

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

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

DIRECTORS PRESENT VIA ZOOM: Julianna Hayes

STAFF: James Lewis & Jesus Mendoza

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

NUMBER OF ATTENDEES: 2

OWNERS FORUM: Bill Hepburn, 1 Red Cedar Lane, noted that while he is a member of the Sunriver Service District Managing Board, he is here this morning as a homeowner. Mr. Hepburn commented that there have been two incidents in Sunriver this year which involved people with guns who have barricaded themselves in houses. The first incident involved a non-owner and the second involved a Sunriver resident. Fortunately, both incidents were expertly and professionally handled by the Sunriver Police Department and the Deschutes County Sheriff's Department.

Oregon state laws that would normally prohibit the discharge of any firearm in a residential area do not apply in Sunriver due to Sunriver's unincorporated status. It would take personal injury, death, or damage to property to rise to a level where state law becomes applicable.

Mr. Hepburn went on to say that he and his wife are still living with the effects of the July 25th incident. The Hepburn's house is situated directly behind the involved house. They are within gunshot range of this home and the occupant of that house is still free to live there. The Hepburn's no longer feel safe in their Sunriver home and are staying at their other residence in Portland instead. The Hepburn's are even reluctant to let their small grandchild play on their back deck in Sunriver.

According to Mr. Hepburn, the Sunriver Police Department has done everything they can to make the Hepburn's feel safer, however, the police are at a point where it appears there is not anything else they can do. Mr. Hepburn urged the SROA Board aggressively enforce the rules already in place and to re-evaluate the current rules and regulations to see if they need to be modified or if new rules and/or regulations are needed to protect the safety of visitors and residents.

Mr. Hepburn added, SROA has been at the forefront of changing rules to make Sunriver a safer place to live when it comes to wildfires, shake roofs, charcoal BBQ's, and ladder fuels reduction. The SROA Board should do the same for new rules concerning the discharge of firearms or other related incidents. People come to Sunriver to get away from big city problems and unfortunately big city problems are finding Sunriver and it is time for the SROA Board to come to that realization and analyze what can be done to make Sunriver safer even when that means keeping Sunriver owners safe from other Sunriver owners.

Director De Alicante encouraged Mr. Hepburn to consider a restraining order against his neighbor. If an individual is in fear of immediate harm a restraining order is the appropriate tool to get some immediate effect and safety reassurance. That is also something the police can utilize and if there is a violation of the

restraining order the police can act on that. Director De Alicante urged Mr. Hepburn to pursue that avenue as it might prove to be a very good immediate remedy for them if they feel unsafe.

Mr. Hepburn responded that restraining orders are a challenge when he and his wife are collateral damage having not been directly challenged by the neighbor.

President Beenen commented that SROA is a homeowners association and cannot put in place any kind of rules that result in people going to jail. SROA can have restrictions as to the color a house can be painted or what kind of roofing materials can be used but SROA's remedies are restricted to fines which are only impossible in the sense that a lien can be placed on the property. As such, if an owner chooses not to pay an assessed fine there is nothing we can do other than place a lien on a property.

Treasurer Pederson thanked Mr. Hepburn for bringing his concern to the Board. He apologized that the Hepburn's are having to deal with this unfortunate situation and added the SROA Board needs to look at this situation to determine if there is anything that can be done.

OWNER FORUM FOLLOW-UP FROM PREVIOUS MONTH

Director Mobley followed up with Signa Gibson, 12 Forest Lane regarding her concerns about where the drop for fiber to the home connection would be installed at her home given that she was not previously hooked up to the coaxial cable. Ms. Gibson was able to connect with the subcontractor and was able to work things out to her satisfaction. GM Lewis added that he is urging TDS to provide SROA with a contact for High Desert, the company doing the drops so we can connect with them directly and not have to go through TDS to do so. This would allow us to more quickly assist owners who have issues such as Ms. Gibson's with the installation of the fiber.

