SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM
February 16, 2019

DIRECTORS PRESENT: Mike Gocke, Jim Fister, Jackie Schmid, Brad Skinner, Keith Mobley
Bob Nelson, Jim Adams, Gary Bigham & Richard Wharton

STAFF: Hugh Palcic & Mark Smith

OWNERS IN ATTENDANCE: 2

The Board of Directors meeting was called to order at 9:01 am by President Nelson.

 Owners Forum: Bob Stillson, 10 Belknap Lane, shared a brief observation as to how well SHARC was developed. Mr. Stillson also encouraged the General Manager and the Board to seek out opportunities to introduce rank and file SROA staff to the membership. In addition, Mr. Stillson cautioned the SROA Board in making an emergency decision relative to permitting owner and tree contractors from accessing commons with vehicles. Lastly, Mr. Stillson shared his viewpoints relative to the complexities facing SROA regarding items such as land use and water and sewer matters and wanted to make sure that the Board has provided the General Manager with the appropriate resources for experts and legal representation in such matters.

RECAP OF FEBRUARY 15TH BOARD WORK SESSION
President Nelson reported the Board held their monthly work session yesterday and as everyone in the room today was present at that work session, he felt no need to do a recap.

ACTION ITEM

MINUTES

President Nelson asked for a motion to approve the minutes of the January 18, 2019 SROA Board Work Session.

Director Gocke moved to approve the minutes of the January 18th Board Work Session as written. Seconded by Director Adams, motion passed 8 yea votes and Director Wharton abstaining as he was not present at that meeting.

President Nelson asked for a motion to approve the minutes of the January 19, 2019 SROA regular Board Meeting.

Director Mobley moved to approve the minutes of the January 19th Regular Board Meeting as corrected. Seconded by Director Gocke, motion passed with 8 yea votes and Director Wharton abstaining as he was absent from that meeting.

FINANCIAL

Treasurer Gocke referenced Controller Joe Healy’s December 2018 report noting at the end of 2018 there was a net operating surplus of $21,377, which was $21,141 better than budget. Program revenues were under budget by $72,954 mainly due to SHARC admissions, cancellation of Adventure Camp and Recreation Plus Plan (RPP) and Member Preference programs falling short of their budgeted goals. Other income was over budget by $17,030 due to ROW fees from Bend Broadband.
Salaries and burden were under budget by a combined total of $75,080. The year-end burden rate was 32.5% compared to a budgeted rate of 34.1%. Materials and services were over budget by $34,303 which includes $47,235 in repairs done on the administration, public works and fire station roofs from the 2016 winter storm damage. These costs were offset by insurance proceeds that were recorded as revenue. Treasurer Gocke noted we will see insurance claim processes again this year as a result of the January 23, 2019 wind storm.

$168,833 was generated in operating and reserve interest income in 2018. Treasurer Gocke noted some of this is due to the change in investing and the modest rise in interest rates that benefited SROA. GM Palcic commented on the hard work of Controller Healy in birddogging expected expenses department by department on a monthly basis. The $75,000 budgeted contingency was not used in 2018. The final cost of the first tunnel project was $407,434. For the year, there was $750,345 and $750,418 spent on the Abbot/Beaver and road projects respectively.

Total assets as of December 31, 2018 were $30,829,345. Cash and investments totaled $13,396,252 and increase of $2,412,850 from November as a result of annual assessment payments and RPP signups. Treasure Gocke also provided a breakdown of the investment’s summary for the Board.

<table>
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<tr>
<th>December 31, 2018 (Unaudited)</th>
<th>ACTUAL</th>
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<tr>
<td>TOTAL REVENUE</td>
<td>$11,024,245</td>
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<tr>
<td>TOTAL EXPENSES</td>
<td>$11,002,868</td>
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<tr>
<td>OPERATING FUND SURPLUS</td>
<td>$21,377</td>
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Director Fister moved to approve the unaudited financial statements for December 2018. Seconded by Director Wharton, motion passed unanimously.

Treasurer Gocke reported for the month ended January 31, 2019, there was a net operating deficit of $57,253, which was $57,583 better than budget. This is a normal occurrence in January due to seasonality and timing of certain payments due at the beginning of each year. Program revenues were ahead of budget by $31,507 mainly due to RPP and recreation revenue pacing ahead of schedule. Salaries and burden were over budget by $22,431 mainly due to additional labor in public works related to a weekend snow event and wind storm damage. Material and services were under budget by $39,923 due to timing of invoices. $21,961 in interest income was generated in January.

Total assets as of January 31, 2019 were $33,362,024. Cash and investments totaled $15,893,623, an increase of $2,497,371 from December as a result of annual assessment and RPP signups. Over 2,650 owners have paid their annual assessments in full for 2019. $300,000 was transferred from the SHARC reserve account to operating for the Interfund loan reducing the balance due to $413,625.

