SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
SROA BOARD ROOM VIA ZOOM
April 18, 2020

DIRECTORS PRESENT: Bob Nelson, Keith Mobley, Jackie Schmid, Gerhard Beenen, Jim Fister, Gary Bigham, Brad Skinner, Mark Murray & Mike Gocke

STAFF: James Lewis, Hugh Palcic, Leslie Knight, Patti Gentiluomo, Joe Healy, Susan Berger & Jesus Mendoza

OWNERS IN ATTENDANCE: 2 via telephone

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

OWNERS FORUM: Randy Schneider, 6 Dixie Mtn Lane and Bill Burke, 24 Yellow Pine were on the line just to listen.

Mike Mitchell, Fairway Village Condo 26, offered his thanks to the Board and staff for the hard decisions made during the COVID-19 crisis. Mr. Mitchell raised concern for the impact to the businesses in the Village, noted their importance to Sunriver and suggested that a source of loan or grant funding assistance could be considered by SROA.

REMEMBRANCE
The Board was very saddened to have learned of the March 26th passing of fellow SROA & SSD Managing Board member Mark Burford. Mark was a very active member of the Sunriver community and was involved with the Sunriver Rotary, the Sunriver Music Festival and the Sunriver Anglers. Mark was an avid fly fisherman, was very active in his church and loved this community very much. The Board appreciates Mark’s contributions during his short time on the SROA and SSD Managing Boards and expresses their deepest sympathies to his family.

OWNER FORUM FOLLOW-UP FROM PREVIOUS MONTH’S MEETING
President Nelson reported at the March 13th meeting the Board heard from John Salzer, 7 Mt. Adams Lane who suggested offering the SHARC facility to St. Charles Health Systems as a location that could serve well as a hospital location should the situation become one where more beds are necessary.

Doug Hoschek, 7 Tournament Lane talked about his ongoing efforts regarding wildfire danger in Sunriver. Mr. Hoscheck also strongly urged the Board to close SHARC and Sunriver as a whole to outsiders immediately. (SHARC was already closed at the time of the March 13th meeting.)

Randy Schneider, 6 Dixie Mtn. Lane and Bill Burke, 24 Yellow Pine commented on their support of the Board’s actions to date regarding the COVID-19 outbreak.

RECAP OF 3/20/2020 BOARD WORK SESSION
President Mobley reported Nominating Committee Chair Laurence MacLaren announced the names of the five candidates who will be running for three open positions on the SROA Board of Directors this year. The Board also heard a COVID-19 update from GM’s Lewis & Palcic, held discussion regarding the recommendation of Director Murray to fill Mark Burford’s seat on the Sunriver Service District
Managing Board and heard an update on the progress at the North Pool Complex. The Board held a lengthy executive session to discuss personnel matters.

**ACTION ITEM**

**MINUTES**

President Mobley asked for a motion to approve the minutes of the March 13, 2020 Emergency Meeting.

Director Fister moved to approve the minutes of the March 13th Emergency Board Meeting as corrected.

Seconded by Director Schmid, motion passed 7 yay votes and Directors Gocke & Murray abstaining as they were not members of the Board at the time of that meeting.

President Mobley asked for a motion to approve the minutes of the March 20, 2020 SROA Board Work Session.

Director Fister moved to approve the minutes of the March 20th Board Work Session as corrected.

Seconded by Director Bigham, motion passed 7 yay votes and Directors Gocke & Murray abstaining as they were not members of the Board at the time of that meeting.

President Mobley asked for a motion to approve the minutes of the March 21, 2020 SROA Regular Board Meeting.

Director Fister moved to approve the minutes of the March 21st Regular Board Meeting as corrected.

Seconded by Director Bigham, motion passed 7 yay votes and Directors Gocke & Murray abstaining as they were not members of the Board at the time of that meeting.

President Mobley asked for a motion to approve the minutes of the April 1, 2020 SROA Special Board Meeting.

Director Beenen moved to approve the minutes of the April 1st Emergency Board Meeting as written.

Seconded by Director Bigham, motion passed 7 yay votes and Directors Gocke & Murray abstaining as they were not members of the Board at the time of that meeting.

**FINANCIAL**

Treasurer Beenen noted that the Finance Committee held a lengthy meeting this week that included a report from First Interstate Wealth Management, whose representatives attended via Zoom. First Interstate is the firm responsible for managing the investment of SROA’s reserve funds as well as operational funds that are not immediately needed. The presentation included how the association’s investments performed in the fourth quarter of 2019 as well as the first quarter of 2020. They also provided a market overview of what to expect moving forward. From the market overview perspective, their position was to expect interest rates to be relatively low and effectively being zero moving forward so we should not anticipate large income in the coming months. Although they declined to put a time frame on the issue of interest rates, they indicated it could go on for quite some time, at least through the end of 2020.

