V, Section 2. Additionally, for the last several years, the Board has done liaison assignments this month as well. Vice President Burke has reached out to

all the sitting Board members who will be continuing on the Board to gauge their interest and skills in different areas that will serve the Association well.

President Beenen has indicated he would be willing to be president again, Director Burke is also agreeable to continuing in his role of Vice President, Director Pederson is willing to continue as Treasurer, and Director Murray is agreeable to continuing as secretary with Director Beard willing to continue as Assistant Secretary. That leaves only the assistant treasurer position to fill. We have an outstanding slate of candidates running this year, so Director Burke is confident that filling that position will not be an issue.

In regard to the Sunriver Service District (SSD), both Director Beenen and Director De Alicante's terms are up on the SSD Managing Board in August. We are still waiting on the County Commissioners decision regarding the proposed elimination of the two SROA board member positions on the SSD Managing Board but it is looking as though those positions will go away and be replaced with an ex-officio non-voting member.

GM Lewis commented that the Deschutes County Commissioners have this item on their agenda for Monday, June 24th to discuss the input provided to Commissioner De Bone who attended last months board work session. Typically, the Monday session is a work session, and their business meeting is on the following Wednesday, the 26th. GM Lewis does not know if they will take any action on that Monday or not, but he does plan to attend, and we will definitely know by the July meetings.

In regard to committee liaisons, the charter for the Finance Committee requires the Treasurer to serve as Chair and for the President to also be a member of that committee. The charter does allow for up to four board members to serve on that committee, so after the election we will have further conversations on that.

Director Beard has agreed to take Director Gillies liaison position on the Design Committee and has also expressed an interest in continuing on the Owner Enrichment Committee, but that can be revisited after the election as there may be one of the new board members who has an interest in filling that spot.

The Covenants Committee will need a new liaison as Director De Alicante will be going off the Board after the election so Vice President Burke will be talking with new board members after the election to see who might have an interest in that position. Additionally, further discussion will be held after the election for adding another board member or two to the Admissions Model Workgroup.

At Vice President Burke's request, GM Lewis shared that as was recently done with the Design Manual, the Sunriver Rules & Regulations have seen a multitude of changes over the years and are due for a thorough review. That will require the work of a taskforce and is a project GM Lewis anticipates starting after the first of the year.

Vice President Burke noted the number of items that have been completed in the past year with the help of volunteer taskforce members. These include the re-write of the Design Manual of Rules & Procedures, the Strategic Plan 2030 that will come to the Board in July, the comprehensive Owner Survey, the successful opening of the SR Dog Park, the Transient Room Tax (TRT) efforts and the SSD Taskforce for the Public Safety Building.

OPEN BOARD MEMBER POSITION (SCOTT GILLIES)

President Beenen noted for those who may be listening and not be aware, Director Scott Gillies has sold his Sunriver home and as he is no longer an owner he can no longer serve on the Board. In accordance with the SROA Bylaws, Article IV, Section 5, the Board has the responsibility of filling that vacant position by the method of their choice.

As such one of the questions President Beenen wanted to pose to the Board with respect to that is since we currently have six owners running for the three positions on the Board that expire this year, the vacant position created by Scott Gillies resignation could be filled with the fourth highest vote getter from the election that closes on August 10th. Director De Alicante commented he would be fine with using that method.

Director Murray commented that four new people on the Board at once is a lot and in terms of historical and board knowledge, it might make more sense to see if someone who has previously served on the Board would be willing to complete the last two years of Mr. Gillies term.

President Beenen responded that while that is true, some of the applicants running for the Board have significant experience either serving on a committee or taskforce. Additionally, there are not many past board members to draw from who are still in Sunriver and some of those have not been on the Board in many years. Director Murray agreed and commented he could support either approach.

GM Lewis noted that filling this vacancy is a separate action from the election. The election will result in three new members and if the Board decides to fill the vacancy with the fourth leading vote getter, which will be a separate action at a board meeting. Election Committee Chair Patty Smith added that her committee will have no say at all in who the Board decides on to fill the empty position and it will not be part of this year's election and must be a separate action at a regular board meeting.

GM Lewis added that what the Board needs to discuss and decide is whether they want to appoint someone at the July meeting or wait until the results of the election on August 10th and take action at the regular board meeting on August 17th. The new board members terms start at the close of the Annual Meeting that will be held beginning at 1 P.M. on August 17th @ SHARC.

