



OWNERS' ASSOCIATION INC.

Annual Firewise and Annual Owner Meeting Minutes

April 9, 2022

Linda Anzellotti, Chair for the Environmental and Landscape Committee presented the speakers for the Annual Firewise meeting which was held at 9:00 A.M.

A presentation on Wildfire Safety and defensible space was presented by Bonne Zimmerlee, the Fire Adapted Communities Coordinator for Deschutes County, followed by a presentation by David Walker from the Sunriver Nature Center on noxious and invasive weed species in Caldera Springs. The presentations were filmed and will be placed on YouTube in the coming weeks with a link sent to the owners.

The Annual Caldera Springs Owners' Association, Inc. (CSOA) Meeting was called to order by President Thomas Sidley, at 9:48 A.M. in the Homestead II Room in Sunriver Resort.

ROLL CALL

Directors Present: Owners Carol Scherman, Vice-President; Tom Sidley, President; Dan Taylor, Director; Alan Dinger, Director and President of the Caldera Cabins Owners' Sub-Association and Krista Miller, Director and the Golf Course Representative all attended in person. There were 40 Lots represented by owners present in person, and many more on the teleconference call.

Other Association Representatives Present: Cathy Smith, CSOA Association Manager

QUORUM AND NOTICE OF MEETING

Quorum was established with a 69.5% of the Association voting electronically to approve quorum, in advance of the meeting.

Cathy Smith noted proper notice of the meeting had been sent to the owners electronically on March 2, 2022. Electronic quorum voting was opened on March 18, 2022, and the full meeting agenda was sent electronically on March 30, 2022.

APPROVAL OF MINUTES

The minutes from the Annual Meeting held February 20, 2021, were offered for consideration and approval.

Upon a motion duly made by Ralph Anzellotti and seconded by Walt Pfannenstiel and unanimously approved it was:

RESOLVED, that the Minutes from the Annual Meeting held February 20, 2021, be accepted as presented.

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APPROVAL OF IRS REVENUE RULING 70-604

Cathy Smith explained that the members must approve the IRS Revenue Ruling 70-604. This approval is necessary so that any excess membership income is applied to the next tax year's assessment, and taxes will not have to be paid on any excess income. She also noted that there was not any excess income in 202 but advised that the owners should approve the 70-604 anyway. She also asked that the owners to approve the 70-604 for 2022 at this time.

Upon a motion duly made by Diane Wortsman and seconded by Steve Kenney and unanimously approved it was:

RESOLVED, that any excess of membership income over membership expenses, for the year ending December 31, 2021 shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.

Upon a motion duly made by Carol Scherman and seconded by Cindi Wilson and unanimously approved it was:

RESOLVED, that any excess of membership income over membership expenses, for the year ending December 31, 2022 shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.

ELECTION FOR OPEN DIRECTOR POSITION

Cathy noted that only one candidate had volunteered for the open Director position. Dan Taylor, who is currently on the Board and the owner of Lot 144, had volunteered to rerun for the two-year term. The governing documents for the Association require that nominations also be opened to the floor at the Annual Meeting and also require owners to vote via secret ballots.

President, Tom Sidley opened the nominations to the floor for any other nominations. There were none, so hearing none, the nominations were closed.

Cathy stated that owners would be receiving a secret electronic ballot on Monday, April 11, 2022 to vote, and even though Dan will be the only candidate, she encouraged everyone to vote. The voting will close at 5:00 P.M. Wednesday, April 13, 2022 and the results will be announced on Thursday, April 14, 2022 at 9:00 A.M. when the Annual Meeting is reconvened to announce the results.

MANAGEMENT REPORT

Cathy noted there had been many changes to the Association over the past year. Jeri Garner of Basic Books was hired to prepare the Association's financials and billings each month. Cathy then introduced Nkoye Williams who started in February as the new Design Review Administrator. Cathy noted that Nkoye had previously been a Portfolio Association Manager and was excited about this position and was already busy with many new submittals.

Cathy then introduced Sybil Brown who had started just 4 days prior, as the new Administrator for the Association. Sybil previously worked for Sunriver Resort but was most recently working as an Administrator for an insurance company, and Cathy was excited to welcome her on board.

Cathy then provided an update to the owners the other changes and projects that had taken place over the past year. She noted that the Resort Association Management Services (RAMS) contract had been renewed. This contract provides the staffing and administrative services for the Association. All the staff

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in Caldera Springs are Sunriver Resort employees (except for Cathy who works under a separate contract.) RAMS provides the staff to fulfill the services needed by the Association. This includes the Association's administrative and Design Review needs, the grounds and pool maintenance, event planning, as well as the recreational staff in the summer.