The four different SROA investment accounts with First Interstate Wealth Mgt. were reviewed including performance and what each of those accounts is invested in. Most accounts are achieving returns on the
order of a half a percent and the anticipation is that those will go down. The committee spent significant time reviewing the Association’s investments and will further review to ensure our investments are directly in agreement with both SROA’s investment policy and state regulations.

Treasurer Beenen reported for the month ended March 31, 2020, there was a net operating deficit of $60,263 which was $51,522 less than budget. Total operating revenues were less than budget by $72,930 mainly due to closure of recreational facilities in March. Overall, recreational revenues (admissions, special programs, merchandise, MPP, RPP) were under budget by a combined $58,677. Material and services were under budget by $37,439 due to restrictions in expenditures and timing of payments. Legal fees were over budget by $17,507. This relates to February’s invoice which included continued fees for defending SROA’s 501(c)(4) status and land-use challenge. March invoices had not been received at the time of this report.

For the three months ended March 31, 2020, there was a net operating deficit of $295,455 that was $64,535 behind budget. Operating revenues were less than budget by $41,332 due to the above-mentioned reasons. Salaries and burden were a combined over budget by $29,868 due to overtime in public works, administration salaries and vacation accrual. Material and services expenses were under budget by $63,982 for the first quarter due to reduction in expenditures and timing of invoices. Total interest income earned in the first quarter of 2020 was $92,995.

Total assets as of March 31, 2020 were $34,835,710. Cash and investments totaled $17,006,465 a decrease of $359,279 from February. As of March 31, 2020, a total of $16,456,035 was invested with First Interstate Wealth Management. Construction in progress included payments towards the North Pool Project and fiberglass slide gel coating at SHARC.

March 31, 2020 (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>$(295,455)</td>
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Director Beenen moved to approve the unaudited financial statements for March 2020. Seconded by Director Schmich, the motion passed unanimously.

**GENERAL MANAGER’S REPORT**

It was noted that this report is for March activities, so several things have changed or been altered since this report was submitted. GM Lewis reported staff has spent a good amount of time over the past month responding to the closure orders related to the COVID-19 outbreak. Meetings have been held with department heads to modify work schedules, internal office protocols have been put in place and staff remains focused on how we adjust to provide the services owners need in a way that protects both the employee and the owners.

Per action of the Board at the March meeting, staff has followed up with the approved letters of support for the US Forest Service Trail proposal and the City of LaPine need for emergency services and funding. As was noted at the work session yesterday, the contract for the construction and development of the North Pool Complex was signed by the SROA President and work will commence in earnest next week.

The Accounting Department assisted with finalizing the North Pool Contract, assisted the Sunriver Service District with the 2020-21 budget preparation and worked with staffing on COVID-19 related items. Also, the department staff thanked and said farewell to Accounting Clerk Peter Scougale who

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relocated to Nevada for a new opportunity. Due to the COVID-19 outbreak, the filling of that position will not take place until some time in the future. GM Lewis thanked Controller Joe Healy for the immense amount of time he has spent working with department heads to revise their 2020 budgets in response to the outbreak.

IT Director Brad Olson has been in discussions with Entry Point Networks regarding telecom improvements for Sunriver, worked on the draft received from Mid-State Consultants and is working with Professional Underground and Midstate Electric on conduit/fiber from the Admin office to the pavilion at Fort Rock Park. Additionally, staff has increased our capabilities for Zoom meetings including a Webinar for attendees.

In Communications, advertising revenue for the April Scene was commensurate with the previous month. Fewer copies of the Scene were ordered for April due to business closures and fewer visitors in the community due to the pandemic. Staff continues to research printing options for the Scene, and it was noted the Scene may become smaller page-wise if advertisers pull future ads.

The new website is receiving a lot of great feedback and is being updated on a frequent basis as this pandemic situation unfolds thanks to Susan Berger. The COVID-19 page has a wealth of information including links to other important information. Additional and constant communication will continue for the foreseeable future.

The Community Development Department is the department most impacted by this outbreak due to the necessary reduction of contact with owners, contractors, etc. Specific protocols for safe submittal of applications/plans, and for applicant meetings/contacts have been established and an emergency action by the SROA Board to appoint staff members as associate members of the Design Committee has allowed the continuation of administrative reviews. Contractor registration and construction activity remained strong prior to the outbreak but overall activity for the month was down compared to the previous year.

The Natural Resources Department revised department staffing and procedures in response to COVID-19. Arbor Day 2020 planning has been postponed, ladder fuel reduction notice of deficiency advisories have gone out and preparation for contract work on commons continues.

The Public Works Department closed all SROA owned restrooms, play equipment and sports courts per the order from the Governor. Closure signs have been placed on pathways leading to the parks. Crews worked on chipping wind-downed trees, repaired the wood rail fence damaged by downed trees and are working with the landscape architect for the new Abbot/Beaver Circle. To date, staff has produced and installed 75 streetlight shades.

