SUNRIVER OWNERS ASSOCIATION
ANNUAL MEETING
DILLION ROOM
August 17, 2019

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

DIRECTOR ABSENT: Jim Fister

STAFF: Hugh Palcic, Keith Kessaris, Mark Smith, Susan Berger, Jesus Mendoza, Patti Gentiluomo, Becki Sylvester, Jacki Bue & Brad Olson

The Annual meeting of the association’s members was called to order at 1:00 pm

Owners in attendance: 170

WELCOME & PRESIDENTS MESSAGE
President Nelson welcomed everyone present, thanked them for attending the meeting today and provided an outline of today’s meeting agenda. As was done last year, the agenda is being kept shorter than in year’s past and will be followed by an Open House event that will have several different information stations set up for owners to visit while enjoying some light refreshments.

One major development over the past year is that the Resort is now part of the Hyatt Corporation. Although we don’t know yet how that may affect daily Resort operations, working together is important as the Resort needs to be successful. The second major thing that happened this year is that the water and sewer company was sold to NW Natural Water, a subsidiary of NW Natural. Association leadership has met with NW Natural leadership to discuss the direction NW Natural is heading and our commitments to the community.

President Nelson reported on the mountain biking trails that are being developed adjacent to Cardinal Landing Bridge and which will eventually tie into the Phil’s Trail system. This effort by the United States Forest Service, Bend/Fort Rock Ranger District will increase areas of undisturbed core elk habitat while also providing recreation opportunities. This will be accomplished by concentrating human disturbance in areas where disturbance already exists and is likely to continue. Trails will be located parallel to open, existing trails and approximately 6.5 miles of other man-made roads will be decommissioned.

President Nelson reported that the Board, at their regular monthly meeting earlier today, approved a motion authorizing incoming President Keith Mobley to finalize and execute the necessary paperwork with Deschutes County and the carting company to facilitate upgrades to the current recycle center. GM Palcic went into more detail about this item in his report that followed.

President Nelson commented on the fantastic work of staff and the North Pool Task Force leading up to this year’s election. This is but one example of the effectiveness of using a small group of people with a specific assignment and deadline to meet. In addition to the North Pool Task Force, there is also currently an IAMP (Infrastructure & Amenities Master Plan) Task Force that is analyzing and, in some cases, updating every item in the current IAMP plan. The Board started actively using task forces and work groups on a more regular basis approximately ten years ago and have been very satisfied with the results of that decision.

It was announced that GM Palcic has informed the SROA President of his plans to leave SROA when his current contract expires in 2020. A task force, which includes former board members, current board members, community members and two non-voting SROA employees has been formed to facilitate this
succession plan.

**ELECTION RESULTS**

Secretary Bigham reported the election closed on Saturday, August 10th and three new board members, Gerhard Beenen, Mark Burford and Amanda Gray were elected to a three-year term running from September 2019 to August 2022.

Director Bigham further reported the ballot measure for the North Pool Complex passed with 1,913 yes votes and 248 no votes being cast which equates to an 86.8% passing rate. It was noted that staff will have a station setup at the Open House event following the meeting and will be available to answer questions owners may have about the next steps of the project.

Director Bigham also announced the SROA Board Officers for the next year:

President: Keith Mobley  
Vice President: Bob Nelson  
Treasurer: Gerhard Beenen  
Secretary: Gary Bigham

**BOARD RECOGNITION**

Director Bigham recognized the three outgoing Board members: Richard Wharton for nine years of service, Mike Gocke for six years of service and Jim Adams for three years of service. Director Bigham thanked them for their time, service and dedication to their community.

**TREASURERS REPORT**

Treasurer Gocke noted over the past six years he has attended more than 72 Finance Committee meetings and approximately that many board meetings. Mr. Gocke acknowledged several of the Finance Committee members in attendance and spoke to the dedication of this group noting their ability to offer and listen to differing opinions while always keeping what is best for the ownership as a whole central to their decisions. The committee meets on a monthly basis, their meetings are open to the public and owners are invited to attend if they are interested in learning more about how the Association’s finances work.

