

**SUNRIVER OWNERS ASSOCIATION
ANNUAL MEETING
BENHAM HALL @ SHARC
August 17, 2024**

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

DIRECTORS ABSENT: Julianna Hayes

STAFF: James Lewis, Keith Kessarlis, Becki Sylvester, Patti Gentiluomo, Susan Berger, Mark Smith, Joe
Healy & Jacki Bue

The Annual meeting of the association's members was called to order at 1:00 pm

Owners in attendance: 87

WELCOME

President Beenen welcomed everyone present and thanked them for attending the meeting today.

President Beenen commented on what a beautiful day it was and how appreciative he was of owners taking the time to attend this meeting today.

President Beenen reported there are a set of presentations that will be shared this afternoon, and owners will have the opportunity to address the Board at the end of the meeting during the Owners Forum.

Additionally, the meeting will be recorded and posted to the SROA website, www.sunriverowners.org for owners to view at their convenience.

President Beenen introduced the rest of the current Board to those in attendance and noted some of the other tasks those board members do in addition to being a board member.

BOARD SERVICE RECOGNITION

President Beenen recognized the efforts of outgoing SROA Board members Tony De Alicante, Keith Mobley, Julianna Hayes, and Scott Gillies who resigned earlier this year when he relocated to Washington state. These individuals have been active board members always working to keep Sunriver the wonderful place it is to visit and live.

ANNOUNCEMENT OF 2024/25 SROA BOARD OFFICERS

President Beenen reported that as directed in the SROA Bylaws, board officers for 2024/25 were elected at the June 15, 2024, meeting as follows:

President: Gerhard Beenen
Vice President: Bill Burke
Treasurer: Clark Pederson
Secretary: Mark Murray

ELECTION RESULTS

President Beenen announced that there were six candidates for this year's election of three board members. The successful candidates were Brad Banta, Roni Jacknow and Randy Schneider. President Beenen noted that both Mr. Banta and Ms. Jacknow have been on the Finance Committee for some time and Mr. Banta has also been serving on the Design Committee. Mr. Schneider is a regular at the monthly SROA Board meetings observing and commenting from time to time. As a result, Mr. Schneider

understands a lot about the issues and things that the Board is dealing with. President Beenen congratulated these individuals and welcomed them to the SROA Board.

TREASURERS REPORT

Treasurer Pederson started by thanking the SROA Accounting Department in particular, Controller Joe Healy who is excellent at his job and a pleasure to work with. According to Treasurer Pederson, it is Mr. Healy who does the heavy lifting and Treasurer Pederson job is to report on the results. Treasurer Pederson also recognized the ongoing efforts of Accounting Department employees Brooke Smalley and Lawrie Dieckhoff who are also critical to our finances.

Treasurer Pederson commented that he was happy to report that the Association's finances are solid, revenues have stayed ahead of expenses which is the goal.

Total revenues for 2023 were \$13,408,538 and expenses were \$13,337,603 resulting in a positive variance of \$70,936. Treasurer Pederson noted that is pretty remarkable on a \$13 million dollar budget. Treasurer Pederson added the Finance Committee meets on a monthly basis, looks the numbers over very carefully, and quizzes staff as necessary prior to supplying reports to the Board.

Year-to-date for 2024, the Association is in good shape with total revenues currently at \$6,702,658 and expenses at \$6,740,470 a difference of a negative \$37,812. Treasurer Pederson noted that since that report was generated new reports have been run and at the end of July that number has shifted, and we are now \$118k to the positive. Some of that will dissipate as fall road projects are completed, ladder fuels reduction on commons continues, and the new tunnel construction happens.

Treasurer Pederson noted we spend approximately \$600-\$700k for road construction, \$600k for ladder fuels reduction and between \$500 & \$600k for the purchase and installation of a new tunnel.

Treasurer Pederson reported that total SROA assets are \$40,010,697 as of the end of June 2024. Total liabilities total \$5,418,551. The Association has no loans or debt, everything SROA owns is free and clear. Retained earnings & Surplus (Deficit) total \$34,592,146 as of June 30, 2024, resulting in a change of retained earnings of \$1,180,987.