President Beenen followed up with Kathy Brown, 9 Quelah Lane, regarding her concerns about the proposed changes to the SROA Mission Statement as recommended by the 2030 Strategic Planning Taskforce. Ms. Brown was informed her comments will be added to those being collected during the 45-day comment period and that she could also submit something to the Scene if she so chooses. All comments submitted during the 45-day comment period will be provided to the Board after the comment period ends.

RECAP OF 8/16/24 BOARD WORK SESSION

President Beenen reported that the Board met for several hours on Friday. Election Committee Chair Patty Smith provided the results of this year's election noting that Brad Banta, Veronica Jacknow and Randy Schneider have been elected to a three-year term that will begin at the close of today's annual meeting.

SROA Natural Resources Director Patti Gentiluomo provided an update on the new Oregon state wildfire map and its impact on Sunriver in the small areas that are both part of the Wildland Urban Interface (WUI) and deemed high risk. The majority of the community is rated at moderate risk. Owners can view the map at Oregon Wildfire Risk Explorer, www.oregonexplorer.info.

Ms. Gentiluomo also led a discussion regarding cheatgrass in Sunriver, which has exploded in the last twelve to eighteen months. Ms. Gentiluomo provided the Board with an explanation of what SROA has been doing and will continue to do on an annual basis to help fight the spread of cheatgrass. This spread is not just confined to Sunriver, it is a county-wide issue.

Assistant GM Kessarlis provided an update on Recreation statistics for the month of July. We are currently very close to where we were last year on Member Preference Program participation and slightly behind on Recreation Plus Program participants. Gate admissions are currently running ahead of budget.

GM Lewis & Assistant GM Kessarlis provided an update on the remodel work that will occur at the Administration building after the police department vacates that space in January 2025. We now have a cost estimate associated with that project, and the Board will be voting on it later this morning.

GM Lewis did a presentation and update on the necessary changes to the SROA Employee Handbook as the result of several legal updates and administrative rule amendments, specifically Oregon Family Leave Act and Paid Leave Oregon, protected classes, bias crimes leave protection, and anti-retaliation protection.

The Board held discussion on the recent changes to the Sunriver Service District (SSD)/Deschutes County Management Agreement. The SROA Board's role is to acknowledge the agreement, and discussion was held on adding an addendum expressing the SROA Board's displeasure with the changes to this agreement that essentially prohibit the SROA Board having two board members also serve on the SSD Managing Board. The Board also discussed appointing new SROA Board member Randy Schneider to the non-voting ex-officio position that will be afforded the SROA Board on the SSD Managing Board.

The Board discussed the position left open by Scott Gillies resignation from the Board and how best to fill that position. There are several options as to how to proceed with that and it will be voted on today.

Scheduling a board goal setting session was discussed and the majority of the Board is in favor of scheduling that meeting in early October.

Proposed changes to the Design Manual of Rules & Procedures were discussed. One change is in relation to the role of the Appeals Board that was in the old Design Manual and was inadvertently left out of the new document. The second has to do with language associated with fencing for non-residential property.

Public Works Director Mark Smith provided an update on road construction that will be taking place this fall along with a brief update on the Circle 2 to Circle 3 pathway effort and announced that the tunnel that will be replaced this fall is the one close to Island Road and adjacent to the Wildflower Condos. This location was chosen over the River Road tunnel due to the restrictions associated with working in wetlands that are present near the River Road location. Staff will be gathering the necessary information, applying for the necessary permits, etc. for the River Road tunnel to possibly be done in 2025.

The Board reviewed the agenda for today's meeting. There was no executive session held yesterday.

BOARD ACTION **BOARD MEETING MINUTES**

Director Pederson moved to approve the minutes of the June 26, 2024, special board meeting minutes as corrected. Seconded by Director Mobley, the motion passed unanimously.

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

Director De Alicante moved to approve the minutes of the July 20, 2024, board meeting minutes as corrected. Seconded by Director Burke, the motion passed unanimously.

