

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM
MARCH 16, 2024**

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

DIRECTORS PRESENT VIA ZOOM: Tony De Alicante & Julianna Hayes

STAFF: James Lewis & Jesus Mendoza

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

NUMBER OF ATTENDEES: 4

OWNERS FORUM: Richard Look, 4 Cinder Lane, referenced the portion of Friday’s SROA Board Work Session that included an update on the results of the recently completed Comprehensive Owner Survey. Mr. Look noticed that the survey did not rank the design process and committee overly high. Mr. Look commented that as the Chair of the Design Committee, he takes those comments to heart. He went on that he would like owners to know that the great staff of the Community Development Department underwent a revamp of the project application procedures and the results, he believes, will streamline the procedures, and help people know exactly what information is required.

Some things like paint selection are now simple and mostly managed over the counter. Deferrals and denials must be backed up citing the specific sections of the Design Manual of Rules & Procedures. The results will be more prescriptive, more objective, and much less subjective decisions.

Mr. Look went on to commend Director Pederson on the statement he read at yesterday’s work session. Mr. Pederson pulled together many bits of information and put them in a succinct presentation. Mr. Look added he would like to share a copy of Director Pederson’s statement with the entire Design Committee.

GM Lewis reported that there was one letter from Paul Conte, 8 McKenzie Lane, to be read into the record with his apologies that he missed reading it into the record at yesterday's meeting.

“Dear Board of Directors,

Based on records provided to me by the SROA management I have conducted an analysis of the comments submitted by Sunriver property owners regarding proposed plant protection rules. The accompanying document provides the results as of March 5, 2024.

There were 114 unique submittals that expressed a clear opinion. 10 submittals, 9% supported the strict plant protections in the proposed rules. 104 submittals, 91% opposed the strict plant protections in the proposed rules.

There is no other conclusion that can be drawn from these results in which opposition to the proposed rules has ten times the support. This, in spite of the SROA Design Committee, SROA staff, SROA Board, the Sunriver Scene and Sunriver You all promoting only one side of the issue. That being the proposed rules should be adopted.

The evidence is undeniable and Sunriver owners have provided the opportunity to learn and form critical analysis of these unnecessary and onerous impositions on Sunriver owners property rights. The overwhelming majority of owners say, no, do not approve these extreme prohibitions.

The Sunriver owners that you are supposed to serve have spoken clearly. You need to listen to them.

Thank you.”

OWNER FORUM FOLLOW-UP FROM PREVIOUS MONTH

Vice President Burke commented he followed up with the owners who spoke at last month meeting regarding the change to the Resort’s golf program reiterating that the Resort is a business and SROA does not have the authority to determine or control their pricing. Director Burke encouraged them to gather their thoughts as a group and set up a meeting with SR Resort Directing Manager Tom O’Shea who indicated he was more than willing to sit down with owners to discuss the issue one-on-one.

President Beenen followed up with Janet Wood, 4 Filbert Lane, regarding her concerns about golf carts on roadways in Sunriver. President Beenen referred her to the section of the Sunriver Rules & Regulations, 2.04 Golf Carts for the specific rules.

President Beenen has not yet, but will follow up with Ken Arnold, 1 Cypress Lane regarding plant protections.

President Beenen followed up with Cynthia Stubenrauch, 6 East Park Lane, regarding cross-county skiing on the pathways and her desire to have the pathways left unplowed. President Beenen suggested, but has not checked with Public Works Director Mark Smith, that perhaps Public Works could only plow half the width of the pathway and leave one half unplowed. He is not sure if this is even practical, and we would need to have further discussion on the topic. Director Gillies also suggested that in most places in Sunriver there is four to six feet just adjacent to the pathways that people could easily cross-country ski on also.

Currently the only pathway that does not get plowed in the winter is the loop that starts behind the Resort and goes out around the airport and back.