Treasurer Pederson noted the change in retained earnings was \$1,391,436 at the end of 2023. That is an important number as that is what the growth was in the assets owned by the Sunriver owners. Treasurer Pederson explained the difference between the restricted and unrestricted cash which fund the day-to-day operations of SROA as well as reserve projects.

Referencing the income statement, Treasurer Pederson noted again that total revenues in 2023 were \$13,408,538 and we are on track for a similar number for 2024 with total revenues through the end of June totaling \$6,702,658. These revenue dollars come primarily from the monthly maintenance fees that owners pay, the Recreation Plus Program (RPP), the Member Preference Program (MPP), interest income on investments, fines for non-compliance and SHARC gate fees. It was also noted that higher than expected interest rates on interest income has been a big help in the last couple of years but that is expected to change soon.

Under departmental expenses, the largest share of department expenses was reserve funding which last year totaled over \$9 million dollars followed by salaries and burden at \$3.8 million given we are a service industry to fifty-one full-time employees plus the additional 75-100 seasonal employees who work in recreation in the summer months.

In non-departmental expenses, the biggest expense is insurance costs to insure all SROA buildings, vehicles, equipment, and other liabilities owned by the Association. It is a tremendous expense and approximately three years ago our rates increased by approximately 50%. Being located in a wildfire area

does not help in keeping those expenses low. Also included in non-departmental expenses are legal expenses as well as a few other things.

Referencing the balance sheet, Treasurer Pederson commented that of the \$40 million in assets shown on the balance sheet, cash and investments are the biggest contributor. The Association keeps cash on hand for the purpose of paying bills. Examples include paying for ladder fuels reduction work on commons and the installation of a new tunnel in the community.

Treasurer Pederson noted that SROA does not invest in the stock market or low-quality bonds. Restrictions are in place that only allow investing in US Government securities which does have it's pitfalls. Three years ago, we were earning a tenth of one percent on our \$10 million plus assets and now we are averaging just over 5%. Purchases are normally for a two-year maturity or less. In 2023, the Board approved investing \$3 million dollars in US Treasury Securities with maturities between two and five years and earlier today the Board approved investing an additional \$2.5 million in four-to-five-year range maturities. The Board is hoping to lock these good rates in so our average yield on our portfolio does not decrease too rapidly and we continue to earn a decent rate for the next few years to come.

Total receivables include inventory for retail sale at SHARC, fuel for SROA vehicles, the monthly allocations of RPP's and owner maintenance fees paid in full. Fixed assets include all the pieces of property the Association owns. This includes both real property as well as equipment, vehicles, and construction projects in progress. Accumulated depreciation is the depreciation of a piece of equipment over its expected life span.

Total liabilities and deposits include employee vacation pay, payroll tax benefits as well as some other items. Deferred revenue is the revenue that has been received in advance such as owner maintenance fees paid in full for the year and where only 1/12th of it is used each month. Retained earnings at the beginning of the year were \$33,400,000. The change year-to-date is \$1.5 million putting us at approximately \$34,500,000.

Treasurer Pederson provided a breakdown of the cash balances noting there is currently \$3,973,438 in the operating fund, the reserve/new capital projects fund is at \$12,255,067, the Operating Reserve or Rainy-Day Fund is at \$1,411,252 and the SHARC Reserve fund is at \$147,171 for a total cash balance of \$17,786,928.

Treasurer Pederson's full report will be posted on the SROA Website, www.sunriverowners.org. > Owners > Board, Committees & Minutes > Annual Meeting.

PRESIDENTS REPORT

President Beenen noted he wanted to comment on governance. Using the Board of Directors as an example he noted that one of the restrictions for becoming a board member is that you must be an owner in good standing. A board member must be elected to the Board, and they must be a volunteer and cannot be paid for their service.

The Board's role is primarily in terms of policy decisions. The other major role the Board plays is to interview and hire the general manager for the Association. Currently the general manager is James Lewis. His contract expires next February and so one of the roles the Board will have in the coming months is to review his contract.

Because the Board members are also homeowners, they are your advocates. They represent all owners so when something is proposed the Board members are able to view it through the owners eyes and perspective. The Board members are your representatives, representing the owners interests and making decisions based on the input received from owners.