BOARD ACTION
FINANCIALS

SROA Treasurer Pederson reported that July's results are very positive, and finances are in great order. Operating revenue ended the month \$4785 ahead of budget and which is largely due to interest income for the month. On the expense side we were under budget by \$34,068 due to open salaried positions and the timing of billing for some materials and services. The variance for the month was \$38,943 and year-to-date we have a surplus of \$118,169 and the variance from budget is positive \$152,603. The year-to-date variance is coming largely from SHARC gate admissions, Scene advertising, and ladder fuels fines.

On the non-operating side, for the month we are at \$186,642 which is \$13,205 better than budget. Approximately \$8,300 of that was interest income earned as interest rates stay favorable. Year-to-date, the total surplus is \$1,523,608 which will decrease some in the coming months as fall projects commence. Variance from budget is a positive \$318,985.

The cash/investment balance is approximately \$800k above last year, and a significant piece of that has to do with the delay in this year's tunnel replacement that was originally scheduled for May/June and will now take place in October/November and which accounts for approximately \$560k of that variance. The cash/investment balance is currently over \$17 million, which we are earning just over 5% interest on.

In regard to replacement reserves, not much has been spent so far but that will change with the tunnel installation, fall road projects, some pieces of equipment we are waiting on that will be placed into service, and the Public Works building. The SHARC replacement reserves has increased some mainly due to some properties changing hands and the new owners choosing to pay off the SHARC Special Purpose Assessment.

Treasurer Pederson reviewed the aging summary noting it should go down as long-term storage payments that were billed in July come in. Additionally, a \$5,000 payment on a \$20k tree cutting fine was paid per the agreement afforded the owner to pay the fine off in installments.

For the month ended July 31, 2024, there was a net operating surplus of \$155,981 which was \$38,943 better than the budget. Operating revenues were over budget by \$7,875. Salaries and burden were under budget by a combined \$11,172 due to savings in burden. Materials and services were over budget by \$18,385 due to the timing of month-end close.

For the first seven months of 2024, there was a net surplus of \$118,169 which was \$152,603 better than budget. Operating revenues were over budget by \$22,934 mainly due to SHARC admissions, Scene advertising and ladder fuel compliance fines. There have been 34 less Recreation Plus Program passes sold in 2024 compared to the same time frame in 2023. Salaries and burden were under budget by a combined \$192,802 through the first seven months of 2024 due to open f/t positions in the Public Works and Recreation departments. Materials and services were over budget by \$24,097 due to sanding cinder/deicer, pool chemicals, fuel, and building supplies. Legal fees were over budget by \$55,281 through the first seven months of the year.

As of this report date, 162 homes have been converted to bulk fiber and transitioned to SROA's master billing account.

As of July 31, 2024, there was a combined operating and non-operating surplus of \$1,523,608 which was \$219,985 better than budget.

Total assets as of July 31, 2024, were \$39,685,927. Cash and investments totaled \$17,437,142, a decrease

of \$342,292 from June. As of July 31, 2024, there was \$16,938,034 invested in Federated Hermes Government Obligations Fund and US Treasuries with durations between 90-day and 5-years with an annual yield of 5.09%. Construction in progress items included the public works building, SHARC/Admin office design, and SHARC boiler. Annual RV storage space billings were processed in July.

July 31, 2024 (Year to Date Unaudited)

| | <u>ACTUAL</u> |
|------------------------|---------------|
| TOTAL REVENUE | \$ 8,212,813 |
| TOTAL EXPENSES | \$ 8,094,644 |
| OPERATING FUND SURPLUS | \$ 118,169 |

Director De Alicante moved to approve the unaudited financial statements for the month of July 2024. Seconded by Director Mobley, the motion passed unanimously.

BOARD ACTION
SROA CONTROLLER
INCREASED INVESTMENT AUTHORITY

Director Pederson moved to approve the recommendation from the SROA Finance Committee to authorized the SROA Controller to purchase \$2.5 million in U.S. Treasuries with maturities over two years and up to five years in duration. Seconded by Director Murray, motion passed unanimously.

BOARD ACTION
SROA ADMINISTRATIVE BUILDING REMODEL

Director Pederson moved to approve the recommendation from the SROA Finance Committee to authorized the allocation of \$575,000 for total project cost for the remodel of the SROA Administrative Building in 2025. This included total costs as previously authorized and incurred under the 2024 budget and additional funds to be included in the 2025 budget. Seconded by Director Murray, motion carried unanimously.

