

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM
February 15, 2020**

DIRECTORS PRESENT: Bob Nelson, Keith Mobley, Jackie Schmid, Gerhard Beenen, Gary Bigham, Mark Burford and Brad Skinner and Mandy Gray via telephone

DIRECTORS ABSENT: Jim Fister

STAFF: Hugh Palcic & Susan Berger

OWNERS IN ATTENDANCE: 4

The Board of Directors meeting was called to order at 9:00 am by President Mobley.

Owners Forum: No owners addressed the Board.

OWNER FORUM FOLLOW-UP FROM PREVIOUS MONTH'S MEETING

Vice President Nelson reported at the Friday work session the Board received a letter from Ed Pitera, 25 Quelah Lane who shared his thoughts on the recycle center and sustainability.

Jane Boubel, 18 Cultus Lane recommended the Board conduct a community event to meet the finalists for the SROA General Manager position. Frank Brocker, 5 Cedar Lane echoed Ms. Boubel's comments regarding the general manager selection process.

At the Saturday meeting Mike Mitchell, 26 Fairway Village Condo shared his observations about the current SROA website and how anxious he is for the new website to be launched. Additionally, Mr. Mitchell shared his perspectives about recycling.

RECAP OF FEBRUARY 14TH BOARD WORK SESSION: President Mobley reported that the Board had a productive work session on Friday that lasted until mid-morning followed by an executive session to discuss legal and contractual matters. The Board heard an update on recreation statistics from Assistant GM Keith Kessarlis, heard an update on the work of the IAMP taskforce and received an update from staff on the progress of the North Pool Complex project. IT Director Brad Olson provided an update on the efforts of the Telecommunications Taskforce. The Board did a first reading and held discussion relative to proposed changes to the Sunriver Rules & Regulations.

ACTION ITEM
MINUTES

President Mobley asked for a motion to approve the minutes of the January 17, 2020 SROA Board Work Session.

Director Nelson moved to approve the minutes of the January 17th Board Work Session as corrected.

Seconded by Director Burford, the motion passed unanimously with seven yeas and Director Beenen abstaining as he was absent from that meeting.

President Mobley asked for a motion to approve the minutes of the January 18, 2020 SROA Regular Board Meeting.

Director Schmid moved to approve the minutes of the January 18th Regular Board Meeting as written. Seconded by Director Bigham, the motion passed with seven yeas votes and Director Beenen abstaining as he was absent from that meeting.

FINANCIAL

Treasurer Beenen reported for the year ended December 31, 2019 there was a net operating surplus of \$205,775 which was \$202,028 better than budget. Total operating revenues were over budget by \$396,807 mainly due to the LUBA settlement payment, insurance proceeds from winter storm damage, Recreation Plus Plan (RPP) and Member Preference Plan (MPP) sales all exceeding budget. Salaries and wages were over budget by \$62,060 due to overtime related to first quarter storm activity and additional IT labor. Burden was under budget by \$86,465 due to turnover and a State Accident Insurance Fund (SAIF) dividend payment. Material and services expenses were over budget by \$70,725 for the year. This overage is mainly related to IT contract services and software related to the cyber-attack, deicer/sanding cinders and windstorm cleanup.

Legal fees were over budget by \$166,758 for the year. There was a total of \$276,149 in interest income earned in 2019. \$1,944,335 was spent on the Abbot Beaver Circle and road projects in 2019. A combined total of \$1,791,482 was spent on the Abbot/Beaver project in 2018 and 2019.

Total assets as of December 31, 2019 were \$30,023,244. Cash and investments totaled \$14,902,200 an increase of \$1,949,035 from November. This increase is a result of annual maintenance dues payments and Recreation Plus Program sales. As of December 31, 2019, a total of \$14,470,441 was invested with First Interstate Wealth Management. Over \$2,000,000 was received in December for 2020 maintenance dues, MPP and RPP plans and was recorded as deferred revenue on the balance sheet.

December 31, 2019 (Unaudited)	
TOTAL REVENUE	<u>ACTUAL</u> \$11,835,372
TOTAL EXPENSES	\$11,629,597
OPERATING FUND SURPLUS	\$ 205,775

Director Beenen moved to approve the unaudited financial statements for December 2019. Seconded by Director Schmid, the motion passed unanimously.