RECAP OF 3/16/24 BOARD WORK SESSION

President Beenen reported the Board met new SHARC Events Manager Beth Herron who relocated to Central Oregon from Seattle and brings many years of experience to her new position.

Sunriver Service District (SSD) Managing Board Chair Jim Fister was in attendance to provide an update on the proposed changes to the Management Agreement between SROA, the SSD and Deschutes County. There is an opportunity for the Board to provide input/feedback as to what SROA’s position is. That window of opportunity is relatively small, so the Board will need to move quickly. GM Lewis will draft a response and email it to the Board for their review and input.

JD Cornutt from DRC Research and Assistant GM Keith Kessararis provided an overview of the recently completed Comprehensive Owner Survey. Assistant GM Kessararis provided an update on tree protection rules as well as an update on the proposed dog park at the Cottonwood location. Both of these items are on the agenda for action today. Mr. Kessararis also provided an update on recreation statistics for the month of February.

Election Committee Chair Patty Smith was in attendance to address some proposed changes to the

Election Committee charter, the majority of which were housekeeping edits. A couple of changes owners need to be aware of is that the ballot must be in a secrecy envelope and only one ballot per blue envelope will be allowed. This applies to those owners who have more than one property in Sunriver.

The Board heard the rationale behind two requests for first readings to the SR Rules & Regulations. One has to do with unauthorized use of the SROA/SHARC logos/name and the other has to do with open house signs. Both of these items are on the agenda for action today.

GM Lewis and Assistant GM Kessarlis provided an update on the efforts of the Strategic Plan taskforce. The taskforce has made a lot of progress and is waiting for the Comprehensive Owner Survey results to help guide them a bit more.

GM Lewis & President Beenen provided an update on Transient Room Tax (TRT) dollars and Sunriver's efforts to have more of those dollars returned to Sunriver.

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

The Board reviewed the agenda for today's meeting.

BOARD ACTION
BOARD MEETING MINUTES

Director Pederson moved to approve the minutes of the February 16, 2024, board work session minutes as corrected. Seconded by Director Murray, the motion passed unanimously.

Director Pederson moved to approve the minutes of the February 17, 2024, board meeting minutes as corrected. Seconded by Director Murray, the motion passed unanimously.

Director Mobley moved to approve the minutes of the March 7, 2024, special board meeting minutes as written. Seconded by Director Burke, the motion passed unanimously.

BOARD ACTION
FINANCIALS

Treasurer Pederson referenced the key data sheet noting at the end of February, revenue is down by \$20,757 largely due to the drop in the number of homes that have signed up for the Recreation Plus Program (RPP) and fewer design review fees due to the winter weather. There are currently 74 fewer properties participating in the RPP than there were last year at this time.

Total operating expenses are under budget by \$18,800 mainly due to the open positions that we are trying to fill. We do have an IT Director hired and Public Works Director Mark Smith has some interviews next week for open positions in his department. Legal expenses are over budget for the year resulting in year-to-date operating expenses being over budget by \$3,542.

Year-to-date the total net operating deficit is \$186,537 which is a \$45,865 variance from budget, but it is something we normally expect this time of year.

On the non-operating side, expenses were \$16,388 above budget largely due to payment for some ladder fuels reduction work that we did not anticipate paying for in February. Year-to-date on the combined operating/non-operating side, we are \$346,311 over budget and we anticipated being \$395,201 ending in a negative variance of \$ 48,890.

Turning to cash and investments, we currently have a total of \$18,923,277 and there is an item on today's agenda to transfer some money to the operating account to cover the latest expenses for the public works building. Treasurer Pederson also reviewed the cash/investments noting that for the year, we are at \$18,923,277 which is almost \$900k higher than last year at the same time.

For the month ended February 29, 2024, there was a net operating deficit of \$12,274 which was \$1,957 worse than budget. Operating revenues were under budget by \$20,757 due to Recreation Plus Program sales being behind plan along with less design review and permit revenue. At the end of February, there were 74 less home sales than at the same time last year. Salaries and burden were under budget by a combined \$36,063 due to open positions in administration, public works, and recreation. Materials and services were over budget by \$16,445 due to pool permits, musical licensing fees and fuel.