GENERAL MANAGER'S REPORT

GM Lewis reported his recap is for activities in July.

GM Lewis attended the regular monthly meeting with the Sunriver/LaPine Economic Development (SLED) Board regarding coordination with south county efforts for economic development. This will continue to be a monthly, on-going participation.

GM Lewis met the landscape architects regarding the Winners Circle Pocket Park design, landscaping for the new Public Works building and a conceptual Fort Rock Park master plan.

GM Lewis attended multiple meetings with legal counsel and PUC staff, including a settlement hearing regarding Sunriver Water's proposed rate increase.

GM Lewis conducted a follow-up review with staff on the designs for future remodeling at the SROA Administration building and SHARC including reviewing contractor bids and meeting with contractors.

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

GM Lewis met with Sunriver Resort staff regarding multiple management, coordination, and enforcement issues.

GM Lewis attended multiple meetings with HR Director Allen and our consultant regarding the wage analysis study.

GM Lewis met with Sunriver Utilities, Sunriver Resort and Sunriver owners regarding proposals to restore Woodlands golf course pond #9 so that it holds water.

GM Lewis continues to meet on a monthly basis with TDS staff regarding the physical construction and eventual migration of owners to fiber.

GM Lewis coordinated with the Sunriver Police Department regarding an enforcement/criminal issue.

In Accounting, the Controller presented the unaudited financial statements for the month ending July 31, 2024, to the Finance Committee and Board.

Accounting staff continued adding owners to the billing process for bulk fiber to home accounts.

Accounting staff invoiced the annual long-term RV storage accounts.

Accounting staff had another busy month processing recreation receipts.

The IT department reported there have been some intermittent hardware issues with individual Point of Sale (POS) devices at SHARC.

Database engineer Gabe Rice has left SROA for another position in Colorado. That position has been posted and interviews are underway. In the interim, a managed service, Xtivia, has been providing database support.

The new audio/video installation at SHARC will occur in Oct/Nov of 2024.

Azure Administrator training continued in July.

IT staff met with Community Development and Tetra Tech to discuss GIS Mapping data input via iPad and reports.

The VPN access issue Tetra Tech was having with GIS was resolved.

Training continued for IT staff on migrating on premise databases to cloud based solution.

In the Communications Department, Scene advertising was at \$27,548 (\$22,352 in July 2023).

There were 215 reads of the online July Scene including readers from the Philippines, India, and Spain.

There were 37k visits to the websites including users from Canada, the Philippines, France, Australia, India, and the UK.

SROA websites most popular pages in July were weather, Member Pool, pickleball, and boat launch.

The SHARC websites most popular pages were today's operations, admission rates, recreation swim and plan your visit.

Social media: No fireworks, Turf Tunes, toad migration, SHARC member fitness classes, lifeguard day, SROA annual meeting, Uncorked early bird tickets, Sunriver Slam pickleball tournament, and biking/parking at SHARC.

Eblasts included information about board candidates, no fireworks, pathway safety, Turf Tunes concerts, early bird Uncorked tickets, committee volunteers needed, War on Weeds, illegal swan feeding, recycling center closure, SROA Strategic Plan, ballots, and Owner Happy Hour.

Other projects included making additional updates to forms related to the Design Manual. Staff designed A-frame signage for Uncorked, designed new SHARC rack cards that are distributed in tourism rack around Central Oregon, and designed a new Benham Hall event space brochure. Created signage and banner for the October 31st closing of the recycling center which was also posted to the website and on social media. Designed noxious weed postcards to mail to non-compliant properties.

The Community Development Department reports the Design Committee meetings continue to occur on a regular schedule. There were three submittals for the first meeting in July and no projects were submitted for the second meeting, so no meeting was held.

There are currently approximately 301 active projects/building permits (up by 4 from the previous month of June.)

The number of applications submitted in July was up slightly from the same month in 2023 – from 92 in 2023 to 124 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.

