SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM
July 20, 2019

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

STAFF: Hugh Palcic & Susan Berger

OWNERS IN ATTENDANCE: 9

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

Owners Forum: Kate McKenzie, 12 Quartz Mtn. Lane, raised concerns regarding the noise issue
apparently originating from the Sunriver Fitness and Aquatics facility. She also urged the Board to
address hot tubs in the community that are failing and causing unnecessary noise.

Suzanne & Dale Adkins, 20 Lassen Lane, provided the Board with information relative to noise ordinance
(state, county and SROA) and made the Board aware of the aforementioned noise issue originating from
the Sunriver Fitness and Aquatics facility. In addition, they recommended to the Board that an ad-hoc
committee be formed to reconcile the various noise codes and laws.

Carol Holzer, 9 Blue Grouse Lane, voiced concerns about noise pollution as well. Ms. Holzer shared
concerns with the Board regarding the use of large, air-inflated bouncy houses at Fort Rock Park and
recommended that the Board prohibit such uses within the park.

Owner Forum Follow-up from Previous Month’s Meeting
Vice President Wharton reported Dick Luebke, 11 Vista Lane voiced his support of work of the
Telecommunications work-group and of the fiber to the home in general. Mr. Luebke stayed to hear an
update from IT Director Brad Olson on the work-groups efforts to date.

Paul Conte, 8 McKenzie Lane suggested the Board consider doing an independent review of the Design
review process based on input he had from unnamed individuals who were unhappy with the current
process. The Board Liaison, Design Committee Chair and SROA staff have been made aware of Mr.
Conte’s concern and are holding discussions about the process.

Recap of July 19th Board Work Session
President Nelson reported the Board held its monthly work session yesterday and received
recommendations from the SROA Nominating Committee for individuals to fill the open positions on the
SSD (Sunriver Service District) Managing Board. The Board heard updates on the Admissions Model
work group, the North Pool and IAMP (Infrastructure and Amenities Master Plan) task forces and the
Telecommunications work-group. The Board held a lengthy discussion on proposed changes to the Owner
Enrichment Committee charter and agreed to have Director Adams, the liaison to the OEC re-work the
charter and bring it back to the Board for action in August. The Board held a discussion on the agenda for
this year’s annual meeting, which will be held on Saturday, August 17th at 1:00 p.m. in the Dillion Room
at SHARC.
President Nelson asked for a motion to approve the minutes of the June 14, 2019 SROA Board Work Session.

Director Gocke moved to approve the minutes of the June 14th Board Work Session as corrected. Seconded by Director Wharton, motion passed unanimously.

President Nelson asked for a motion to approve the minutes of the June 15, 2019 SROA regular Board Meeting.

Director Mobley moved to approve the minutes of the June 15th Regular Board Meeting as written. Seconded by Director Wharton motion passed unanimously.

Treasurer Gocke reported that for the month ending June 30, 2019, there was a net operating surplus of $118,898, which was $105,998 better than budget. Total revenues were over budget by $174,089 due to an initial payment from the LUBA (Land Use Board of Appeals) settlement with Caldera. Both Recreation Plus and Member Preference program revenue continued to trend ahead of budget. Salaries and associated burden costs were under budget by a combined $23,966 due to open part-time positions in Recreation and an open mechanic position in Public Works. Materials and services were over budget by $81,618 due to Melissa Etheridge deposit payment, consulting fees to migrate SROA to Office 365, and timing of invoices.

For the six months ended June 30, 2019, there was a net operating surplus of $243,564, which was $310,711 better than budget. Total revenues were over budget by $337,834 due to the above-mentioned settlement payment, insurance proceeds from winter storm events and Recreation Plus Program/Member Preference revenue. Recreation Plus revenues are currently $46k over the annual budget. Salaries and wages were over budget by $43,666 due to additional overtime in Public Works related to the wind and snow events and increased vacation accrual. Materials and services were under budget by $36,405 through the first six months due to timing of budgeted expenditures. There was $152,507 in total interest income earned through the first six months of 2019.

Total assets as of June 30, 2019 were $32,128,010. Cash and investments totaled $15,080,620, a decrease of $154,876 from May. As of June 30, 2019, there was a total of $10,019,007 invested in short-term Treasury Bills.