Fleet staff have ordered the new budgeted chipper through a government price agreement that saved thousands of dollars. Fleet staff member Dan McLaughlin retired after 13 years as a mechanic with SROA. He will be missed, and we wish him well in retirement.

Department Director Mark Smith continued work toward the contract for the North Pool Complex and continued cinder storage land use permitting process with Deschutes County.

The Recreation Department has created workplans for the staff to work on from home, setup communications regarding closures, email and voicemail responses. Staff cancelled and issued refunds for all swim lessons, lifeguard classes and service contracts and created an adjusted budget that reduced operating expenses by 10%.

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A number of events have had to be cancelled including the Home Expo and a number of private events for March, April and May. Refunds were issued as necessary.

The Recreation staff is holding weekly Zoom meetings and continue to receive inquiries for events later in the year.

Due to the COVID-19 closure, staff has been doing deep cleaning and full sanitization of the SHARC facility. The cleaning company used the remaining cleaning balance to seal all the interior stamped concrete floors. Acid washing of the entire outdoor pool deck, including the stamped concrete is complete.

Copies of 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 that the SSD has also been meeting more frequently than normal due to the COVID-19 outbreak. The 2020-21 budget that was supposed to be discussed this month and approved next month has been delayed. Property tax revenue is projected to be down slightly, and ambulance revenues are also projected to be down some as a result of the outbreak. PERs and health care continue to be the most significant portion of the budget.

The SSD Board held lengthy discussion regarding the COVID-19 outbreak and how that affects Sunriver in relation to large events planned for later this summer. The yearly emergency drill that was scheduled for April has been postponed and a new date will be shared once available but it most likely will take place in the fall.

Some of the fire/EMT staff members have been tested as necessary for the COVID-19 virus and all tests have come back negative. Calls to both the fire and police departments are down, however, the Police Department has been responding to calls of suspected short-term renters in Sunriver, however no citations have been issued to date.

Copies of the approved minutes from the January 16, 2020 SSD Board meeting were included in the Board binders.

**BOARD ACTION**

**1ST QUARTER CAPITAL TRANSFER**
Director Beenen moved to approve the transfer of $941,007.38 from the Reserve Fund to the Operating Fund for the 2020 First Quarter Acquisitions. Seconded by Director Murray, motion passed unanimously.

**BOARD ACTION**

**AFFIRM RESOLUTION 2020-003 COVID 19 RESPONSE**
Director Fister moved to affirm the March 29, 2020 SROA Resolution 2020-003, to protect the health, safety and welfare of Sunriver residents, owners and staff by discouraging tourist travel to Sunriver and related activities, including the rental of units within Sunriver, except as otherwise permitted under Executive Order 20-12 enacted by Governor Kate Brown on March 23, 2020. Seconded by Director Beenen, motion passed with 8 yay votes and Directors Murray abstaining as he was not yet a member of the Board when the resolution was passed.
BOARD ACTION
AFFIRM BOARD ACTION WITHOUT A MEETING
SROA BOARD VACANCIES
Director Schmid moved to affirm the April 7, 2020 Board Action without a Meeting conducted in accordance with Article IV, Section 4 of the SROA Bylaws to fill the two vacancies on the SROA Board vacated by Mandy Gray and Mark Burford. Further move to affirm the appointments of Mike Gocke and Mark Murray to complete the vacated terms that will expire on August 20, 2022. Seconded by Director Bigham, motion passed with 7 yay votes and Directors Murray and Gocke abstaining.

BOARD ACTION
RECOMMENDATION OF SSD MANAGING BOARD MEMBER
Director Fister moved to approve Resolution 2020-004 to the Deschutes County Commissioners recommending Mark Murray fill the remaining term of Position 2 of the Sunriver Service District Managing Board, vacated by the passing of Mark Burford, beginning April 7, 2020 and ending August 31, 2021. Seconded by Director Schmid, motion passed unanimously.

BOARD ACTION
OTHER BUSINESS
DESHUTES COUNTY COMMISSIONERS
JOINT SROA/SSD LETTER
GM Lewis reported on the request to send a joint letter from SROA and the SSD to the Deschutes County Commissioners regarding their treatment of mass gathering and special event permits. While they have currently suspended all mass gathering permits until June 30th they took no action in requiring the same suspension for special event permits. This is the type of permit that is issued to the Pacific Crest Event that is currently scheduled for June 19th to 21st and which brings thousands of people into the community. The Commissioners have the issue of special permits on their agenda for the meeting scheduled for April 22nd and the desire is to provide input urging the Commissioners to suspend Special Event Permits until at least June 30th as well.

Director Fister moved to authorize the SROA President to collaborate with the Chair of the SSD to send comment to the county relative to special event and mass gathering permits. Seconded by Director Schmid, motion passed unanimously.

In closing, President Mobley and the Board thanked the SROA managers and staff for their extraordinary efforts on all fronts during this unprecedented event.

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

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

The meeting adjourned at 10:53 A.M.

Respectfully Submitted,

Gary Bigham, SROA Secretary

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