There are still 99 homes identified by the annual paint survey that have not been painted. A third letter has been sent and staff is continuing to perform inspections.

The Design Committee is drafting a rule relative to fencing on non-single residential properties.

The Natural Resources (NR) department reported that ladder fuels reduction (LFR) and tree thinning contracts are continuing.

NR staff continued private property noxious weed inspections.

NR staff prepared and mailed Ladder Fuels Reduction (LFR) violations.

NR staff prepared and mailed noxious weed courtesy letters and noxious weed deficiency letters.

Noxious weeds on commons were sprayed.

Staff did the necessary planning for the 24th annual War on Weeds (WOW) that runs from August 1st to August 14th.

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

In Public Works, the drinking fountain has been installed at the dog park on Cottonwood Rd.

Wood chips have been spread at the dog park to assist in keeping the dust down.

The first loads of dirt for the pocket park at Winners Circle have been delivered.

Ten of the twenty-four way finding kiosks have been installed and the signs will be installed upon arrival.

All sports courts are cleaned weekly with extra care taken for tennis tournaments.

The Fort Rock ballfield has been graded and new bases were installed.

The waterfall sign has been refreshed.

Road/pathway crack sealing for 2024 is 100% complete.

Road striping for all of Sunriver has been completed.

The Circle 2 to Circle 3 pathway evaluation is in progress.

Bids have been received and a contractor has been selected for the fall road projects including Circle 7, Sun Eagle Lane, and drive lanes for PW.

In fleet services, suspension repairs were made to an ambulance, the wildfire engine radiator was replaced, and the new sander/plow truck chassis has been completed and shipped.

New carwash equipment installation has been ongoing and is expected to be completed in August.

The outdoor pool heater at SHARC was replaced and the indoor pool defender precoat valve was repaired. Slide refinishing will begin on September 3rd.

The public works building is on time for completion in October. The roof and siding along with internal framing are completed.

All three new PW team members are officially CDL certified.

In Recreation, 59,291 owners and guests visited the SHARC facility in July compared to 61,999 in July of 2023.

There were 8,678 owners and guests who visited the Member Pool in July compared to 8,984 in July of 2023.

Record high temps required extra heat precautions for all staff. Cool towels, extra breaks, and extra hydration were the theme of the month.

Smoke and high heat caused complications for operations with eight modified days and one day fully closed. In July 2024, there were four modified days and twelve modified days in August 2023.

Planning is underway for the Sunriver Slam Pickleball Tournament and Uncorked.

There is an open full-time position for two aquatic supervisors.

Recreation is operating at fully anticipated summer staffing levels in order to maintain maximum open hours.

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

Director De Alicante commented that Thursday's SSD meeting was the last meeting for him and President Beenen. Director De Alicante noted that Bill Hepburn provided the same comments to the SSD Managing Board on which he serves, as he did to the SROA Board regarding his concerns about safety in Sunriver as it relates to firearms.

The Public Safety Building is moving along on time and on budget.

The Fire Department has had some of their supervisory staff out assisting in fighting wildfires.

The Police Department has a new hire that they are getting up and going. Additionally, the new Community Services Officer Ashley Steinbrecher is now on board, and she was introduced at the meeting on Thursday. Ms. Steinbrecher is a former Sunriver bike patrol officer which was followed by a stint as a records assistant at the Sunriver Police Department and most recently at the Deschutes County Sheriff's Office where she was an evidence technician. She is happy to be back in Sunriver and is anxious to get started.

The SROA Board is very hopeful that the creation of this position and the ability of this person to issue citations for breaking SROA rules and regulations will result in fewer complaints on the pathways.

BOARD ACTION COMMITTEE APPOINTMENT

Director Mobley moved approval of the appointment of Doris Brannan to the Covenants Committee. Seconded by Director De Alicante, motion passed unanimously.

BOARD ACTION CERTIFY ELECTION RESULTS

Director Murray moved to accept the results of the 2024 Board of Directors election as tabulated by the SROA Elections Committee and attached hereto, with the top vote recipients being Brad Banta, Randy Schneider, and Veronica Jacknow. Seconded by Director De Alicante, the motion passed unanimously.

