SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS WORK SESSION
SROA BOARD ROOM
November 15, 2019

DIRECTORS PRESENT: Bob Nelson, Gerhard Beenen, Keith Mobley, Jim Fister, Jackie Schimd, Brad Skinner and Mark Burford via telephone

DIRECTOR ABSENT: Mandy Gray & Gary Bigham

STAFF: Hugh Palcic, Keith Kessaris, Joe Healy, Leslie Knight & Mark Smith

The meeting was called to order at 9:00 a.m.

OWNERS IN ATTENDANCE: 7

OWNERS FORUM: Sandra Henderson, 10 Big Sky Lane, addressed the Board relative to her desire to see dog parks within Sunriver. Mrs. Henderson provided the SROA Board and Infrastructure & Amenities Master Plan (IAMP) task-force with a written submission along with a signature petition of Sunriver owners who are also supportive of the addition of dog parks.

Tom Kelly, 7 Forest Lane, provided the SROA Board with a written submission and conceptual trail map regarding the need for cul-de-sac/pathway connectors throughout the Meadow Village area. Mr. Kelly stressed the need for enhanced safety as many portions of this area lack pathway connectors and people are using the roadways instead. Mr. Kelly asked that his written submission be shared with the IAMP task-force as well.

Nominating Committee Recommendation to Sunriver Service District (SSD) Managing Board, Position 6: Nominating Committee Chair Laurence MacLaren was in attendance and reminded the Board that Joe Huseonica who was previously appointed to Position 6 had to resign and the Nominating Committee was called upon to assist in finding a replacement to finish out Mr. Huseonica’s term.

The committee posted the opening both in the Scene and on the website and while they did not receive any new applicants, John Ralston who had applied for one of the open positions earlier this year, was contacted and informed Mr. MacLaren he was still willing to join the SSD Board if recommended. The committee feels Mr. Ralston is very qualified and would be a great addition to the SSD Managing Board and therefore recommend the Board approve the resolution recommending Mr. Ralston’s appointment to the Deschutes County Commissioners.

This item is on the agenda for action at tomorrow’s regular board meeting.

Hays Companies Insurance Presentation: SROA Controller Joe Healy introduced Randy Hughes, Bill Daugherty, Michelle Ferry and Michael Hughes of Hays Companies Insurance with whom the Association has done business for many years. The Hays personnel provided a breakdown of the different categories of coverage the Association carries. Topics covered included a state of the market overview, a recap of the last twelve months, loss controls services, claims recap and executive risk including directors and officers and cyber liability. The Board and staff had several questions for the group and thanked them for making the trip over from the valley to meet with the Board today.
2020 Budget Discussion: Treasurer Beenen reported the Finance Committee met earlier this week and after having had several occasions to review the proposed 2020 budget, voted to recommend adoption of the proposed budget by the SROA Board.

Treasurer Beenen then provided an overview of the major changes in the budget from 2019 to 2020 as well as some potential future implications. The budget forecast indicates a $208k + 2.58% increase in expenses for 2020 over the 2019 forecasted budget. Treasurer Beenen noted that $259k was moved out of operating expenses into the reserve. So, the actual increase is the sum of those two numbers. Another change for 2020 will be to eliminate the dollars allocated to a contingency account in the yearly budget. Part of the rational is that, in general, going back to 2007 it has not been used and the amount being designated has been decreasing over the past several years.

On the operating income side, 2020 will see a decrease of $334k from 2019. We saw a number of one-time positive benefits in 2019 that we are not anticipating in 2020. These include things the insurance claim from the windstorm, the TDS Bend Broadband settlement of ROW fees and some LUBA payments.

A couple significant expenditures will occur in 2020 from the new capital replacement reserve fund. $5.87M is slated for the North Pool Complex, $1.87M on replacement capital which are items that have reached the end of their useful life, new capital items of $926k and $538k in SHARC reserve replacement items. Treasurer Beenen then provided a breakdown of the operating expense and operating revenue changes for 2020.

The proposed budget for 2020 is based on a 3% increase in maintenance fees which equates to $132.20 per property per month or $164.77 per month if the SHARC assessment is included. There will be no increase in Member Preference or general public gate fees. There will be a 2% increase in the Recreation Plus Program fees, ad rates for the owner directory and Scene ads and several changes in the Community Development Department fees.