Vice President Burke added that another advantage to waiting until the election closes, is that there might be a person with specific skills that would be advantageous to the Board that did not finish in the top three. GM Lewis added that the Board could choose to postpone the decision to fill the vacancy until after that and can consider any individual that is an owner for that vacancy including any of those candidates who were not one of the top three vote getters.

President Beenen concluded the question before the Board now is the Board willing to wait until August to fill the position.

Director Pederson in response to Vice President Burke's suggestion of filling the vacancy based on possible specific skills, suggested waiting until the three new board members are elected and making a decision on filling the vacancy in September instead of August. This would allow the opportunity to visit with the new board members and gauge their interest in filling some of the liaison, assistant officer, etc. positions that were outlined earlier. The Board can then take the necessary steps to fill the vacancy with either someone who ran for the board and was not elected, or a member of the community that the Board chooses.

After further discussion, the Board was in agreement with not taking any action on filling the vacancy until August. GM Lewis will add it to the agenda for the regular August meeting.

STRATEGIC PLAN 2030 UPDATE

Assistant GM Kessarlis reported that the Strategic Plan taskforce just held their eleventh meeting on June 6th. There are 28 members of the taskforce which has provided great representation from a lot of different areas in Sunriver.

The group has used the following four guiding principals the group has utilized in their process:

1. Excellence in Governance
2. Environmental Stewardship
3. Sunriver Experience/Quality of Life
4. Community Engagement

The taskforce broke out into smaller groups and each groups goal was to take their guiding principle and create goals from that, create development policies, and create action items associated with those policies. When this assignment was first identified, the four groups returned with 111 action items.

The groups have since worked on condensing those 111 down to a more manageable number to be addressed over the next five to seven years. There are currently 34 items on the list with the breakdown being six from one group, ten from one group and nine each from two groups.

There has been a tremendous amount of input and what we have noticed is there is some overlap between some of these guiding principles in regard to certain areas such as communication, education, emergency preparedness, and overall safety. There are some commonalities which illustrate these groups are working independently, but also working together as a team.

GM Lewis added that starting with over one hundred action items that were prioritized by owners is particularly important and helpful as it prioritized what the owners would like to see SROA, as their representatives, do for the community over the next five to seven years. It provides direction for the Board, staff, and our partners, and it will help drive some of the discussion regarding work plans and budgets moving forward.

Assistant GM Kessarlis added that the fire and police departments have been heavily involved in all the meetings and provided valuable insights and input which will be obvious in the collaboration that will be necessary by those departments especially in regard to education and communication.

Ultimately the goal is for the taskforce to have their draft of the plan ready for the Board by the July meeting. Once the Board approves it as a draft, it will be released to the community for comments and input prior to the final draft coming back to the Board, hopefully in September which would be good timing in respect to work plans and budgets for 2025.

Vice President Burke complimented GM Lewis, Assistant GM Kessarlis and Public Works Director Mark Smith on the great job they have done in managing such a large taskforce while not stifling anyone's input or opinions. Vice President Burke also noted how educational the process has been for a lot of the participants on SROA in general and especially in regard to the police and fire departments. GM Lewis noted the skill level of the taskforce as well as his hopes that moving forward some of the participants might consider serving on a committee or even running for a position on the Board. GM Lewis added that to get a document such as this done in approximately one year is phenomenal and speaks to the extraordinary efforts of the taskforce and the seriousness with which they took their assignments.

DISCUSSION RE: CREATION OF A TASKFORCE TO REPORT ON THE FINANCIAL, LEGAL & PRACTICAL DIFFERENCES BETWEEN A PLANNED COMMUNITY AND A CITY
President Beenen provided some background to why he requested this item be placed on the agenda. Up until it was recently retired, there was a taskforce focused on the Transient Room Tax (TRT) dollars that are generated in Sunriver, but that Sunriver does not currently have access to. The taskforce spent approximately 18 months dialoguing with Deschutes County representatives, both at the administrative and commissioner level about Sunriver having the opportunity to revenue share in the TRT tax collections inside of Sunriver which currently run approximately \$6 million per year. In May, the taskforce was informed that the County is not interested in such a proposal.