Mr. Gocke reviewed the balance sheet through the end of July 2019. The balance sheet shows the assets the Association owns in general categories along with the liabilities we owe. As of July 31, 2019, total cash and investments total $14,324,000. These are all the cash resources of the Association. Some of those resources and the use of that money is driven by the reserve plan. Every three years, we bring in a professional reserve specialist to conduct a full reserve study for the Association. That is key information for maintaining the quality of the Associations amenities and for reserve fund planning. We also have $1.3 million dollars that is designated as operating reserve or rainy-day fund designed to cover certain shortfalls at the SHARC facility should the need arise.

Treasurer Gocke referenced the accounts payable/accrued liabilities amount of $925,000 that reflects the Associations current debt. Mr. Gocke reviewed the income statement as of July 31, 2019, noting total operating revenue as of July 31st stood at $7,013,000 against a budget of $6,710,000 due in part to some non-operating settlements that were favorable. Additionally, we have seen an increase in the number of owners participating in the Recreation Plus Program and an increase in the number of Member Preference cards issued this year.

Operating related expenses through the end of July totaled $2,298,000, an increase over last year at this time and due to varying factors, such as the countless staff hours spent dealing with the wind event in January and the significant snow event in February along with an uptick in scheduled road & pathway expense. We saw substantial damage in several areas and have filed the necessary insurance claims.
Treasurer Gocke reviewed the breakdown of the current monthly maintenance fee of $128.35. Currently $53.85 goes to payroll & burden, $30.68 to materials & services, $37.02 goes into the reserves each month, $4.00 to legal & insurance and $2.80 to other.

The Association converted its accounting operations to Jonas software earlier this year after much study and deliberation on what software would provide the most flexibility and best serve the needs of the Accounting Department and the membership. Due to the careful preplanning of both the IT & Accounting Departments, the transition has gone very smoothly.

The Board, at their regular meeting this morning, approved engaging with First Interstate Wealth Management to administer SROA’s investments. All investments purchased shall adhere to SROA’s current investment policy and follow the main objectives of the preservation of capital, liquidity and rate of return.

Treasurer Gocke reported on the staff’s efforts this year to provide financial reports to the Finance Committee and the Board that are both easier to read and understand than the past reporting style. The feedback from participants has been positive and we are committed to continuing to try to improve that reporting.

Treasurer Gocke's full report will be posted to the SROA Website, www.sunriverowners.org.

**GENERAL MANAGERS REPORT**

General Manager Hugh Palcic thanked everyone in attendance today for taking time out of a beautiful August day to attend today’s meeting and asked the audience to give themselves a round of applause for caring enough about their community to attend today’s gathering. Mr. Palcic commented that this will be his last annual meeting with the Association and thanked the owners for their confidence in him and the opportunity to work for the Sunriver community over the past 20+ years.

Mr. Palcic thanked the three outgoing Board members for their time and efforts to this community which are greatly appreciated and don’t go unnoticed. To the newly elected Board members GM Palcic welcomes them aboard and looks forward to working with and getting to know them. Mr. Palcic also thanked the other candidates who ran this year for throwing their hats in the ring.

Since the last year’s annual meeting several things have happened that deserve recognition including the Abbot/Beaver intersection and new tunnel on Abbot Drive which again was an owner driven initiative. Mr. Palcic recognized Public Works Director Mark Smith and his team for their hard work and dedication to accomplishing this project with as little disruption to the community, both residential and business, as possible. Mr. Smith’s attention to detail and countless hours on the project have not gone unnoticed.

Additionally, due to careful planning and budgeting we were able to add the new tunnel on Abbot Drive thus eliminating a dangerous crosswalk. Mr. Palcic also recognized Communications Director Susan Berger for all her help in setting up the website specific to this project and assisting in messaging the different stages of the project along the way.