For the first two months of 2024, there was a net deficit of \$186,537 which was \$45,865 behind budget. Operating revenues were under budget by \$42,323 due to the above-mentioned reasons. Legal fees were over budget by \$54,766 through the first two months of 2024.

As of February 29, 2024, there was a combined operating and non-operating surplus of \$346,311 which was \$48,890 behind budget.

Total assets as of February 29, 2024, were \$41,329,240. Cash and investments totaled \$18,923,278, an increase of \$355,664 from January. As of February 29, 2024, there was \$18,559,088 invested in Federated Hermes Government Obligations Fund and US Treasuries with durations between 90-days and five years with an annual yield of 5.08%. Deferred revenue increased by \$524,399 due to annual maintenance dues payments, RPP & MPP sales. Construction in progress included a Ford Escape, pool covers at SHARC, trail signs and GIS platform.

February 29, 2024 (Year to Date Unaudited)

	<u>ACTUAL</u>
TOTAL REVENUE	\$ 2,047,849
TOTAL EXPENSES	\$ 2,234,386
OPERATING FUND SURPLUS	\$ (186,537)

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

GENERAL MANAGER'S REPORT

GM Lewis reported his recap is for activities in March.

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

GM Lewis continues to participate in the Central Oregon Intergovernmental Council (COIC) Board of Directors meetings as the Tourism and Recreation representative. This will continue to be a monthly on-going participation through end of term of December 31, 2024.

GM Lewis continues to attend Sunriver/La Pine Economic Development (SLED) Board regarding coordination with south county economic development efforts. This will continue to be a monthly on-going participation.

GM Lewis worked with SROA legal counsel regarding fine/fee lawsuits, HR issues, and ongoing litigation.

GM Lewis met with the Deschutes County Administrator regarding Transient Room Tax dollars.

GM Lewis worked with the SROA HR Director and appropriate staff on multiple HR issues including multiple interviews for vacant director and manager positions.

GM Lewis participated in the March 1st Special SROA Board meeting.

GM Lewis attended and was a speaker at the annual Sunriver/LaPine Chamber Breakfast centered on the state of South Deschutes County. GM Lewis provided a PowerPoint presentation on the SROA Strategic Plan project.

GM Lewis attended a follow-up meeting with the architects to discuss future remodeling at the SROA Administration building and SHARC.

GM Lewis met with the Election Committee Chair regarding amendments to the committee charter.

GM Lewis met with the Fire & Police Chiefs regarding standard operations.

GM Lewis attended a round table listening session with Congressman Cliff Bentz in LaPine.

GM Lewis continues to attend ongoing/regular meetings with TDS staff regarding the physical construction and eventual migration of owners to fiber to the home and their SROA account.

GM Lewis continues to participate in the on-going Newberry Partnership Strategic Action Plan for south Deschutes County.

GM Lewis continues to attend and participate in the regular monthly meetings of the Covenants & Finance committees, the Owner Survey Taskforce, Dog Park Taskforce, Strategic Plan Taskforce, and Admissions Model Workgroup.

In the Accounting Department, staff continue to process 2024 maintenance fee payments.

Accounting staff have been busy processing significant revenues associated to the Recreation Plus and Member Preference Programs.

The unaudited financial statements for the year-end December 31, 2023, were presented to the Board and Finance Committee.

The unaudited financial statements for the month-end January 31, 2024, were presented to the Board and Finance Committee.

The Controller worked with the collection attorney on past due accounts.

The IT department fixed an outage on the Jonas software and Club House Online owner payment portal.

New IT Desktop Technician Nicole Futrell was onboarded in March.

IT staff have been filling in for the IT Director, taking care of invoices and bills.

In Security/compliance IT staff took ownership of Passpoint security Penetration and Vulnerability scan reports.