President Beenen continued that a different approach is that cities receive 100% of the TRT revenue generated within their boundaries and that has always been his interest. There is however a lot more to being a city than simply receiving TRT revenues.

President Beenen noted that he, Director Mobley, Director Burke and GM Lewis recently met with some concerned Sunriver owners who made clear that they are adamantly opposed to Sunriver becoming a city. They felt it is a bad idea for the community and in fact felt that it should not even be a topic of discussion as just mentioning it will very likely cause a lot of discussion and consternation and possible division within the community.

President Beenen commented he wants to be very clear that we are not talking about Sunriver becoming a city. That is not what the purpose of the taskforce would be. The purpose would be to look into what are the differences from a legal, financial, and practical perspective of being a planned community versus being a city. Factually, there are obviously many differences and is why President Beenen feels it would be a worthwhile effort to have a taskforce explore. That said, this would be a Board decision, not his decision.

Director Murray responded he has no interest at all in even exploring the differences which Director De Alicante agreed with. Additionally, Director De Alicante noted that unless we are really serious about becoming a city, why would we go through all the time and effort for volunteers and staff to explore whether or not it is a good path. Beyond the fact that Sunriver would receive all of the TRT funds, Director De Alicante does not see any positives. If the Association were in bad financial shape, that might be an option to seriously consider, but that is not the case, and he feels there are a lot more negatives than positives to becoming a city.

Director Mobley commented that the prospect is not one that is very popular, something the Board is already hearing emphatically. That said, it does provide the opportunity to gather information that will assist the Board in making informed decisions on how best to get access to TRT dollars. Sunriver is already very much like a city, so it is difficult to figure out why we are not eligible for some of those monies on a regular basis. It would help in developing a case that could be taken to the legislature, taken to the public, etc. to establish why Sunriver should be receiving some of the TRT dollars. In his mind, it is the best tactical move to gather information that would help support our case. Director Mobley noted he does not discount the financial contribution made to the public safety building but over the long-haul it is inequitable and needs redress. Director Murray noted that exploration of the issue could be a subtle message the County needs to receive to reconsider their previous stance on the TRT issue.

Director De Alicante suggested instead of spending a lot of time and effort on exploring becoming a city, why not focus on the current statutes that govern the TRT dollars and dig into the legislative history to determine if there are amendments possible that would allow for a change in the way monies are allocated short of becoming a city.

Director Pederson added that his understanding of the way things are currently written, SROA does not have standing to request a change in the way the TRT monies from unincorporated areas are distributed. The Sunriver Service District might qualify as they provide police and fire services but there would have to be a change in the current law for SROA to have a piece of the pie.

Vice President Burke commented that there are also limitations on how the \$6 million collected in Sunriver can be used. President Beenen noted currently, 70% has to be spent on tourist promotion or tourist related facilities and 30% can be used for general fund purposes. President Beenen also noted that a lot of SROA's facilities accommodate owners along with tourists.

GM Lewis reminded the Board of a recent attempt by some property owners in the unincorporated area of Millican to incorporate a large area of two hundred square miles southeast of Bend. The applicants were very unorganized and did a poor job on their application and it was voted down by the Deschutes County Commissioners. At the hearing where their application was denied, several representatives at both the county and state level noted what a heavy lift it is to go from an unincorporated area to a city and that it generally takes a number of years and a lot of effort to accomplish.

Vice President Burke noted that it has also been brought to the Board's attention in recent weeks, that incorporation in essence disenfranchises approximately 80% of our owners. While Director Burke does not necessarily favor that particular term, the fact is that a large percentage of owners would be excluded from the decision making processes.

President Beenen added this gets back to filling in the gaps. As an example, even if Sunriver were to become a city, there would still be a homeowners association. The homeowners association would still have a board of directors elected by homeowners. The city would have people who would be elected by homeowners who are residents and who are registered to vote in Deschutes County. Vice President Burke noted he understands that but the perception that 80% of our owners will not have that opportunity is significant and the perception in the community presently is that Sunriver is seriously considering becoming a city so if we go forward with this effort, the framing is especially important.