Another key aspect of the Board's job is to listen. Both the Board Work Sessions and Board Meetings always begin with an owner's forum that allows owners the opportunity to bring their concerns and/or questions to the Board. That said, listening does not guarantee some subsequent action in favor of what a particular owner wants. The Board has to listen to multiple people who look at things from different perspectives. We have full-time residents, part-time residents, those owners who rent their properties and those who only use it as vacation home. Multiple opinions have to be taken into consideration and then the Board has to make a decision that they believe is in the best interest of all Sunriver owners.

There is a difference between listening and action, and it is important for owners to know that the Board is always listening to owners. Two years ago, the Board implemented a follow-up procedure for owners who come and speak to the Board. Often times the Board cannot respond in real time as more research with additional staff members may be necessary, additional information may need to be gathered, etc. Additionally, it would be very disruptive to the agendas of the meetings if the Board were to get involved in a detailed conversation with every individual who brings an issue before the board. The procedure implemented includes a small check box on the card an owner fills out prior to addressing the Board where they can indicate if they would like the Board to follow up with them. If an owner checks that box a Board member or a member of the SROA Management team will contact that owner.

President Beenen noted the other thing he wanted to touch on about governance is that SROA is a homeowners association and there are certain things they can and cannot do as an owners association. It is easy to think of Sunriver as a city as we have a lot of the same amenities a city has. Legally however, SROA is still a homeowners association and cannot write rules and regulations that result in a violator going to jail. SROA has the ability to fine an owner but that fine does not go through the normal judicial process. SROA's only recourse to unpaid fines is to place a lien on the property. From a legal perspective we are part of rural Deschutes County. The laws that apply to Sunriver are the same as the laws that apply to rural Deschutes County.

President Beenen noted that as reported by Treasurer Pederson, SROA is extremely financially strong. As was mentioned, SROA has \$40 million in assets which is a significant amount of assets. Part of that \$40 million is \$18 million in cash or cash equivalent. That means if something catastrophic were to happen we have the financial capability of taking care of it without going back to the owners for a special assessment. In short, owners can feel confident that their association is in a very strong position.

President Beenen mentioned that approximately half of the maintenance fees received each year go into reserves that must be used to improve or replace existing assets that have fully met the end of their useful life, buying new assets or investing in new infrastructure or amenities here in Sunriver. Road and pathway maintenance are extremely expensive with SROA spending approximately \$800k to a million dollars a year on road and pathway maintenance.

New tunnels cost between \$500 & \$600k. We have four in place as of now with one to go in this fall in the Wildflower condo area and the plan being to replace one tunnel per year until all the tunnels are replaced. These replacement tunnels are a huge improvement over the older style tunnels.

Wildfire safety is also not inexpensive. SROA spends about \$400k per year on ladder fuels reduction (LFR) on commons. There are six different areas in Sunriver which are addressed on a rotating schedule of treatment every six years. There is a significant amount of work that is done in terms of trimming branches, removing trees, removing excess amounts of bitterbrush, etc. Our Natural Resources Department was successful in receiving \$450k in grant money in the last two years to help offset the cost of those LFR efforts.

There are approximately two hundred homes connected to the Fiber to the Home project through TDS. There are quite a few others that are cued up and ready to be connected but the owner of the property has not contacted TDS to set up an appointment to have the final connection made. President Beenen noted

that the conduit was installed at his home was just yesterday. Mr. Beenen continued that this is a very exciting program that came to fruition after a team of people that worked for four years to bring this about and he believes it will be a huge improvement to the infrastructure for Sunriver and owners will find it extremely beneficial.

President Beenen commented on the fact that we were able to open the Members Pool earlier than normal this year and we have also been able to offer extended hours at the Member Pool and at SHARC which adds to the amenities available to owners.

The new Dog Park up at the Cottonwood Park is open and improvements continue to be made to Mary Mc Callum Park aka the Owners Park. These are both amenities that owners have been requesting be added or improved for some time.

The Community Development Department has a new Design Manual of Rules and Procedures that was completely revised and updated, the first time in forty plus years. President Beenen personally had the opportunity to avail himself to the new online form submission system when he needed to repave his driveway. He easily found the form online, followed the instructions and was able to submit for his project in just a few minutes.

The new Public Works building is moving along on budget and on schedule. This new building will allow us to keep our expensive rolling stock indoors and will allow staff to access that equipment more easily when needed. It will provide a much better traffic flow and a much more acceptable location for the Public Works employees to be headquartered out of.