For the month ended January 31, 2020, there was a net operating deficit of \$157,537, which was \$41,014 better than budget. Total operating revenues were over budget by \$7,504 mainly due to positive variance in SHARC swim lessons, sledding hill revenue and design review fees. Salaries and wages were over budget by \$11,321 as a result of overtime in public works for snow plowing in January. Materials and services were under budget by \$38,951 due to timing of invoices for month-end. Legal fees are under budget by \$9,500.

Total assets as of January 31, 2020 were \$34,851,421. Cash and investments totaled \$17,533,703, an increase of \$2,631,503 from December. As of January 31, 2020, a total of \$17,020,930 was invested with First Interstate Wealth Management. Approximately 2,300 owners have prepaid the 2020 maintenance assessment.

January 31, 2020 (Unaudited)

	<u>ACTUAL</u>
TOTAL REVENUE	\$815,930
TOTAL EXPENSES	\$973,467
OPERATING FUND SURPLUS	\$(157,537)

Director Beenen moved to approve the unaudited financial statements for January 2020. Seconded by Director Schmid, the motion passed unanimously.

GENERAL MANAGER'S REPORT

GM Palcic discussed his General Manager's January 2020 Activity report noting some of this information may be old news for some.

The committee appointed to find a replacement for GM Palcic was successful in finding James Lewis to fill that position. Mr. Lewis started last Monday, February 10th. Mr. Palcic will be around for the next couple months to help him get up to speed.

Staff reviewed legislation introduced in Salem and set priorities for tracking and advocacy. Staff have testified on three bills to date, two wildfire mitigation related and one relative to rural broadband and appeared in county court relative to matters regarding land use and a proposed assisted living facility.

Staff attended and provided input at a recent Judicial Council hearing. Planning is underway for a Board retreat to be held this spring.

All employee annual performance evaluations were completed.

Accounting staff has been busy entering all the 2020 budget figures into the accounting software, closing out 2019 financials and processing a large number of annual payments from owners.

IT staff assisted in gathering and submitting the necessary data required by Energy Trust of Oregon for the Association to receive \$37,000 in rebates for the control systems put in place at SHARC to reduce energy use overall. IT staff has installed the long awaited 50 Mbps internet connection. IT staff also assisted the Community Development Department with the installation of a kiosk area including a large screen monitor where plans can be pulled up and displayed, which is proving to be very useful when staff is consulting with owners on a project.

The Communications Department staff continues to explore alternate printing sources for the monthly printing of the Scene.

The new website will be launched in the next couple of weeks and all department staff have been extremely busy making sure the site is ready to go. Staff completed the 2020 updates to all SROA handout materials and worked on graphics for the SROA Sustainability Committee.

The milder weather has kept submittal and construction permit activity in the Community Development Department strong for this time of year. Staff compiled the 2019 year-end statistics for Sunriver. Staff also worked on suggested changes to the Design Manual of Rules & Regulations.

The Natural Resources Department performed administrative tasks including closing out paperwork for 2019 and planning for 2020. Staff processed private property ladder fuel reduction inspection data and

entered it into GIS. Planning for 2020 Arbor Day is underway. Staff received confirmation of SROA 's 40th year as a Tree City U.S.A. award.

The Public Works Department reports the new restroom at Fort Rock Park is scheduled to open on March 1st. Crews continue to work on cleaning up downed trees from the wind event last year. Staff members have been doing a lot of root removal along pathways.

Public Works staff members helped with prep work prior to the rock blasting at the North Pool and have completed the North Pool fence realignment. Final landscape planning for the new Abbot/Beaver circle is underway.

The Recreation Department staff have been very busy with Recreation Plus (RPP), Member Preference (MPP), extended family, and long-term renter updates and purchases.

The Home Expo Show will be held at SHARC on April 4th and the Deschutes County Community Development Department will have reps on hand to assist owners in learning how to use the Deschutes County Property Information Application (DIAL) as well as the e-permitting systems the county has in place on their website. GM Palcic also noted county staff is planning to provide a session for local contractors on the permitting process at some point in the future.

Copies of GM Palcic's entire report were included in the Board binders.

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 Burford reported the police and fire chiefs presented their annual reports at Thursday's regular monthly meeting. The reports are well done and will be posted on the District website; www.sunriversd.org, where links will be provided on the home page to each report.

Copies of the approved minutes from the December 19, 2019 SSD Board meeting were included in the Board binders.

BOARD ACTION COMMITTEE APPOINTMENTS

There were no appointments or resignations this month.