Treasurer Gocke reported that the Finance Committee, at their meeting on Wednesday, heard a presentation from representatives from 1st Interstate Bank on Investment Management and the services they provide to manage investments for companies such as SROA. While there is a cost associated with their services, the cost would be offset greatly by the fact that changes to the portfolio would be facilitated in a timelier manner. The committee agreed that they would like to see a proposal from 1st Interstate for said services that can be reviewed, first at the committee level, and then at the Board level. Vice President Wharton commented that he fully supports the service these folks are offering. He noted that, in his opinion, it is not only the Board’s fiduciary duty to take action on this item but it’s past time to take this added function off the SROA Controller’s duties and engage the services of a professional broker to facilitate things going forward.
June 30, 2019 (Unaudited)

<table>
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<th>ACTUAL</th>
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<tr>
<td>TOTAL REVENUE</td>
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<tr>
<td>TOTAL EXPENSES</td>
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<tr>
<td>OPERATING FUND SURPLUS</td>
<td>$243,546</td>
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Director Gocke moved to approve the unaudited financial statements for June 2019. Seconded by Director Bigham, motion passed unanimously.

**GENERAL MANAGER’S REPORT**

GM Palcic discussed his General Manager’s June 2019 Activity report. He thanked Communications Director Susan Berger and Executive Assistant Becki Sylvester for all their hard work in getting the ballots and related materials out to owners.

The RFP process for a community telecommunications infrastructure conceptual plan and cost estimate are complete.

Appointed staff participated in the Sunriver Emergency Operations Drill.

SROA’s computer system experienced a cyber-attack at the end of June. Out of an abundance of caution, all SROA’s servers were taken off line to perform diagnostic checks. IT staff has been working with SROA’s insurance company’s incident response team to methodically conduct the diagnostic and eventual restart of the entire network. A report of the incident will be provided to the Board as soon as it is available from the incident response team.

The Accounting Department went live with the new Jonas software conversion on May 1st. May’s financial statements were run with the Jonas system. All went smoothly.

The IT staff noted thanks to expert assistance and direction from our insurance company’s incident response team. The IT team has been evaluating and restoring the network systems back on line. Much work is still to be completed.

In Communications, advertising revenue for the July Scene was $22,425, approximately the same amount as July 2019.

In June, the SROA website was visited by 15,000 users, an average of 533 people per day. There are 2,622 activated owner accounts. Most popular pages: weather, owner page, resource center and calendar.

The SHARC website was visited by 13,400 users with the most popular pages being rates, admission, outdoor pool and hours. 70% of users viewed the site on a mobile device.

The Sunriver Style website was visited by 3,400 users with the most popular pages being pathways, river adventures, fishing, what’s going on and river adventures. 59% viewed the site from a mobile device and 31% viewed on a desktop.

The Sunriver Tennis website was visited by 1,300 users with the most popular pages being clinics, lessons and facilities.

The new Sunriver Emergency website, [www.sunriveremergencyinfo.com](http://www.sunriveremergencyinfo.com), was visited by 176 users with the most popular pages being text alerts, emergency and evacuation pages.
The Sunriver Navigator realized 2,200 users last month, 1,500 of whom were new users (Apple report only). Most popular features were eats/treats, activity planner and weather.

Communications Department staff members Susan Berger and Linda Donahue have finished the final installation of the historical display and timeline at SHARC and GM Palcic invited all the Board members to stop by and have a look.

The Community Development Department staff spent much of their time facilitating brisk construction activity including a good number of owners submitting to paint their homes. The consulting architect RFP has been completed. Despite posting the position opening twice, we did not receive any new applicants. Staff will be meeting with the current consulting architect in the coming weeks to review the contract as well as acceptable procedures and practices.

The Natural Resources Department staff reported the 2019 LFR (ladder fuels reduction) efforts and tree thinning on commons has started and will continue over the next few months.

GM Palcic noted that Natural Resources Director Patti Gentiluomo recently took part in the Sunriver Emergency Operations Center Drill and added that Ms. Gentiluomo along with Mr. Palcic and Public Works Director Mark Smith are all part of SROA response team for emergency situations.

Natural Resources staff are very busy preparing for WOW (War on Weeds) which is scheduled for the week of July 26th to August 2nd. Volunteers are welcome and a picnic lunch will be held on Friday, August 2nd at Mary McCallum Park.

The Public Works Department continues working on post windstorm clean-up and chipping. As previously noted, some welcome upgrades have recently been completed at Mary McCallum Park.

The Abbot/Beaver project is nearing completion with landscaping and additional signage still outstanding.

The North Pool vessel and the kiddie pool vessel have both been repaired and filled for the summer. This is a very time-consuming task as the vessels continue towards full failure.