IT staff have been moving email backups from Amazon's AWS to Microsoft Azure.

Azure Administrator training continues for IT staff.

A comprehensive GIS tax lot map combining Deschutes County data with SROA data has been created.

IT staff worked with the Assistant GM to clean up data for the survey mail merge.

New Events Manager Beth Herron was set up and training on the AV system was provided.

IT repaired the snow stick image at Public Works that was frozen.

The new gas cards for the Sunriver Police Department have been produced and delivered.

In the Communications Department, Scene advertising was at \$24,081 (\$19,991 in February 2023).

There were 234 reads of the online February Scene including a reader from the Netherlands.

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

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

February eblasts included information about the changes in the golf program at Sunriver Resort.

Social media: Backcountry Film Festival, winter scenery and elk.

Scene staff are working with the new Events Manager on updating marketing materials for Benham Hall and also sprucing up the event space pages on the SROA website.

The Communications Director is working with Deschutes County to correct SROA's physical address for Administration and Public Works after the County accidentally changed both of them to the fire departments address.

All of the forms and website updates related to the new Design Manual of Rules & Procedures have been completed.

The Community Development Department reports the Design Committee meetings continue to occur on a regular schedule with multiple items on each agenda – the first February meeting consisted of one re-review and the second meeting consisted of one new home and one re-review.

There are currently approximately 269 active projects/building permits (down by 13 from the previous month of January.)

The number of applications submitted in February was up from the same month in 2023 – from 55 in

2023 to 67 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.

Work continued on discussion of tree protections with the Design Committee.

The Natural Resources (NR) staff mailed notification postcards regarding ladder fuels reduction (LFR) contract work on commons this year.

NR staff participated in two special hearings regarding tree removals.

NR staff re-designed the SROA Forest Management Permits.

NR staff coordinated with the Communications Department regarding wildfire mitigation education and outreach.

NR staff continued the GIS Platform Design project with the IT department.

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

NR staff finalized the GIS map for the 2024 contract area (available on the SROA website.)

Public Works (PW) staff selected and executed a contract for 2024 landscaping/maintenance.

The sign at the water fall circle is going to be removed and refurbished.

Snow removal was necessary on more than one occasion in February.

A full round of ladder fuels pickups was completed between snowstorms.

The engineering contract is in place to assess the Circle 2 to Circle 3 pathway feasibility with a completion date of 7/1/24.

A 4.5-mile section of pathways has been selected for a new seal coat treatment with more aggregate to help with traction. This will be a several year process.

The River Road tunnel has been chosen for replacement this year.

In Fleet Services, staff received a new Ford Escape for Administration and ordered a loader and sander truck all of which are included in this years reserve budget.

The PW Facilities/Aquatics staff repaired the missing valve for the locker room showers.

The need and cost for outdoor electrical for the Café was developed.

At the Members Pool, staff have been in contact with Anderson Pools regarding the completion of repairs to the water wall.

The main structure of the new Public Works building has been delivered.

The PW team cleaned and prepared the area around the new building pad.

PW team member Cory Farnsworth was promoted to Roads & Path Lead Tech and Shaeleen Turner was selected for the open tech position.

At SHARC, Events Manager Beth Herron is off to a fantastic start. We have a busy weekly calendar with a minimum of seven non-revenue generating events per week.

Member Services is catching their breath with the end of January rush for Recreation Plus & Member Preference purchases/renewals.

Several projects are under bid including new paint and flooring for Benham Hall, new outdoor pool floaties and waterslide resurfacing.

SHARC staff are planning for the second annual Sunriver Slam Pickleball Tournament. Staff are also gearing up for the Sunriver Solstice Tennis Tournament in coordination with Tom Wimberly.

Molly Stratton from the SHARC front desk has resigned after three years. We will miss her calm energy and exceptional customer service skills and wish her the best in her new endeavors.