Cathy noted that the other annual contracts she oversees are the financial provider contract with Basic Books, the ladder fuel reduction (wildfire mitigation) contract with Spring River Tree Service, the landscape maintenance contract with Springtime Landscaping and Irrigation, the lake maintenance contract with Aquatechnex, the Quarry Pool and Fitness Center cleaning contract with Bend Quality Maintenance, as well as various weed and pest control contracts.

Cathy reminded the owners of the recently updated late assessment policy that was passed by the Board, as any unpaid assessments as of May 31, 2022, will start incurring interest charges.

Cathy noted that the replacement reserve study was updated this past year and that the roads and pathways would be crack sealed this year. Both the pathways and roadways are scheduled for a full overlay in the next 6-7 years. There were many other projects completed including refreshing the Association office to accommodate two new staff persons, resurfacing of both spas, replacing the tiles around pool. She also noted that the lake bank clean-out project had started but it was discovered that the Oregon Spotted Frog, currently on the endangered species list, was found in the lakes and the clean out work was stopped. Once the eggs have hatched, we will be able to continue the work.

CODE OF CONDUCT AND COMPLIANCE AND ENFORCEMENT RESOLUTION

Tom Sidley discussed that the Board had been working with the Association's attorney on a Code of Conduct for the Board, the Committee members, and the owners. The Board has also been working on a Compliance and Enforcement Resolution to ensure there is a process in place for owners who are not in compliance with the Association's governing documents and may be subject to fines. Tom reminded the owners that all board meetings are open to owners to attend in person or listen in to the teleconference and the beginning of each Board meeting is open for owner input.

Tom noted that both policies would be voted on by the Board at the Board meeting, following the Annual meeting later today. Tom stated that the owner survey from last fall had covered many topics, including security and compliance enforcement and the results showed that 75% of the owners are happy with the current enforcement rules by the Association. Unfortunately, the current governing documents do not currently lay out the procedure for what to do with complaints and compliance. So, the Board, working with Association's attorney, needed to pass a resolution that includes the procedure for handling complaints and compliance. Both the Code of Conduct and the Compliance and Enforcement Resolution documents were sent to the owners to review, earlier this week.

Tom stated that real priority for the Board at this time is to educate owners about the rules and how they can comply, not giving out fines and then secondly is to have a process to help owners comply.

Tom said the policy the Board is considering today states that when a complaint is filed, the complaint will be investigated to see if there is an actual compliance issue. If there is, and then depending on the severity of the infraction the owner will be contacted. If the issue is resolved, there will be no further action taken by the Association. If the infraction is not resolved in an appropriate time frame, the owner will be contacted again, in writing. The owner then has 14 days to request a hearing in front of the Board. If the Board still feels the infraction is valid, they may issue the appropriate fine.

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Tom noted that the infraction of more than 4 cars in a driveway would only be provided one night to comply. When the Security company notes a violation, the 24-7 contact for the property is contacted the next morning. If it happens a second night, the owner will be contacted directly. If there is a violation on the third night, a fine would be imposed on the owner (not the renters) and it increases \$100 each night. Cathy added that any owner who is having a get together at their home where there will be more than 4 cars for a few hours, can simply make a request to the Association (email Cathy and Sybil) in advance for their guests to be able to park on the street and the maintenance staff will put out signs that allow for parking on the street.

Cathy also noted that the Compliance and Enforcement Resolution is a "living document" and can be changed. It is new and there may be parts that don't work out quite as the Board had anticipated and, in that case, changes can be made. Tom reiterated that the amount of the fines is based on severity of violation.

Tom and Cathy discussed the various finable infractions, from occupancy restrictions, rental registration requirements, dark sky lighting rules, and the County's requirements that all owners protect the wildlife in Caldera Springs. Cathy also stated that any exterior change to a home or landscaping must be submitted (except for replacing dead plant material with the same plant material) to the Design Review Committee. She noted that the submittal process is very simple and turn around is quick. She also reminded owners that "Bark dust" is not permitted in Caldera Springs, due to its burnability. Only compost is allowed in the yard and even then, as little as possible should be utilized.

Tom then discussed the Code of Conduct, which had been drafted by the Association's attorney, and noted that its purpose is to keep Caldera Spring's high standards in place at all times and for all interactions to be professional and efficient. He noted the policy addresses confidentiality for the Board and Committee members and provides direction for enforcement if the code is not met. Its main purpose is to ensure that the meeting environment always remains civil and respectful.