The unprecedented wind event that occurred in late January left approximately 1,800 trees down on private and common properties throughout Sunriver. Many structures, both private and Association owned received damage and staff continues to work through the back log of clean-up associated with this storm. The efforts of the Public Works crews this summer to tackle removing all downed limbs, branches, etc. are greatly appreciated.

Right on the heels of the wind event, we received a monumental snowfall in late February that left over 50 inches of snow in a four-day period and further complicated matters. So, again hats off to the hard work of the Public Works staff.
GM Palcic acknowledged and thanked the members of the North Pool Task Force for their hard work and efforts in looking at the North Pool Complex project from the perspective of what is best for the entire membership as well as their efforts in shepherding the project through to the election.

Additionally, the IAMP (Infrastructure & Amenities Master Plan) task-force has been hard at work identifying and applying a matrix grading system to all the Association’s amenities, both present and what is being proposed for the future. This has been a monumental task and their work will continue into the coming months. GM Palcic thanked this dedicated group of volunteers for their hard work on behalf of this community.

GM Palcic also referenced the Admissions Model Work Group who meet on a monthly basis to carefully monitor on a month-by-month basis, every admission program we have ensuring we have a handle on the complete cost of operations.

The Owner Enrichment Committee, which was originally appointed as an ad-hoc committee, recently received Board approval for a change in status to a standing committee. The committee’s updated charter was approved earlier today at the regular board meeting. The committee assists the Board, staff and the Association with developing, promoting, and evaluating programs and activities of a social, educational, cultural, and/or recreational nature for the benefit of all SROA’ owners.

Long overdue improvements to the recycle center may soon be a reality if owners approve. A special election will be held sometime this winter to ask owner approval to use money from reserves to make improvements to the location, which will then be paid back over a five-year period by the carting company and the county. There will be much more to come on this including listening sessions, neighborhood meetings and a voter’s pamphlet.

GM Palcic touched on the Association’s involvement and participation in the sale of the water and sewer company and reported he and outgoing President Nelson have met with the principals of the new operation on more than one occasion and are establishing a good relationship.

Some improvements were recently made to Mary McCallum park to better accommodate users with mobility issues and the Meadow Tennis court redo is complete including a new water fountain at that location. Parking and courts at the Cottonwood Complex have also seen some well received improvements in the past year.

The Melissa Etheridge concert in July at the John Gray Amphitheater was a great success and a sold-out event from which we have received a lot of positive feedback. This is the sixth ticketed concert that has been held at SHARC and they continue to grow in popularity.

The Source Weekly Newspaper lists SHARC as the “Best local attraction in Central Oregon” in their yearly “Best Of” edition that came out recently. This distinction is based on votes submitted by readers of the publication. Congratulations!

GM Palcic spoke to the financial strength of SROA noting we finished 2018 with a small surplus, received a clean audit, have fully funded the Operations Reserve Fund aka the Rainy Day Fund which is specific to SHARC operations and we continue to fund the Reserves adequately to reach our goal of being 70-100% funded while replacing assets on time.

What’s next? The North Pool project will commence shortly, permits are lined up and demolition will start on September 30th. GM Palcic thanked Assistant GM Keith Kessaris who has spearheaded and overseen much of the North Pool project to date.
The IAMP task-force was mentioned earlier. The Infrastructure and Amenities Masterplan is the roadmap for the future and Mr. Palcic encouraged attendees to make themselves familiar with the plan. The plan is posted on the SROA website; www.sunriverowners.org.

The Pathway Masterplan which dovetails in with the IAMP has elements that need to be tackled such as the lack of a pathway between Circles 2 & 3 and along both Meadow and Overlook roads.

Community-wide telecom improvements are being explored, a work-group has been assigned and they are meeting on a regular basis to work on this issue.

GM Palcic reported that we will undertake more tunnel replacements over the next several years. There are eleven more tunnels to replace and the current schedule calls for replacing one every other year. These replacements are already built into the reserves so owners will not be asked for additional monies to replace these tunnels.