SHARC will be hiring for a Guest Service position, an Events Coordinator position, and a Recreation Program Manager position. They will ramp up summer lifeguard and part-time front desk hiring in mid-April.

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 reported that this was the first month that over a million dollars was spent towards the progress on the new Public Safety building. The project is continuing to move along well. There was some discussion on the budget and how to ensure the project does not exceed what is budgeted and/or planned for and if it does how will that expense be paid for.

The SSD also continues to work on their Strategic Plan.

While the SSD Board heard the monthly Fire Chief report, the Police department report was unavailable as the police chief engaged in a seven-hour stand-off situation occurring in Sunriver at the time. The SSD Managing Board received a memorandum from the Police Chief explaining the situation afterwards. An individual from Salem caused significant injuries to an individual on a bike path and then retreated to a Sunriver property he had broken into. A SWAT team was brought in due to the suspects claim of weapons and dead bodies in the house and the police were eventually able to get the subject to surrender.

Director De Alicante noted he continues to advocate for license plate reader cameras at our two entrances so “bad doers” like this coming into Sunriver can be more easily identified. This would be something that only goes to the Police, not something that goes out to the general public. The Police Department was researching grants but apparently there is nothing available for purchase of that type of equipment so they would need to find \$14k annually to purchase and operate the equipment, something the SSD Managing Board has not approved. Director De Alicante feels it would help keep the community safer if we had those cameras in place.

Director De Alicante wondered if SROA could grant the SSD the \$14k a year to pay for those cameras. Director Pederson questioned why the SSD would not include that in their budget if it were only \$14k per year. Director De Alicante responded that the SSD is in the middle of their 2024/25 fiscal budget, and they have some serious concerns facing them in the future. The SSD’s revenue comes from tax revenues collected via Sunriver owners Deschutes County taxes. The question is how much you raise that millage rate, how much is the budget going to be in the future, etc. but currently there is not much support behind adding the cameras to the current budget.

President Beenen added that the SSD’s budget has not been finalized yet, but the proposed budget has an approximate \$450k deficit which is not insignificant, and how best do they address that shortfall. One way is to cut expenses and that’s where things such as this suggestion of cameras fall off the list.

Currently, just as SROA does, the SSD, once a year, makes a contribution out of their operating fund to their reserve fund and that contribution is approximately \$435k. The question now is should they continue to do that or should they not do that any longer. Another option would be to take the interest earned from all the money the SSD received for the Public Safety building, which is approximately \$800k and use some of those dollars to fund the reserve account.

Additionally, the SSD Managing Board is considering raising the millage rate from \$3.31 per \$1,000 assessed value to \$3.45 per \$1,000 assessed value which would increase Sunriver owners taxes next fall.

President Beenen went on that the unfortunate thing is there are ways of addressing the 2024/25 issues but where the problem lies, is what comes in future years.

President Beenen added that in regard to the new Public Safety building, things are on schedule with the Police Department’s planned move-in date scheduled for January 3, 2025. There were some work order changes this month for the first time in the project which calculated out to \$237k in additional costs some for things that could not be estimated at the time of the contract as not enough detail was available.

BOARD ACTION
ELECTION COMMITTEE CHARTER REVISIONS

Director Burke moved to approve the amendments to the SROA Elections Committee Charter & Procedures as recommended from the SROA Election Committee and staff as attached hereto. Seconded by Director Pederson, the motion passed unanimously.

BOARD ACTION
CAPITAL TRANSFER

Director Pederson moved approval of the transfer of \$826,934.44 from the Reserve Fund to the Operating Fund for payment of invoices related to progress on the new Public Works building. Seconded by Director Murray, the motion passed unanimously.

BOARD ACTION
1st READING SUNRIVER RULES & REGULATIONS
SECTION 4.08 – NEW SECTION – SROA/SHARC NAME/LOGO USE

Director Pederson moved to approve a First Reading of the amendments to the SROA Rules & Regulations as recommended from the SROA Covenants Committee and staff with additional changes added by the Board, to add a new Section 4.08 regarding the prohibited use of the SROA/SHARC logo and assigning a penalty as attached thereto.