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<th>January 31, 2019 (Unaudited)</th>
<th>ACTUAL</th>
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<td>TOTAL REVENUE</td>
<td>$800,470</td>
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<tr>
<td>TOTAL EXPENSES</td>
<td>$857,723</td>
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<tr>
<td>OPERATING FUND SURPLUS</td>
<td>($57,253)</td>
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Treasurer Gocke moved to approve the unaudited financial statements for January, 2019. Seconded by Director Bigham, motion passed unanimously.
GENERAL MANAGER’S REPORT
GM Palcic discussed his General Manager’s January 2019 Activity report. He reported staff has updated all Association forms for 2019. As was previously reported, staff did an excellent job handling all the incoming calls related to the January wind event and prepared an action plan for clean-up. Also reported on yesterday were the two listening session held in the valley relative to the future of the North Pool.

GM Palcic noted the hard work of HR employees Leslie Knight and Kellie Allen as well as all the other members of the Employee Safety Committee. Mr. Palcic was pleased to report that Department of Labor 2018 Summary Report of Work-Related Injuries & Illnesses found only one SROA non-medical transport/work time-loss injury. That equates to one injury in 145,192 work-hours recorded for 2018.

The Accounting Department has processed over 2,600 annual payments so far this year and more are trickling in. Controller Healy is working with the IT Department to make the transition to the Jonas software as painless as possible. Work continued on finalizing the change of the Association’s banking from Bank of America to First Interstate. Controller Healy is working with our insurance company regarding the wind event claim.

In Communications, February was the first run, using staff, for the delivery of the Scene. The Scene’s are picked up at the Bulletin and a significant portion are delivered to Moonlight Mailing for owner mailed Scenes and the rest are put on racks throughout the community. GM Palcic delivered the February issue and the effort took approximately 3.5 hours. He very much enjoyed seeing and/or meeting business owners throughout the community.

The Websites saw a lot of activity with weather, tree markings/flagging and how to reach staff being the most popular pages. There were more than 1200 visits on January 23rd, the day of the big wind storm. GM Palcic thanked Communications Director Susan Berger for her efforts in doing email blasts to owners during and after the January wind event. There are currently 2,597 activated owner accounts.

Susan is also busy working on an Emergency Alert System website to coincide with the start of a community-wide educational campaign which the fire and police chiefs will kick-off at the Home Expo that will be held at SHARC on Saturday, April 6th from 9am-noon.

The Community Development Department was seeing a good number of submittals and strong construction permit activity in the first half of January while the weather was still mild. Marty Seamons, SROA’s new Code Enforcement Officer, has transitioned nicely into the position vacated when Shane Hostbjor retired at the start of the month.

The IT Department worked with the Recreation Department in setting up new Point of Sale buttons for fitness. Staff continues to work on the fitness room TV channels at SHARC. Some equipment has been replaced and staff is working on finding a solution for sub-standard equipment provided by Bend Broadband. IT staff is working closely with the Accounting Department on the transition to the Jonas accounting software.

The Natural Resources Department staff assisted the Public Works Department staff during and after the wind-storm of January 23rd. Hazard trees have been identified on both private properties and on commons. Staff has also responded to numerous requests for site visits and tree removal permits. Natural Resources Director Patti Gentiliuomo has coordinated clean-up efforts with private contractors as well as county and state agencies. Planning has started for 2019 Arbor Day activities.
The Public Works Department has been extremely busy with post wind-storm clean up and more recently with snow removal. This has sidelined a number of indoor projects such as refurbishing picnic tables, splitting firewood and geotechnical drilling for tunnels.

Staff also completed post wind-event facilities checks on all SROA facilities and damages have been documented for the insurance claim.

The Recreation Department has seen greater participation in the RPP and Member Preference Program (MPP) than at the same time last year. The Adventure Camp building inventory has been completed and a plan for asset disposal of old camp supplies is being developed. The indoor pool temperature has been slowly raised from 84 to 86 degrees due to the consistent complaints from guests that it is too cold and staff have received a number of compliments on the warmer water.

GM Palcic noted again the upcoming Home Expo on April 6th. This event has grown year after year. A number of staff members do an excellent job in providing educational talks. Community Development Field Specialist Claire McClafferty provides an excellent overview of the Design Committee and Natural Resources Department, which is very educational especially for new owners or existing owners wishing to do an exterior home project. The Owner Enrichment Committee plans to do a property tour for interested parties that day.

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

LIAISON AND COMMITTEE REPORTS
Copies of the minutes received from committees who met last month were included in the Board binders.

SUNRIVER SERVICE DISTRICT (SSD) REPORT
Director Fister reported the monthly reporting from the Fire Department has changed to a new format that provides more detail than the previous format. SSD Admin staff continues work on improving cyber security insurance.

SSD representatives attended the January 30th Harper Bridge discussion. The SSD will remain an active background participant in how that is decided. The SSD has taken a very strong stance, backed by the Deschutes County Sheriffs Department, on patrols and how those would be done. They continue to do some background negotiating on how problems can possibly be solved. Unfortunately, the January 30th meeting did not make any real progress.

At the request of SSD leadership the fire and police departments recently did a vehicle inventory. One item of note, is that having the ladder truck in the fire department allows for an insurance rating of a 3 instead of the 4 we would receive if we no longer had the ladder truck.