TREASURER'S REPORT

Randy Smith, Treasurer and Chair of the Finance Committee then presented the Treasurer's report.

Randy started off by thanking Don Larson and Laurie Wagner, the other members of the Finance Committee for their work. He noted that they have spent considerable time, in the last few months on policies and budgets as directed by the Board. He also noted that Don's work on refining the Excel spreadsheet that is used to create the budget has been invaluable.

Randy noted that much has happened since the turnover of the Association to the owners last year and after 15 years of developer control the owner elected board now manages the Association. He noted that this, and the Expansion which will more than double the size of the Community, have required some significant changes on the financial side. Randy noted that the Board ultimately makes all the financial decisions for the Association, but the Finance Committee has made various recommendations to the Board over the past year that they have approved. These included hiring a new financial provider; instigating an investment strategy and a strategy to guide the use of the Working Capital funds, which includes using two additional banking institutions to hold and invest the funds from the Working Capital and the Construction deposit accounts.

The Committee has presented two budgets to the Board. The first one from last fall, did not address any of the Expansion as it was too early to know what the effects the Expansion would have in 2022. There was also a shortfall in 2021 of \$55,000, due in part to the transition, the change to management

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providers, increases in pool costs due to the chlorine shortages and an additional \$12,000 more in reduction of fire fuels than was budgeted. The Board approved the first 2022 budget in November of 2021, excluding the Expansion and then the Board approved a revised budget on April 1, 2022 which included adding in 86 new lots in February and 37 more in August. Both budgets included the approved 10% increase to the owner assessments to cover the 2021 shortfalls and anticipated increases in costs for 2022 in the following areas: labor services were increased by 10%. Owner events were added back in; stocking the lakes with fish, the electricity and water for the new Lake System to start next summer and the additional costs for the additional Usage agreements for the new lots, with the Golf Course owner.

In conclusion Randy noted that the Association's finances are in good shape, but also noted that the biggest risk, as in any association of this type, is the reserve budget. Randy noted that the reserve study, which will be updated this year with a site visit, appears to be very complete and the current balance in the reserve accounts meets the recommendation at the current time and provides funding for all the anticipated needs. Still, estimating construction costs and the life of hard assets 10 to 15 years forward is challenging at best, but he assured the owners that the Finance Committee will continue to monitor this with the tools they have available.

ENVIRONMENTAL AND LANDSCAPE COMMITTEE REPORT

Director, Dan Taylor who is the Board liaison to the Committee noted that the Committee is made up of 5 volunteer owners. Linda Anzellotti, Carol Berg, Stacy Fisher, Grant Rosenberg and Jeff Wilson.

Dan noted that the Committee had put together this morning's education on fire fuels and noxious weeds. They have been hard at work assessing the Community's wildfire reduction plan, assessing all vacant lots and hazard trees that should be removed. He noted that they are currently reviewing all the common areas to make sure the Association's common areas are treated appropriately. And also noted that with Cathy's help last year the Association received a \$1,500 grant from Deschutes County to help with this fuel reduction work and that the Association was just awarded an additional \$10,000 grant from the Oregon Department of Forestry to continue with this work in 2022.

Dan noted the Committee will soon be reviewing the landscaping and native areas at completed homes to address any bitterbrush or manzanita under trees, or near the homes or pine needles and debris under wood decks, all of which are required to be removed. Dan also announced that the owner's debris chipping day will be Monday, June 6, 2022. This is where any owner can pile woody debris and bitterbrush at the edge of the road for chipping (no pine needles.)

Dan then noted the Committee is working with any owner who wishes to remove a tree from their property, by visiting the property and discussing options and that this fall the Committee is planning a Ponderosa seedling planting party to reintroduce Ponderosa into the areas where many lodge poles have been removed in past years. More information will be sent out, about this.

Dan also stated that the Committee had reviewed the lake treatment contract and the Board had approved adding funds to the reserve study for additional treatments as needed. They also reviewed the fishing rules and have made recommendations to the Board to update these rules, to include no bait and only barbless hooks.

Dan also noted that the Committee is working on a plan to refresh the landscaping at each entrance and there will be more information sent out to the owners on this in the near future.

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VICE PRESIDENT'S REPORT

STRATEGIC PLANNING AND UPCOMING SURVEY

Carol Scherman, Vice President, noted the additional Association staffing services added this year, previously mentioned, noting the association's needs will continue to grow with the Expansion.