Vice President Burke added that a huge concern for owners already is the homelessness situation and what the requirements would be if Sunriver were to become a city. \$6 million starts disappearing quite fast when you have to have a hire a city attorney, paid city council members, facilities to house city employees, enforcement of rules, the list goes on and on. Additionally, if you refer to the owner surveys, five consecutive surveys have indicated that owners like and prefer the form of governance Sunriver currently has. Further he feels at a minimum, we need to start by surveying owners specific to this topic.

President Beenen added that when he hears owners saying that "we don't want to become a city or we don't want to be like Bend," he personally believes that is an uninformed opinion because those people really do not know what would happen if Sunriver were a city. An assumption is being made without having the necessary facts. Furthermore, we do not know what are the rules and regulations that we would be required to conform to and how that would change Sunriver.

Director De Alicante commented he believes that the knowledge we seek is already out there and there are things we can do without the appointment of a taskforce to gain that knowledge. While President Beenen agrees that the knowledge is out there, it is not necessarily available through one defined source.

Treasurer Pederson noted one of his thoughts is does the Board have a fiduciary responsibility to owners to continue to look at avenues to tap a much larger portion of that \$6 million dollars. Director Beard shared a personal experience of hers in the Napa Valley some 20 years ago that were launched for the same reasons, high tourism dollars available, and that turned out disastrous costing way more than the area was receiving not to mention all of the requirements that had to be adhered to in becoming a city. As such she is not in favor of going forward with appointing a taskforce or of Sunriver becoming a city and likened it to dancing with the devil.

Director Mobley added he simply sees it as building a case for Sunriver's eligibility for transient room tax dollars and the discussion about whether to incorporate or not is simply a necessary part of that discussion. Is there an in between point that can be reached and that will result in public support for proceeding with the legislative amendment that would make Sunriver eligible for some portion of those dollars. It seems to him there is an opportunity for a compromise that could be developed as a result of the efforts of a taskforce.

President Beenen reiterated that this would not be a taskforce to investigate Sunriver becoming a city. The purpose would be to lay out here is the difference of being a planned community versus a city. What the Board must decide now is if there is enough reason to go forward with creating a taskforce to gather this information or if the Board members just do not want to go there.

GM Lewis added that there is no time limit on this. The Board does not have to decide by tomorrow if they want to move forward with the appointment of a taskforce if they are not ready to do so.

Making the rounds:

Director Mobley, having great respect for the system of governance, is not in favor of creating a city but rather in generating an argument that will help the Association achieve some portion of the TRT that is generated but that Sunriver receives none of.

Director De Alicante agreed he could support having the necessary data to make an argument and have a legitimate piece of the TRT monies, but he likes and supports the current form of governance in Sunriver, and he is not interested in becoming a city. Director De Alicante added if a taskforce is formed, he would be willing to serve on it if Director Mobley would also commit to serving on it.

Director Murray can grudgingly support Director Mobley's point of view, however he cautioned that SROA needs to take care moving forward.

Director Beard commented that she is not opposed to exploration, but she is concerned about the cost associated with the process that has been described and she is not in favor of incorporation.

Vice President Burke noted he also can grudgingly support Director Mobley's point about making a case for more TRT dollars but added he will reserve judgement until he sees how this is framed as that is of utmost importance to him as well as what would it cost to find out all this information. President Beenen feels the work of the taskforce could be done with the expertise of people such as Director Mobley who has been a city attorney in the past or GM Lewis who has extensive land-use knowledge.

Treasurer Pederson commented he would be in favor of what Director Mobley is proposing but he would like to see the "framework" first, perhaps at the July meeting. One of Treasurer Pederson's concerns about pushing it off until 2025, is that there will also be four new board members who will need to be educated and get up to speed, and it will take a big step backwards. If we decide we want to form a taskforce he believes it should happen in July. Treasurer Pederson added he is also concerned about cost. Our legal fees have been higher this year than last and something of this nature would require a significant amount of legal counsel research and input. Treasurer Pederson noted the Board has a responsibility to do all they can to keep those costs down and would this be a wise expenditure of owner' money?

GM Lewis commented that it is important to understand that this is a very, very extensive exploration and yes, we do have a lot of expertise available but generally, this is something we would put out an RFP for such as we did with the Parks Master Plan. There would be a consultant that would be the lead and they would have multiple subs associated with them. There would be economic folks, finance folks, legal representation, planning, emergency services, etc. In other words, it is a big project and while we have lots of talent in the community that we have used on lots of taskforces, GM Lewis urges caution on this issue.

