SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS WORK SESSION
SROA BOARD ROOM
June 15, 2018

DIRECTORS PRESENT: David Jendro, Pat Hensley, Mike Gocke, Dwayne Foley, Gary Bigham, Bob Nelson and Jim Fister

Director Jim Adams joined the meeting at 11:00 am

DIRECTOR ABSENT: Richard Wharton

STAFF: Hugh Palcic, Keith Kessaris, Joe Healy, Mark Smith and Susan Berger

The meeting was called to order at 9:00 am.

OWNERS IN ATTENDANCE: 1

OWNERS FORUM: No owners addressed the Board.

2017 SROA Audit Report: Candi Fronk with Price, Fronk & Company provided the Board with the 2017 audit report. Ms. Fronk reported her company audited the financial statements, which consist of the balance sheet as of December 31, 2017; the related statement of revenues, expenses and changes in fund equity; and the related statement cash flows for the year then ended as well as the related notes to the financial statements.

Ms. Fronk commented that the audit went very smoothly and she expressed her accolades to Controller Joe Healy for his efforts in having the materials necessary to complete the audit readily available to the team that was on-site for part of a week last month. The Association is receiving a clean opinion of the financial statements with everything being clearly stated in all material respects.

The footnotes in the audit address the operating reserve fund in place as well as the requirements in place that determine what the Association can use those monies for and what constitutes an emergency. Internal controls and policies in place are providing the necessary checks and balances and there were no issues or recommendations for change of the current practices being utilized. Ms. Fronk noted members of her team visit the various locations owned and operated by SROA and visit with staff in regards to cash handling, daily reporting, etc. Ms. Fronk reviewed the report in detail with the Board and answered a number of questions posed.

The Board thanked Ms. Fronk for her report and for being in attendance today.

The 2017 audit is available to owners upon request.

Admission Model Workgroup Update: Assistant General Manager Keith Kessaris reported on recreation activity over the past month. A total of 4,760 Member Preference cards for 2018 had either been purchased or renewed as of June 7, 2018. This is 37 more Member Preference cards than at the same time in 2017. Renewals account for 4,381 of the Member Preference cards purchased and 379 are new.

SROA had signed up 825 properties for the Recreation Plus program as of June 7, 2018 compared to 822 properties at the same time in 2017. The number of sign-ups to date represents a 93% renewal rate. We
typically pick up a few more Recreation Plus participants in July, after which sign-ups generally taper off for the year. Recreation Plus revenue has reached 96% of the budgeted revenue amount for 2018.

Overall attendance for SHARC aquatics for May was 12,536 visits, which was 1,773 fewer people than May of 2017. Member Preference visits for the month were slightly ahead of last year with a total of 3,488 visits compared to 3,374 in 2018. Gate admissions were down by 459 for the month of May. As was noted last month, part of the reason for the decrease in the number of gate admissions compared to 2017 is that Sunriver Resort Limited Partnership bought a number of prepaid passes for its guests last year but it has not done that this year. Recreation Plus visits were down for the month of May by 520, totaling 25,274 for the year versus 25,664 last year at this time.

Member Preference program revenue is currently 67% of the budgeted revenue amount for the year, which is right on target. Historically, we have seen a good number of renewals and/or new card purchases in the months of June and July. Gate admission revenues are currently only at 9% of the annual gate admission budget. Historically, most of that gate revenue comes in from mid-June to early September so this number will likely increase substantially over the next couple of months.

SROA has issued 37,640 paper guest passes this year to date compared to just over 40,000 having been issued by this same time last year. Of those, 2,857 have been redeemed, which equates to an 8% redemption rate.

**Proposed Changes to the Design Committee Manual of Rules & Procedures Discussion:** The Board was provided with proposed changes to Sections 4, 19, 20 & 29 of the Design Manual of Rules & Procedures. These proposed changes are a result of an ongoing review of the manual by the Design Committee and from their experiences serving on the committee.

Design Committee Chair Curt Wolf was in attendance and reviewed the proposed changes with the Board providing clarification and answering a number of questions the Board posed. A number of the items are housekeeping items and in some cases the tightening up of some rules to eliminate gray areas.

The Board discussed at length the proposed change to Section 29.03; firewood. The change would prohibit owners from using stacked firewood to create a screen wall or fence or to delineate boundaries. Board members expressed concerns whether the proposed changes align with the Association’s Ladder Fuels Reduction Plan, which requires firewood be stored 20 feet from the structure or at the property line during fire season.

These proposed changes are scheduled to go to the Board for a possible first reading at tomorrow’s meeting. If the first reading is approved by the Board, the proposed changes will be posted on the SROA Website for at least sixty days to allow for owner input prior to coming back to the Board for consideration and possible approval.

The Board thanked Mr. Wolf for attending the meeting today and providing his insight.