The Recreation Department opened a refreshment stand in the old Adventure Camp Building at Fort Rock Park on June 17th. The facility is open daily from 11 a.m. to 5 p.m. Recreation staff held their first all day pre-summer in-service and it was a huge success.

The kick-off to summer party at the North Pool was well attended with approximately 225 owners in attendance. Staff is considering an online reservation system for this type of event and hope to have something in place by next summer.

The Sunriver Solstice Tennis Tournament was very successful again this year with over 300 plus registrations. GM Palcic expressed his thanks and gratitude to Tom and Jill Wimberly for their volunteer efforts in making this tournament a success.

Full-time staff were tasked with developing a new seasonal staff orientation. The ten full-time staff members did a great job working together to develop a new interactive and engaging orientation for those incoming and seasonal employees.
As of yesterday afternoon, we are officially sold out for the upcoming Melissa Etheridge concert, which will be held on July 24th at SHARC.

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 Fister reported there was a plane crash in Sunriver on June 22nd involving two Sunriver residents and unfortunately one fatality. Emergency personnel responded, including mutual aid, and there were no additional issues as a result of the rescue and recovery efforts.

Wildland training with ODF (Oregon Department of Forestry) has started for the season. The Fire Department is offering Open House events every Friday from 1-3 p.m. during the summer months.

Scott Vincent was recently sworn in as a sergeant at the Police Department. Officer Justin Ciampi has completed his field training and Officer Taylor Ross is close to completing his as well. There is still one open officer position that closes on August 1st and the response has been robust.

Director Fister thanked SROA for having the “No Fireworks” signs made up. The bike patrol placed them in key spots throughout the community and they definitely had an impact as there were only six calls received on July 4th, two of which were for open flame violations and four were for actual fireworks. In comparison, the Bend Police Department received over 150 calls, which speaks to the effectiveness of the signs.

The Pacific Crest Event went very well this year.

McKenzie Architects have completed their assessments of the current fire and police buildings and their report should be available soon.

Director Gocke reported the SSD operates on a fiscal year that ended on June 30, 2019 so the Managing Board reviewed their year-end financials at their meeting on Thursday. The year closed slightly better than originally planned and there was no need to draw down on the contingency account. The yearly audit process will begin soon.

Copies of the approved minutes from the May 16th SSD Board meeting were included in the Board binders.

**BOARD ACTION**

**COMMITTEE APPOINTMENTS**
Director Wharton moved to accept the appointments of Theresa Ciccolo as a full-time member and Brenda Chapin & Lenora Salomon as alternate members of the Election Committee and of Pat Hensley to the Nominating Committee. Seconded by Director Bigham, motion passed unanimously.

**2nd QUARTER CAPITAL ACQUISITIONS TRANSFER**
Director Gocke moved to approve the transfer of $1,080,966.13 from the Reserve Fund to the Operating Fund for 2019 second quarter acquisitions. Seconded by Director Mobley, motion passed unanimously.
RESOLUTION 2019-003 SSD MANGING BOARD POSITION #3
Director Wharton moved to approve Resolution 2019-003 recommending to the Deschutes County Commissioners the appointment of Ron Stephens to Position 3 of the Sunriver Service District Managing Board for a three-year term beginning September 1, 2019 and ending August 31, 2022. Seconded by Director Schmid, motion passed unanimously.

BOARD ACTION
RESOLUTION 2019-004 SSD MANGING BOARD POSITION #4
Director Wharton moved to approve Resolution 2019-004 recommending to the Deschutes County Commissioners the appointment of Bill Hepburn to Position 4 of the Sunriver Service District Managing Board for a three-year term beginning September 1, 2019 and ending August 31, 2022. Seconded by Director Gocke, motion passed unanimously.

The Board acknowledged and thanked the Nominating Committee for their efforts in recruiting these qualified candidates.

OTHER BUSINESS
SUNRIVER AIRPORT EASEMENT AGREEMENT REQUEST
GM Palcic reported the Sunriver airport is under new management and some changes are being made to the length and width of the runway and taxiway. A portion of the necessary runway zone falls onto SROA property and the Association has been contacted by SRLP representatives regarding their desire to have an easement granted that guarantees nothing will be built or placed in that runway zone. GM Palcic noted that if the Board is okay with him moving forward on this request, he will facilitate the next steps and bring the easement back to the Board at a future meeting for approval. The Board directed the general manager to proceed on this issue.

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

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

The meeting adjourned at 10:41 a.m.

Respectfully Submitted,

Gary Bigham, SROA Secretary