She then discussed the results of the owner survey last fall noting that over 50% of the owners had responded, which is a wonderful response rate and that the results of the survey are overall very positive. She stated that the Board had agreed to put in place a number of changes, due to the feedback received. The Board had agreed that owners will be allowed early priority check-in times at the pool in 2022, starting at 9:30 A.M. each morning (saving seats will not be allowed); the upper hot tub will be designated for adults only; there would be fairer access times to tennis and pickle ball courts; and owner social events are coming back, with many activities planned for 2022.

Carol also told the owners to be on the lookout for an upcoming survey regarding the percentage of voting rights of owners. Due to the Expansion, a change in the CC&R's will be required to have the assessment percentages and voting percentages be the same going forward. Currently the Cabin Sub-Association and the Golf Course have larger voting percentages than the percentage they pay for assessment. Before the Board approves the funding to put such an amendment to vote, they want to survey the owners regarding this issue to better measure the owner support of this issue. Eventually 100% of the Association's votes will be required to make this change. Carol asked the owners to please take the time to read the information and if they don't understand what it means to please reach out.

PRESIDENT'S REPORT

Tom Sidley then presented what the Board had accomplished since the Board's inaugural meeting on July 6, 2021. Tom noted the Board had worked to address owner concerns with community compliance; had completed a community wide survey to guide the future strategies and decisions of the Board and had collaborated with the Developer on the Master Association Annexation of Expansion, with 86 new lots added in February, 2022.

Tom noted that the Board had reviewed all Association contracts; updated and approved the Late Assessment Policy; Approved the Finance Committee, chaired by Randy Smith and the Environmental and Landscape Committee chaired by Linda Anzellotti.

Tom noted that he and Cathy had been working with the Board on ways to focus on education of the current rules and policies, including the Code of Conduct, new signage, and communication with owners about renters.

Tom also noted that the 2022 initiatives included new staffing; the creation of an owner directory; and the creation of a Social and Recreational Committee headed by Susan Kenney, to support new owners and owner events.

He noted that Carol and Krista and Cathy will work on strategic planning for the possibility of an owner only or adult only pool; options for RV parking and storage and consideration of more security at the gates and buildings.

Tom also noted that the Finance Committee would be working to provide an in-depth review and update to the reserve study; to implement a type of owner portal with an auto-draft payment process and to implement a lockbox for payments. The Environmental and Landscape Committee, as noted previously, will work on a community wide common area wildfire mitigation plan; will create a process

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for private area tree removal approval and an updated entrance area design and landscape; a Ponderosa seedling planting event for next fall, and will work on plans to further support the wildlife habitat, along with education for the owners about the new wildlife corridor.

DIRECTOR'S REPORT ON WILDLIFE HABITAT AND THE COMMUNITY

Director, Krista Miller stated that due to how amazing the community is, the Sunriver Resort staff all desire to work in Caldera Springs. She also stated that a full development update would be taking place for all the owners in early June.

Krista discussed the Community's commitment to wildlife and noted that Caldera Springs was created as a destination resort community in harmony with nature. She noted the Community is in a deer and elk migration zone, stating that one of the conditions of approval from Deschutes County was a requirement to prohibit outdoor domestic cats, and to require dogs to be on leash and to prohibit feeding of wildlife within the Community. Additionally, to offset the impact of tree removal, another condition of approval was the installation of bird and bat boxes throughout the community.

She noted that the Community's commitment to wildlife and natural resources expands far beyond state and local requirements with the creation of the large meadow, undisturbed rock outcroppings, wetlands on the golf course, and the addition of lakes and stream throughout the property, all to create a rich habitat for wildlife. She noted that we treasure the Ponderosa pines and work hard to preserve these majestic trees and that the Caldera Links course is a certified Audubon Cooperative Sanctuary. Even the design of the homes and the landscaping with the use of natural materials such as stone and timber and the native plants all support the Community's commitment to the natural environment.

Krista noted that she is excited about the future of the community, with the formation of the Environmental Committee and their initiatives; the introduction of new environmental, education-based, community events; the addition of the new Wildlife Forest Preserve area and the creation of a Butterfly/pollinators garden at the new Mirror Rock Park.

And lastly Krista shared that the Board is beginning to work on a cooperative project between the Association and the Development team that will feature informational kiosks about specific flora and fauna in key areas around the Community. These kiosks will be tied into the path system and will form a newly identified walking or biking route. She stated they will be working throughout the year on this project with the goal to have everything in place by spring of 2023.

UPCOMING EVENTS

Cathy then thanked all the Board and Committee volunteers and presented them each with a gift for their many hours of service. Cathy then presented a list of the upcoming events for 2022, including multiple meet your neighbor events, a 4th of July Potluck and a summer pool party.

The meeting was then opened up to the owners for questions and comments

Question/Comment: What do owners do if they are having an event that will have more than 4 cars?