Treasurer Beenen then provided his projections for assessments for the next ten years using historical averages to base his assumptions on. He cautioned that if we were to see a down turn in the economy, etc. we could find ourselves close to that maximum increase of 6% allowed without a vote of the owners. Director Fister noted his concern, and stated for the record, that the slide titled “Modeling Future Owners’ Assessments” in Treasurer Beenen’s presentation are merely his assumptions, are only for discussion purposes, and not a promise or statement of any kind by the SROA Board of Directors.

An overview of the different reserve accounts the Association has was provided and included 2019 year-end projections and projected 2020 contributions, expenditures and estimated year-end balances. Also explained was the process place by which Recreation Emergency Reserve funds can be used and which entails strict qualifiers. Treasurer Beenen provided also a quick tutorial on depreciation for the rest of the Board members. The rest of the Board thanked Treasurer Beenen and Controller Healy for this information and presentation today.

Controller Healy noted the Finance Committee is a very engaged group and they have reviewed the proposed 2020 budget on three separate occasions now and are comfortable with the proposed budget as presented and recommend approval by the Board at tomorrow’s regular meeting. The Board has been provided with a full copy of the proposed budget for their review and input prior to a vote tomorrow.

2020 Maintenance Fee Discussion: GM Palmic noted this item is on the agenda for action tomorrow and was discussed during Treasurer Beenen’s presentation. The recommendation is for a 3% increase in monthly maintenance fees for 2020, which is below the ten-year average of 3.64%. As was previously noted, this will put the monthly maintenance fee at $132.20 per property per month. Owners are offered
the opportunity to pay for the entire year by the 25th of January 2020 and receive a 3% discount which equates to a savings of $47.59 per property. Approximately half of the owners take advantage of this opportunity. It was also noted that Sunriver’s maintenance fees continue to be considerably lower than other similar communities in the area.

2020 Fee for Services Discussion: GM Palcic reported the Admission Model Workgroup has reviewed these fees line by line and item by item on several occasions to arrive at where we are today.

Assistant GM Kessaris reported several fees in the Community Development Department will increase in 2020. These include but are not limited to property for sale inspections, review fees and building permit fees. A number of those fees have not been altered since 2014 and one going back as far as 2006 and as expenses keep going up this will assist in us keeping pace with those increases.

There will also be an increase in pickleball fees to better reflect market pricing. The average increase is approximately $4.00 more for clinics, private and group lessons.

There will be a 2% increase to the Recreation Plus Program fees.

Advertising rates for the owner directory will be changing as the publication is changing to a different format that will only allow two ad sizes. Additionally, we hope to move to the modular format for Scene ads and if/when we do move to that format the rates that were approved for 2019 will be put into effect.

The approval for these fees for services is on the agenda for action by the Board tomorrow.

Admissions Model Workgroup Update: Assistant GM Keith Kessaris reported on recreation activity for the month of October.

A total of 6,531 Member Preference cards were either purchased or renewed as of October 31, 2019. This is 44 less than on October 31, 2018. Renewals accounted for 5,870 of those and 661 were new cards.

859 properties were signed up for the RPP (Recreation Plus Program) compared to 843 properties on November 8, 2018. Renewals accounted for 784 of those and 75 were new to the program. Gate admissions for October 2019 were 151 which is 13 more than October 2018 but overall SHARC aquatic attendance for October was up by 13. Total SHARC admissions through the end of October 2019 totaled 235,987 compared to 236,833 at the end of October 2018.

We are currently at 103% of our budgeted goal for Recreation Plus for the year and at 107% for Member Preference and Extended Family passes.

56,740 paper guest passes have been issued through October 31, 2019 and of those, 15,838 or 31.5% have been redeemed.

North Pool Update: Assistant GM Kessaris reported the North Pool project went before the Design Committee on November 18th for preliminary approval. The committee had several conditions of approval that are now being addressed prior to the project going back to the committee for final review. We have the demolition permits from Deschutes County, DEQ and SROA and work is scheduled to begin next week. We are still on track as far as scheduling and if the weather continues to cooperate, we will remain on schedule for the foreseeable future.

Review of 11/16/19 Board Meeting Agenda: The Board reviewed the agenda for tomorrow’s regular board meeting.
Executive Session: Director Schmid moved to recess the public meeting and reconvene in Executive Session under the authority given in the SROA Bylaws, Article IV, Section 10 to discuss contractual, personnel and legal matters that may be subject to a claim of privilege. Seconded by Director Fister; motion passed unanimously.

The public meeting recessed at 12:09 P.M.

The public meeting resumed at 1:25 P.M.

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

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

The meeting adjourned at 1:26 P.M.

Respectfully submitted,

Jackie Schmid, Assistant SROA Secretary