Something that is not part of SROA but is part of the Sunriver community is the new Public Safety building. SROA played a major role in the public safety building becoming a reality. While owners registered to vote in Deschutes County approved a \$7 million dollar bond issue, SROA sold the existing fire station to the Sunriver Service District for \$1. The value of the fire station is over \$2 million and SROA's contribution as a homeowners association was to give them that building for the cost of \$1. SROA is very much in favor of the building and looks forward to its completion in early 2025.

GENERAL MANAGERS REPORT

SROA General Manager James Lewis thanked those in attendance for taking the time to come to today's meeting. GM Lewis noted that it takes a team. We have the Board of Directors, various committees, and taskforces, all of our owners and the SROA staff. GM Lewis manages the staff on a day-to-day basis and implements the policies of the Board. GM Lewis added the owners are fortunate to have a very great staff, some of whom have been with SROA for a long time and who have a lot of dedication and knowledge that makes the running of the community very efficient for the owners.

GM Lewis acknowledged some of the key staff members and department heads noting that currently we have approximately 130 employees up from the fifty-one full-time year-round employees we have. GM Lewis introduced Natural Resources Director Patti Gentiluomo, Controller Joe Healy, Community Development Director Jacki Bue, Communications Director Susan Berger, Executive Assistant Becki Sylvester, Recreation Director Leigh Anne Dennis, HR Director Kellie Allen, Public Works Director Mark Smith, and IT Director Gary Seifert. GM Lewis thanked his entire staff for their outstanding efforts.

GM Lewis has managed to overcome a number of obstacles especially since the pandemic. We are fully staffed although competition for skilled employees remains high. We have had to deal with inflation and material costs as well as supply chain issues most of which have planned for well enough in advance so as not to cause interruptions in work or services.

GM Lewis reviewed some of the accomplishments such as the completion of the Dog Park at the Cottonwood Park. 4.5 miles of pathways, Abbot Drive, the main entrance and the Skypark tarmac were

all resurfaced and asphalt overlay was applied to six cul-de-sacs. TDS is well underway with the fiber installation with over two hundred homes connected to the new service. Ladder fuels reduction on commons and at SHARC are underway. Noxious weeds have been and are being pulled on commons. The old roundhouse at Public Works was demolished and wire fencing in pastures was and is being removed.

Projects in process include the new Public Works building, a new tunnel near Circle 2 and adjacent to the Wildflower condominiums and Island road and which is to be completed by November. The continuation of TDS fiber installation, twenty-five new pathway kiosk maps that were realized due to a grant received from Travel Oregon, a pocket park where the old tennis courts were removed at Winners Circle, the rebuild of part of Oregon Loop and Beaver Drive and the decommissioning of the recycle depot.

Operational accomplishments include implementing the new Design Manual of Rules & Procedures that has greatly streamlined review processes. The hiring of new IT Director Gary Seifert who is working on implementing the IT Strategic Plan. Transitioning Fiber/Internet to the bulk plan as homes are connected to fiber and their monthly billing now comes from SROA and Park and Recreation Facility Planning the first result of which is the Winners Circle Pocket Park.

Staff was also very involved in the SROA 2030 Strategic Plan scheduled for consideration of acceptance in September, completion of another comprehensive owners survey and addressing recreation facility availability.

GM Lewis commented on the closing of the recycle depot that will occur on October 31, 2024. Between now and then education materials are being shared with owners and the broader community about recycling options and Cascade Disposal has pledged to do the same. Additionally, the Community Development Department has minimized the process for garbage enclosure expansion.

GM Lewis also noted that SROA had a full reserve study done in 2023, something that is done every three years. GM Lewis also noted that SROA receive a clean 2023 financial audit with no recommended changes to practices and we finished 2023 with a surplus. We are also on course to finish 2024 with a surplus.

We are currently having a wage and compensation analysis done using market basis analysis to ensure we are keeping pace with other companies who employ similar employees to those at SROA.

GM Lewis commented that SROA staff is always on the search for the best ways to communicate with owners. We have the Scene and a website that has a wealth of information. We use email ballast and hold town halls, but we want to know if there is a better way to reach you. We continue to endeavor to get email addresses for all owners to be able to communicate electronically when possible for efficiency sake. Our ability to communicate with you is dependent on having the correct information.