BOARD ACTION 4th QUARTER CAPITAL ACQUISITIONS TRANSFER

Director Beenen moved to approve the transfer of \$264,497.48 from the Reserve Fund to the Operating Fund for the 2019 fourth quarter acquisitions. Seconded by Director Bigham, motion passed unanimously.

BOARD ACTION 2019 SKYPARK END OF YEAR TRANSFER

Director Beenen moved to approve the transfer of \$46.90 from the operating account to the Skypark Reserve Account for the year ending December 31, 2019. Seconded by Director Bigham, motion passed unanimously.

BOARD ACTION FIRST READING SR RULES & REGULATIONS PROPOSED CHANGES TO SECTIONS 2.06, 3.01 & 4.02

GM Palcic noted that as was discussed yesterday at the work session, the changes being proposed come as

a result of a recent review of the SR Rules & Regulations by the SROA Covenants Committee and based on the recommendations/suggestions that came out of the yearly meeting between SROA and the Sunriver Service District (SSD).

The proposed changes will be posted on the SROA website, www.sunriverowners.org > News & Notices, for a minimum of sixty (60) days and will be published in the Sunriver Scene. Owners will be provided an email address to submit input. All comments received will be provided to the Board of Directors for review.

Director Schmid moved to approve a first reading to the Sunriver Rules & Regulations proposing revisions to Sections 2.03, 3.01 & 4.02. Seconded by Director Beenen, motion passed unanimously.

BOARD ACTION
RESOLUTION 2020-001

Director Nelson moved to approve Resolution 2020-001 authorizing General Manager James Lewis to act as an authorized signatory on Sunriver Owners Association Accounts as defined in the SROA Bylaws and in accordance with the Board adopted SROA Financial Policies. Seconded by Director Bigham, motion passed unanimously.

OTHER BUSINESS

President Mobley reported that Director Beenen will be joining the Telecommunications Task Force effective immediately. GM Palcic will coordinate with Director Beenen on future meeting dates and times.

OTHER BUSINESS

SR BREWING TENNANT IMPROVEMENT SANS A NEIGHBORHOOD MEETING

The Sunriver Brewing Company wishes to add approximately 120 square feet to an existing storage area on the backside of their kitchen to accommodate more cold storage and provide coverage for grease recycling and bulk CO₂. In addition to providing more storage, the expansion will clean up the appearance of the location. While clearly understanding the need for oversight, the current process would prohibit completion of the project prior to the busy summer season. Sunriver Brewing has already received approval from Rediscover Sunriver Village to go ahead with this expansion and is in hopes that SROA will consider exempting this project from the neighborhood-meeting requirement.

GM Palcic provided an explanation of the SROA Design Manual Neighborhood-Meeting rule, Section 30.01, which was originally developed to provide a constructive forum for a developer of a large-scale project to receive design input on their concept prior to submitting to the SROA Design Committee. The intent of the neighborhood-meeting rule is to provide individuals not associated with the project to provide design and mitigation insights to the project developer so that such input could be incorporated into the future plans to be submitted to the Design Committee.

The neighborhood-meeting rule, as currently written, includes a type of catch-all trigger for when such a meeting shall be required. This trigger point for the neighborhood rule is activated when and if Deschutes County requires a county site plan review. If the county does require a county site plan review, then Section 30.01 of the SROA Design Manual would apply.

However, the requirement for neighborhood meetings also flags many projects that are so insignificant that no substantive neighborhood input could be garnered through the process. In other words, a rule that was developed to allow for neighbor input in the designing stages of a major project such as a complete mall redevelopment, is now being applied to a 200 square-foot storage area.

The Board held discussion on the existing rule and were in agreement with the general manager that the

existing Design Manual Rule 30.01 should be revisited and modified to prevent situations such as this one from happening in the future.

Director Bigham moved that the Board recommend to the Design Committee, the granting of a one-time exemption to the SROA Design Manual Rules (Section 30.01) regarding the conducting of a neighborhood meeting. Seconded by Director Burford, motion passed unanimously.

OTHER BUSINESS

Hugh Palcic announced that now that his employment with SROA is coming to a close, he is going for one of his bucket list items which is to run for a state senate seat. Mr. Palcic will be running for Oregon District 28, which encompasses all of Klamath and Crook counties and parts of Deschutes, Jackson and Lake counties. The Board wished Mr. Palcic great success on his next adventure.

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

Director Nelson moved to adjourn the meeting. Seconded by Director Beenen, the motion passed unanimously.

The meeting adjourned at 10:38 A.M.

Respectfully Submitted,

Gary Bigham, SROA Secretary