BOARD ACTION
OREGON FAMILY LEAVE ACT (OFLA)
SROA EMPLOYEE HANDBOOK POLICY UPDATE

Director Mobley moved approval of changes to the SROA Employee Handbook as presented. Seconded by Director Murray, the motion passed unanimously.

BOARD ACTION
BUREAU OF LABOR & INDUSTRIES (BOLI)
SROA EMPLOYEE HANDBOOK POLICY UPDATE

Director Pederson moved approval of the addition to the SROA Employee Handbook as presented. Seconded by Director Beard, the motion passed unanimously.

BOARD ACTION
SROA/SSD/DESCHUTES COUNTY
MANAGEMENT AGREEMENT

The Board further discussed their desire to add an addendum to the agreement illustrating the reasons the SROA Board feels this recent severing of some aspects of the management agreement are not in the best interests of SROA and will move this item to the September agenda so any board member who wants to provide input into the addendum has the opportunity to do so.

BOARD ACTION
SUNRIVER SERVICE DISTRICT (SSD) MANAGING BOARD
EX-OFFICIO POSITION

Director Burke moved to recommend Randy Schneider as the SROA ex-officio representative to the SSD Board as authorized by the Restated Sunriver Service District Management Agreement, Deschutes County Document No. 2024-395. Seconded by Director De Alicante, motion passed unanimously.

BOARD ACTION
OPEN SROA BOARD POSITION

Director De Alicante moved to nominate and approve Keith Mobley to fill the remainder of the two-year term left by the resignation of Scott Gillies. Seconded by Director Beard.

Director Pederson noted that normally in a situation such as this he believes the vacant position should go to the candidate that ran in the election and received the next highest number of votes. In this instance he recognizes and agrees that we have a different case as we are not replacing one board member but would have four new board members all starting at once. There are some current needs on the Board that lend themselves to having a legal mind on the Board and he feels both Director Mobley and Director De Alicante's contributions as attorneys have been valuable. Treasurer Pederson feels it would be a big loss to not have someone in that position, thus his support of approving Director Mobley's appointment.

Vice President Burke also volunteered to follow up with the candidates who ran unsuccessfully to determine if there is another opportunity to volunteer for SROA that might play to their strengths and allow them to become more involved with the Association.

Call for the question: the motion passed with seven yeas and Director Mobley abstaining.

BOARD ACTION
DESIGN MANUAL OF RULES & PROCEDURES
SECTION 6.08

President Beenen reminded the Board that this amendment reflects elements guiding the authority and

extent of the Appeals Board's review process that were included in the prior SROA Design Manual of Rules & Procedures but inadvertently not included in the current version on the Manual adopted in June 2024.

Director Murray moved approval of the recommendations from the SROA Design Committee, as attached hereto for new language to be added to Section 6.08 of the SROA Design Manual of Rules & Procedures. Seconded by Director De Alicante, motion passed unanimously.

BOARD ACTION
DESIGN MANUAL OF RULES & PROCEDURES
SECTIONS 4.03, 5.02, 5.03

Director Burke moved to approve the recommendations from the SROA Design Committee, as attached hereto, amending Section 4.03, 5.02, and 5.03 of the SROA Design Manual of Rules & Procedures to add fencing requirements for multi-residential, commercial, Resort, Village, and private non-residential properties. Seconded by Director Beard, the motion passed unanimously.

OTHER BUSINESS

Director Pederson took a moment to thank Directors Mobley and Murray who will both be leaving the Finance Committee for their contributions and service over the past few years to the Association in that capacity.

Director Burke, along with the rest of those present also thanked Directors Hayes, De Alicante, and recently resigned director Scott Gillies for their contributions and involvement on the Board noting their pleasure at working with them over the past few years.

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

Director De Alicante moved to adjourn the meeting. Seconded by Director Burke, the motion passed unanimously.

The meeting was adjourned at 11:03 A.M.

Respectfully Submitted,

Mark Murray, SROA Secretary