SROA continues to collaborate with community stakeholders such as the Village @ Sunriver, the Resort and the property managers.

GM Lewis commented on the upcoming remodel of the Administration building that will occur in 2025 once the police department has moved to the new Public Safety building. This will allow for a reconfiguration of the office that will get employees out of hallways and nooks and provide a better experience for both the owners and the employees.

There will also be some modifications made at SHARC with the Member Services area to be enlarged, and changes scheduled for the owner living room and patio, the fitness area and the café.

Additionally in 2025 park specific conceptual plans will be developed and a pathway extension between Circles 2 and 3 will be pursued. The Noxious Weeds Plan will be updated and revised as will the Sunriver

Rules and Regulations. Additional shade structures will be added at SHARC in 2025, and Mid State Electric will be adding to EV charging stations at SHARC.

GM Lewis led a review of the SROA departments noting the recreation is fully staffed and the hours of operation have expanded, and the Member Pool was able to open earlier than in years past. The boat launch remains very busy especially on hot days. Pickleball is growing each year in popularity with the eighteen courts at Fort Rock consistently full. Our event space at SHARC has been consistently booked on weekends and is consistently used by SROA clubs and groups during the week. 2024 event revenues are on budget and increasing toward the end of 2024.

Our Natural Resources Department was happy to announce earlier this year that Sunriver has received the Tree City USA award for the 44th year. Our War on Weeds (WOW) program is 24 years old this year. Natural Resources staff continue to try to educate owners via the SROA website and the Sunriver Scene. Compliance has been challenging for the past four years with a high number of non-compliant properties and citations.

The Communications Department is responsible for the Sunriver Scene, the SROA website and email blasts to owners. These are our main tools for connecting with owners. The Scene continues to face challenges as more new presses shut down. The Communications Department notes that email is the quickest means of conveying important SROA information, so it is important that owners sign up to receive email blasts from the Association. Having emergency contact information also helps SROA or the Police/Fire departments to be able to reach you in an emergency.

The Public Works staff will move into their new building in October. As was previously mentioned the tunnel close to Circle 2 will be replaced this fall. Public Works is also responsible for facility maintenance, pathway maintenance, plowing, ladder fuels pickups and many small things you might not even wonder who does.

Our Accounting Department no doubt contributed to the clean audit report the Association received for 2023. Online access to owners accounts was launched this year and has gone smoothly. This allows owners to look at their accounts on their own to see where they are on payments, etc. The financial policies as they relate to collections were updated recently and the 2024 reserve study was completed. The Accounting department also tracks homes sales reporting that 90 properties have changed hands since the beginning of the year.

GM Lewis reported the IT department influences all of SROA. Our new IT Director Gary Seifert was hired in the spring and is implementing the IT Strategic plan with prioritization for efficiency, security, and owner's needs. They have implemented staff cyber security training and enhanced the SROA network account and password security. Bandwidth for private and public networks has increased to 1gb and additional Wi-Fi access has been added at SHARC. Running SROA fiber between facilities has lowered costs by \$1,000 per month. IT has moved the database to a cloud environment for remote access and redundancy.

The Community Development Department has seen a leveling off of number of applications submitted in 2024 which is consistent with 2023. Few new homes are being built due to the few remaining vacant residential lots. The department received a significant number of applications for remodels, additions and general maintenance and updating, which is expected to continue. There has been an increase in compliance and enforcement of design and general maintenance rules. The Design Manual of Rules & Procedures was adopted in June of 2023 and has streamlined a number of processes.

Our Human Resources Department is very engaged in making sure our employees work safely resulting in reduced workers compensation models for the last six years. SROA was selected by SAIF for a video they are producing that highlights employee engagement in the workplace. At SROA we value employees

and have a historic work environment that fosters trust and communications resulting in employees that stay longer, lowering recruitment and training costs. Our current fifty-one full-time staff accounts for 349 years of experience with an average tenure of 7.5 years.

GM Lewis noted the importance of the SROA committees, taskforces and work groups that are populated by owner volunteers. SROA would be nothing without the efforts and dedication of these owners to serve their community and their efforts do not go unnoticed and are greatly appreciated.