Answer: Owners can make a request to have their guests park on the street during that event and the maintenance staff will put out signs that allow for parking on the street during the event.

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Question/Comment: There were multiple comments from the owners about the Compliance and Enforcement Resolution. The owners asked why, if very few owners have had an issue with the current level of compliance, is the Board considering a fine policy and wanting more restrictions. There was concern that this type of policy could change the current culture of Caldera Springs. Owners requested more time to review the information and offer feedback to the Board.

It was also suggested that the Board consider a code of conduct for renters and contractors.

Answer: There are no new restrictions being considered. The rules presented in the Enforcement policy already exist today. There just is not currently a process in place to fine owners for non-compliance or a process for owners to be heard by the Board if a complaint is filed against them.

The Association only has a "contract" with the owners. The rental registration requirements and rules for renters are required for all owners and owners would be fined if their renters do not comply. Home building contractors have full set of contractor rules in the Design Guidelines, but again, if there is non-compliance, the owner would be fined.

Question/Comment: Is there an overall policy on bitter brush?

Answer: Yes, is it in the Design Guidelines and a sheet with these rules was handed out at check-in for today's meeting.

Question/Comment: Is there currently a rule for dark sky compliance and if not, should the Board adopt a policy on this?

A: Deschutes County currently has a dark sky policy that the Association is required to enforce, and the Design Guidelines currently have restrictions on the types of lighting fixtures allowed in the community. However, the Association is looking at even more restrictive lighting compliance regulations, in-line with the Dark Sky Communities recently adopted in Sunriver.

Question/Comment: Another comment was raised expressing concern for new fines as an example what is the definition of wildlife? Is chasing a squirrel considered the same infraction as a deer for being harassed by a dog?

Answer: It was noted previously that the County approvals require dogs to be on a leash at all times in the common areas and therefore dogs should not be chasing any type of wild animal and it would extend to all, however the major concern is for the safety of the deer and elk and the safety of a pet from the large game animals.

Question/Comment: Trailmere Circle is currently a mess with the construction. Is there anything in progress to help with this?

Answer: The Development team will be holding a meeting in early June to address all things regarding the Expansion and these questions will be addressed then.

Question/Comment: What is the policy for the removal of diseased trees? And are rock gardens/drainage areas no longer required?

Answer: All tree removal needs approval from the Environmental and Landscape Committee. And the rules regarding river rock drainage areas have changed from when the first houses were approved. Now these rock areas need to be screened from off the property.

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Question/Comment: One of the owners noted that with the expansion comes more people and not everyone will play fair and follow the rules and this owner supported the Enforcement Policy being put into place. Also, they asked the Association to consider revisiting postal service in the Community. (Why does Crosswater get this service and Caldera Springs does not?)

Answer: The Board appreciated the support. Cathy also stated she is happy to discuss with any owner as mail service is actually a constant problem for the owners in Crosswater.

Question/Comment: Another owner stated that these are not new rules and offered support to the Board to approve the Enforcement policy.

Question/Comment: Please find ways to reduce the quarterly fees.

Question/Comment: Is there planning for the maintenance for the downed trees and fire safe clean up?

Answer: Yes, as was reported earlier the Environmental and Landscape Committee is working on this right now. They have begun to walk the common areas and the hazard trees are being marked for removal.

Tom reiterated that there are no new rules being suggested except for "no bait" for fishing. He noted the proposed enforcement policy is being put into place so that the Board has a process for enforcement, and so owners have a right to be heard and to give the Board the ability to fine for continued non-compliance. There is currently no approved process. He stated that educating owners of the rules is the goal here, not imposing fines.

Question/Comment: Another owner offered their support to the Board to approve the Enforcement policy and also asked if the Owner's website be getting improvements for listing events?

A: Cathy noted that they are working on improvements to the website, but they are also looking into a separate type of owner's portal, with the possibility of online statements and payments.

There being no further business, the Meeting was adjourned at 11:40 A.M. to be reconvened on Thursday, April 14, 2022 at 9:00 A.M. to announce the election results.

The meeting was reconvened on April 14, 2022 at 9:05 A.M. by President, Tom Sidley,

The election results were announced, and Dan Taylor was elected to a two-year term on the Board of Directors. 52.16% of the Association had voted for Dan.

There being no further business to come before the meeting and by a motion duly made by Krista Miller and seconded by Tom Sidley, and unanimously approved, it was:

RESOLVED to adjourn this meeting of the Caldera Springs Owners' Association on April 14, 2022 at 9:12 A.M.

Respectfully submitted by Catherine Smith, Secretary