The proposed language reads as follows: *Without prior written authorization from the Sunriver Owners Association (SROA) General Manager or Board President, no person or entity shall use the Sunriver Owners Association (SROA) or Sunriver Homeowners Aquatic Recreation Center (SHARC) logo. This includes all use in electronic, digital, and printed materials, or on items for promotion or sale.*

Violation of Section 4.08 constitutes a Class A offense.

Seconded by Director Burke, the motion passed unanimously.

BOARD ACTION
1st READING – SUNRIVER RULES & REGULATIONS
SECTION 4.02 E. J. OPEN HOUSE SIGNS

Director Murray moved to approve a First Reading for amendments to the Sunriver Rules & Regulations as recommended from the SROA Covenants Committee and staff to add a new Section 4.02 E. J. regarding Open House Signs as attached hereto, to move the existing Section 4.02 E. J. to Section 4.02 E. K. and to approve the removal of the Open House Sign language from the Design Manual of Rules & Procedures as recommended by the SROA Design Committee. Seconded by Director Mobley, the motion passed unanimously.

BOARD ACTION
DOG PARK RECOMMENDATION

Based on the findings noted in the SROA Dog Park Taskforce final report to the Board of Directors, I, Director Mobley moved approval of the recommended location at Cottonwood Regional Park, the dimensions, and amenities of which were presented on March 15, 2024, in the taskforce’s final report. The SROA Board of Directors authorizes the use of funds to construct the project out of the capital reserves budget which was approved for 2024. Seconded by Director Beard.

Treasurer Pederson commented that felt it important to mention that a question has been raised by one of the Dog Park Taskforce members inquiring as to whether or not a board member who has an affiliation with one of the churches should recuse themselves from voting on this matter or not. Mr. Pederson went on to say that he is not a member of either church, however his wife is a member of the Holy Trinity Catholic Church. As such, he does not believe there is any conflict of interest but if the rest of the Board feels differently and feels he should recuse himself he will do so. The rest of the Board weighed in and did not feel there is any conflict of interest that should prohibit him from voting on this issue, but Director Pederson should do what he feels is the best decision for him.

Director De Alicante moved to amend the motion to move the dog park 30’ from the property line of the church. Motion died for lack of a second.

Call for the question on the original motion: Motion passed with 7 yea votes, 1 nay vote (De Alicante) and 1 abstained (Pederson).

BOARD ACTION REQUEST
DESIGN MANUAL OF RULES & PROCEDURES
SECTION 3.18 a-f

Director Burke moved to approve the recommendations from the SROA Design Committee, submitted on Friday, March 15, 2024, in reference to new and amended language to replace Section 3.18 a.-f. of the current Design Manual of Rules and Procedures. See attached hereto noted by Exhibit A, as pertaining to wildlife damage mitigation for trees only, on private property. Seconded by Director Pederson, the motion passed with 6 yay votes and 3 nay (Murray, Beard, De Alicante) votes.

OTHER BUSINESS

GM Lewis reminded the Board that the annual joint meeting between SROA and the SSD will be held in April. That meeting will be held at SHARC beginning at 9 A.M. and will be followed by the SROA Board Work Session which will be held in the SROA Administration Building Board Room.

Director De Alicante again inquired about the \$14k necessary for the SSD to purchase the license reader cameras. President Beenen responded that yes, \$14k could be taken out of SROA's budget, but the Board would have to provide \$14k in "relief" to GM Lewis if the Board were to do that. GM Lewis also has an approved budget goal that he is expected to meet, so it would be unfair to remove \$14k without providing relief from that amount at the end of the year. A brief discussion was held with some commenting that they would not support SROA paying this expense for the SSD if it were to come to a vote of this Board.

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

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

The meeting was adjourned at 11:04 A.M.

Respectfully Submitted,

Scott Gillies, SROA Secretary