GM Lewis noted the importance of the SROA Board of Directors and the many people who have served on the Board over the years. GM Lewis directed the audience attention to the screen where displayed the 167 names of all the people who have served on the SROA Board of Directors. It takes a team and Sunriver is lucky to have been blessed with many good team members through the years.

GM Lewis also for the record noted the SROA Code of Civility and asked all owners to be respectful to one another and to SROA staff during interactions. Additionally, GM Lewis noted the SROA Peace Pledge that pledges to be welcoming, kind, patient, respectful and accountable.

GM Lewis thanked everyone and noted we will now move to the owners forum portion of the meeting.

OWNERS FORUM

(Owners wishing a response to their questions/comments were asked to complete a card including their contact details and the nature of their inquiry.)

Greg Slater, 13 Fir Cone Lane, commented he read through the entire Comprehensive Owner Survey including all the verbatim comments and is wondering how the responses from the survey feed into actions and plans, generically and specifically for the things that are really hot topics such as pathway safety, and compliance. The lack of enforcement on the pathways is evident and Mr. Slater is curious how the Board plans to address this issue moving forward as well as other topics that were cited most frequently in the survey?

Tom Kelley, 7 Forest Lane, also talked about pathway safety and access to pathways in the area where he lives as there are often times people riding their bikes on Meadow Road looking for access to a pathway. Mr. Kelley commented that he has a number of suggestions including a pathway map he hands out to visitors that are lost and that he would be happy to share if someone would like to contact him.

Diana Aakervik, 15 Quelah Condo inquired about how the closing of the recycle center will be announced and also wondered if that has caused the number of people that use the facility to decrease. Ms. Aakervik also asked about keeping the Member Pool open later in September. Ms. Asskervik also asked about the lack of bike patrol officer she has seen this year, guest passes, the use of the recreation facilities, and if the Resort still offers free shuttles to people who fly into Sunriver in their own airplane.

Teresa Girod, 2 Ribes Lane, commented on the Nextdoor social media app that a number of people in Sunriver and the surrounding area use. She wondered if someone could be appointed to dispel misinformation that gets spread on that app. It would be nice if there was a voice of authority speaking on behalf of SROA when Sunriver matters arise on that app. Ms. Girod also wonders why no lifeguard on duty signs can't be posted at the Member Pool and it can be up to owners to be responsible for themselves. Ms. Girod also urged the Board to purchase the former Maverick's facility and turn it into an indoor pickleball facility. Ms. Girod and her husband are avid pickleball players and she would like another indoor option other than the Resort. Ms. Girod also commented that the workout facility at SHARC is too small, sorely lacking, the instructor doesn't always show up for exercise classes, so it is hard to get in a workout regime. As a result, they go to the Resort instead, but they would rather go to SHARC if the facilities were improved.

Additionally, Ms. Girod commented on the importance of protecting SROA's assets noting several inconsistencies with the pickleball operation at Fort Rock Park this summer including abuse by players who had not paid to use the courts, nominal staffing at the hut and a lack of enforcement of the rules by tennis hut staff resulting in misuse and damage happening on a frequent basis.

Paul Evenson, 7 Makaha Lane, asked if there is any concerted effort to develop better owner benefits with the local merchants and vendors, especially where golf rates are concerned.

Frank Brocker, 5 Cedar Lane, thanked the Board and SROA staff for helping to maintain Sunriver as the wonderful spot that it is.

Bob Stillson, 10 Belknap Lane, commented that having been involved in water safety for a lot of his life, and as a regular lap swimmer, the lifeguards at the Member Pool are there for his safety. If he is swimming and experiences a medical problem, he likes knowing there is someone there who would assist him. To him, this goes way beyond a brand thing, those lifeguards are there for the safety of the owners and he hopes it stays that way.

Diane Cowley, 39 Poplar Lane, inquired how the assessment for the Resort is calculated.

There being no other business, President Beenen thanked everyone for attending invited those in attendance to join the Board and staff for refreshments.

The meeting adjourned at 3:15 P.M.

The Annual Meeting is available for viewing on the SROA website > www.sunriverowners.org > Owners > Board, Committee & Minutes > Annual Meeting.

Respectfully submitted,

Mark Murray, Secretary