**Abbot/Beaver Intersection:** GM Palcic reported Communications Director Susan Berger is working on the election packet that will include the ballot measure asking owners to approve this project. The deadline for submitting pro/con statements was last week and staff received one pro comment and no con comments. GM Palcic provided the Board for its review with draft language for the Board and Treasurer statements that will be included in the Voter’s Pamphlet. He also provided a breakdown of the different materials that will be included in the ballot packet. The packet will go to the printer next week. The ballots will be mailed out on July 11th and are due back by noon on August 11th.
Public Works Director Mark Smith commented that as has been previously reported, a contractor has been selected for the project contingent on the ballot measure passing. There have been some very minor tweaks to the existing plan and Mark will be meeting this afternoon with the engineers to go over everything one more time prior to providing an illustration of the proposed project to Susan Berger to include in the Voter’s Pamphlet. The Board held discussion regarding GM Palcic’s suggestion they consider hosting one more open house event regarding the intersection project prior to the election.

SROA Committee Policy Discussion: President Hensley referenced the Committee Policy, copies of which were provided in the board books. This document serves as the overall guideline for committee members as well as board and staff liaisons to committees. It was last updated in 2013 and President Hensley believes the document needs to be revisited to determine if there are changes or updates that need to be done.

The Board acknowledges that there has been a lack of consistent training opportunities for committees, committee chairs and board liaisons in recent years. Board liaisons used to report monthly or quarterly on what was happening with the committee they are assigned to and that is no longer happening. Additionally, a number of instances have come to light where committee members are directing staff to do things for them which is not the proper protocol but may be attributable to a lack of formal training.

The structure is in place, the policy is included in every committee member’s handbook but the question remains as to how often committee members are using this policy as a reference or if they have in fact ever read it. The Board held a lengthy discussion on this topic and were in agreement that President Hensley will come back to the Board with a first draft of suggested edits at the July meeting so the Board can then review it. GM Palcic added he will bring a draft outline for training to the July meeting for the Board to review as well.

The Board also briefly discussed the importance of ensuring that committees are using the Decision-Making Checklist when and if applicable and all were in agreement that beginning in the fall of this year, more training needs to occur on a regular basis.

Deschutes National Forest Trails Support Letter Discussion: Director Nelson reported on the efforts taking place by staff at the Deschutes National Forest to construct 10.9 miles of new trails to provide shorter loops from Sunriver and connect to the trail network in the areas of the Cascade Lakes Welcome Station and Wanoga Sno-Park. Additionally, 6.6 miles of old trails would close and be obliterated to provide for larger and continuous areas of elk habitat. Mountain biking enthusiasts have long awaited some of these proposed connections. Also, the closing of some of the other trails that have been created over time would significantly reduce the number of people camping and building fires directly across the river from Sunriver. This is a concern that has been brought to the Board on more than one occasion by an owner in the River Village Condos.

District Ranger Kevin Larkin has reached out to the Association asking for a letter of conceptual support of the project. Director Nelson provided a draft letter for the Board to review and a few minor edits were noted. They will be incorporated into the letter prior to it coming to the Board for action at tomorrow’s meeting.

Executive Session: Director Adams 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 11:57 am.

The executive session adjourned at 1:40 pm.

The public meeting reconvened at 1:41 pm.

The Board reviewed the agenda for tomorrow’s regular board meeting.

Other Business, Solar Park Proposal Follow-up: Sunriver owners Marv Henberg and Gerhard Beenen made a proposal to the Board in February about their idea to develop a community solar park and playground in Sunriver. This was followed by a second presentation on May 18, 2018, in which Mr. Beenen pointed out the need for a text amendment from Deschutes County for use of property in Sunriver identified by Mr. Beenen and Mr. Henberg for a solar park.

Mr. Beenen and Mr. Henberg have now provided a formal request for a conditional commitment from the Board for the use of a parcel of land near the SROA boat launch for this solar park. Copies of the memorandum from Mr. Beenen and Mr. Henberg were distributed to each board member at this work session. The commitment they are seeking is necessary for them to take the next step which would be to request a conditional zoning change from Deschutes County. Mr. Henberg and Mr. Beenen are asking the Board to take action on this at tomorrow’s meeting.

The Board held a fairly lengthy discussion on this issue identifying a number of questions and concerns they still have about the proposal in its current form. It was also noted that SROA staff has too much on their plates currently and for the foreseeable future to spend a great deal of time assisting with this project in its current state.

The Board feels they need a full and detailed business plan, more specific details and answers to a long list of questions surrounding the impact and financial obligations that a project such as this would pose of the community. President Hensley noted she has compiled a lengthy list of questions that she is happy to share with the rest of the Board. Board members questioned whether a solar park is the best way to promote the use of solar energy in Sunriver and whether getting into the solar energy business is something the Board wants to pursue. This project as proposed would cost significant start up dollars and would also require a vote of all owners. The Board will be asked to vote on this request by Mr. Beenen and Mr. Henberg at tomorrow’s meeting.

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

Director Fister moved to adjourn the public meeting. Seconded by Director Bigham, motion passed unanimously.

The meeting adjourned at 2:05 pm.

Respectfully submitted,

David Jendro, SROA Acting Secretary