GM Palcic noted his appreciation for the SROA employees. This group of people are dedicated to their jobs and this community and do a great job, so thank you to all SROA employees.

Lastly, Mr. Palcic referenced the SROA mission statement: “Maintaining Sunriver as a premier residential and resort community, protecting and enhancing its quality of life, natural environment and property values” and thanked those in attendance for our shared belief in that statement.

OWNERS FORUM

Pat Hanns, 1 Klamath Lane spoke to the importance of communication, connection, respect and cooperation between owners and suggested a committee be appointed to hear about concerns owners may have about the neighborhoods in which they live in Sunriver.

Mary Marson, 10 Pine Mtn Lane, commended the Public Works crews for their hard work this past winter, which received a rousing round of applause. Ms. Marson frequently walks on the pathways in Sunriver and is concerned about the number of encounters she has had recently with skateboarders and electric assist bikers causing her to take evasive action. She urged the Board to take a proactive role in addressing this issue before it becomes a bigger problem. Visitors seemed uninformed so perhaps there are better ways to get the basic rules and regulations into the hands of renters and visitors.

Frank Brocker, 5 Cedar Lane, questioned the fee structure for the use of the SHARC facility. Mr. Brocker feels since owners paid a special purpose assessment that should be sufficient to cover anytime an owner and/or their guests want to use any portion of the facility. If we are realizing a surplus, why should owners have to pay any money to use the facility or hold a function at the facility? Mr. Brocker feels this is a resentment builder.

Paul Conte, 8 McKenzie Lane, thanked the Board as well as all the other owners who volunteer their time to SROA. Mr. Conte encouraged the Board to consider a sustainability task force to explore energy efficiencies, outdated technology, etc. and which would also include materials used for building and repair of both residential and commercial buildings. Further, Mr. Conte feels there should be an independent review of the entire design review process.

Brad Banta, 17 Klamath Lane, is concerned about the street lights that are being swapped out to a much brighter light than the previous ones and in some cases are casting light directly onto homes. He would encourage the Board to do whatever it takes to keep our night skies viewable. Additionally, some of the new light posts that have installed were not installed properly and are now leaning.

Dave Legg, 18 Topflite Lane, read a letter from owners of Quelah Condo 25, the Pitera’s who could not attend today’s meeting. The Pitera’s are concerned about the impact that a covered cinder storage building
scheduled to be installed adjacent to the Public Works building as well as improvements to the recycle center will have on them and their property values.

Mark McConnell, 3 Tamarack Lane, referenced the mission statement and encouraged the Board to adopt sustainability practices and become a leading planned community in energy conservation in day to day operation policies, purchases and energy usage by staff and changes to rules and regulations that encourage energy conservation and sustainable practices. Mr. McConnell suggested the allowance of clothes lines would be a great place to start. Other ideas include solar panels, solar water heaters, a fleet of electric vehicles powered by solar generation and a community that sets the standard for sustainable living at its best.

Cindy McCabe, 13 River Village thanked the Board for the recent improvements to Mary McCallum Park and urged the Board to continue improvements at that location.

John Ross, Meadow House 82 echoed the thanks passed onto the Public Works Department staff for their hard work this past winter in keeping the roads clear of trees, branches, snow and ice. Mr. Ross is also concerned about electric assist bikes, dogs running loose and drones flying without permits. Mr. Ross urged the Board to work with the property managers and owners who rent their property out on their own to make sure their guests are informed of at least the basic rules of Sunriver.

Patty Klascius, 1 Ollalie Lane, inquired as to whether the recycle center will be staffed or not and regarding the IAMP, she suggested that once the plan is complete, a meeting like this one be held to allow owners the opportunity to hear about the different elements of the plan.

Meeting adjourned at 1:44 p.m.

Respectfully submitted,

Gary Bigham, Secretary