GM Lewis continued that if you have something that has been divisive in the community in the past when you create a taskforce, even if it is carefully done, there can be a dynamic that can be misread. It can prove more advantageous to have a third party who is not emotionally involved, can look at things independently, and provide a sound opinion leading the charge.

Vice President Burke inquired about the necessary budget for what the general manager has described. GM Lewis responded that if that is the direction the Board wants to go, it can be included in the 2025 budget. If the Board needs more time to consider it and give more direction or specificity they can certainly do so and then, if necessary, it can be included in next years budget.

President Beenen concluded that the Board is not going to make any decision today or tomorrow. President Beenen will work with Directors Mobley & De Alicante as well as GM Lewis, on an action item for the July meeting and see where it goes.

REVIEW OF 6/15/24 AGENDA

The Board reviewed the agenda for tomorrows meeting.

OTHER BUSINESS- BAD DEBT WRITE OFF

Controller Joe Healy reported on an action that has been added to the Other Business section of tomorrow's agenda relative to a particular receivable balance on our books. Controller Healy noted there are a few individuals who have receivable balances who are no longer owners in Sunriver. This is an issue the Finance Committee has been discussing over the past few months.

Controller Healy continued noting we do have judgements on some of these accounts which last for ten years and then can be renewed. In looking at those accounts and talking with our collections attorney, one account that we do not have a judgement on is for Rich & Christine Ruiz who were the owners of 3 Balsam Lane. They had a bankruptcy foreclosure that was held in 2015 but as we did not have a judgement against them at that time, there is not really any recourse for SROA to try and receive the money that they owe.

SROA has a \$90k allowance on the balance sheet against potential bad debt for uncollectable items. The Finance Committee met on Thursday, and the committee recommends writing off this \$8363.41 against that allowance and removing it from our financial statements.

As those dollars that are owed have already been expensed through bad debt in previous years so it would not have any effect on SROA's profit/loss. It will lower the receivable and lower the allowance but would not have any effect on the balance statement either.

Treasurer Pederson added that this is one of three long-term debts that are on the books. SROA does have judgements against the other two but they no longer own property so there is nothing to file a lien against. Controller Healy added that there is a foreclosure judgement so if they have other resources or assets available, there is the potential of pursuing some of those but with the one in question today, there just isn't the recourse available and as such and with the Finance Committee's recommendation, the Board will be asked tomorrow to approve writing that debt off.

OTHER BUSINESS

Assistant GM Kessarar reminded the Board that one of the things he was tasked with as a member of the Admissions Model Workgroup, was to look at what the competitive market rate is for RV storage in Central Oregon and Oregon in general. At that time, over a year ago, SROA was under 20% of the market rate. The goal at that time was to, within three years to get SROA's rates within 50% of market rate. This required heavier increases the first two years and a lighter increase the last year to get to that 50%.

Long-term RV storage rates were to increase by an average of 16 to 21% for 2024/25. Recently it was realized that some of the approved rates, beginning with the 12x30 (w/electrical hookup) were mostly higher than the target % increase. Having the incorrect percentage increase caused a compounding effect on RV spaces for the next size up, as shown on the chart that was distributed to the Board members at the

meeting. The proposed revised pricing keeps the original intent percentage increase in the target range for the 2024/25 annual billing.

This item will be on the agenda for action at tomorrows meeting.

ADJOURN TO EXECUTIVE SESSION

Director Murray moved to recess the public meeting and reconvene in executive session under the authority given in the SROA Bylaws, Article IV, Section 11. The executive session will include conferral with legal counsel regarding threatened litigation that is subject to a claim of attorney client privilege. The threatened litigation includes denial of an SROA members request to examine certain SROA records. The deliberations constitute a privileged communication that cannot be disclosed to owners. The executive session will also include conferral on one; a personnel matter including revisions to employment policy and two; negotiation of contracts including new contract terms. Seconded by Director Mobley, the motion passed unanimously.

The public meeting recessed at 12:15 P.M.

The public meeting reconvened at 1:16 P.M.

ADJOURN

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

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

The public meeting adjourned at 1:17 P.M.

Respectfully submitted,

Mark Murray, Secretary