The SSD is going to be providing tablets for all their board members to utilize during their monthly meetings significantly reducing the amount of paper used each month.

Director Gocke commented the SSD Budget Committee will be meeting on February 22nd at the Fire Station. This meeting is open to the public and owners are welcome to attend.

GM Palcic reported on his recent monthly meeting with the police and fire chiefs where they discussed the recent wind event and that some training opportunities for some of the fire fighters have come out of those discussions. Additionally, discussion was held on how to improve coordination and response collaboratively during events such as this in the future.
President Nelson commented on his monthly meeting with SSD Managing Board Chair Ron Schmid and how beneficial those meetings are proving to be. He appreciates the collaboration between SROA and the SSD staffs in updating the emergency operations plan. Director Fister noted he often hears comments about evacuating Sunriver and that the problem in a major evacuation will not be getting out of Sunriver, it will be getting vehicles onto Highway 97. President Nelson noted the proposed expansion of Caldera will further impact that type of situation.

Copies of the approved minutes from the December 13th SSD Board meeting were included in the Board binders.

**BOARD ACTION**

**COMMITTEE & TASK FORCE ACTIONS**

Director Bigham moved to approve the appointment of Ken Bartell as an alternate member of the Design Committee. Seconded by Director Wharton, motion passed unanimously.

**BOARD ACTION**

**2018 – 4TH QUARTER CAPITAL RESERVE FUND TRANSFER**

Director Gocke moved to approve the transfer of $682,283.70 from the Reserve Fund to the Operating Fund for the 2018 Fourth Quarter Acquisitions. Seconded by Director Mobley, motion passed unanimously.

**BOARD ACTION**

**2018 SKYPARK END OF YEAR TRANSFER**

Skypark owners pay special assessments each year in addition to regular maintenance assessments for maintenance of their tarmac and taxiway. Special assessment revenues less actual expenses incurred, which include a loan due from the Skypark Reserve Fund to the SROA Operating Fund, are reconciled each year and the net surplus or deficit is transferred between bank accounts.

Director Gocke moved approval of the transfer of $11,038.73 from the operating account to the Skypark Reserve Account for the year ending December 31, 2018. Seconded by Director Adams, motion passed unanimously.

**BOARD ACTION**

**FOREST SERVICE MOUNTAIN BIKE TRAIL LIAISON**

SROA has supported the USFS initiative for improving the recreation opportunities within the forest adjacent to the Sunriver community for some time now. With NEPA (National Environmental Policy Act) studies complete and the project authorized by the USFS, implementation of the project is set to occur in 2019. As a major stakeholder in this endeavor, SROA wishes to continue its participation and will need to have a liaison assigned to the project.

Director Skinner moved to appoint Scott Hall as the SROA Board Liaison to the US Forest Service Sunriver Trails and Kev Elk Area Project. Seconded by Director Wharton, motion passed unanimously.

**OTHER BUSINESS**

**BOARD ACTION**

**NORTH POOL CONCEPTUAL DESIGN & COSTING (PHASE I)**

The SROA North Pool Task-Force and staff recently conducted a competitive RFP process whereby it was determined that the architectural firm of Mackenzie was determined to be the best fit for the project. This selection has been forwarded to the SROA Board as the staff and task-force’s recommendation.

Director Adams moved to authorize President Nelson to finalize and execute a contract for conceptual architectural and cost estimating services for the North Pool renovation with the architectural firm of Mackenzie Architecture. Seconded by Director Gocke, motion passed unanimously.
Director Fister thanked the task-force for their very thorough analysis of the information they provided to the Board.

**BOARD ACTION**

**SUNRIVER YOU CLUB**

SROA policies require that any official club, group or organization wishing to use the Crescent Meeting Room at SHARC with no fee associated be recognized and approved by the SROA Board. Representatives of the Sunriver You Club have submitted the necessary paperwork and meet all the requirements of the SROA policy.

Director Wharton moved to approve “Sunriver You” as an official SROA recognized Club/Organized group for the purposes of utilizing the SHARC facilities to conduct meetings and learning opportunities for the Sunriver community. Seconded by Director Bigham, motion passed unanimously.

**Meeting Debrief:** President Nelson commented he had heard from one more board member relative to desired characteristics for board members for the next election. He will now compile those and get them off to the Nominating Committee. President Nelson also encouraged his fellow Board members to contact folks they feel would be good board members and encourage them to run.

GM Palcic reported the Telecommunications Task Force held their first meeting yesterday and met with some folks in the industry that Director Skinner suggested they meet with. The meeting went very well and we are on the right track going forward.

GM Palcic spoke on behalf of himself and his staff in thanking the Board for their continued support of the staff. It does not go unnoticed and it is very much appreciated.

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

**Director Bigham moved to adjourn the meeting.** Seconded by Director Schmid, motion passed unanimously.

The meeting adjourned at 10:50 a.m.

Respectfully Submitted,

Gary Bigham, SROA Secretary