



Caldera Springs Community Ownership and Governance August 2024

The Community of Caldera Springs was originally developed by Caldera Springs Real Estate (CSRE), in 2006. Caldera Springs Real Estate is a subsidiary of Lowe Enterprises and Sunriver Resort.

Caldera Springs is a Destination Resort as defined by Oregon law and Deschutes County ordinance. A Destination Resort community is set up under the Destination Resort Act, which permits the development of resort communities in areas where development is often limited or prohibited under State land use laws. Destination Resorts are an economic tool designed by the State Legislature in the 1990's to attract visitors to Central Oregon and parts of the Oregon Coast. Caldera Springs has grown exactly how the Destination Resort Act intended with a large seasonal and rental population.

CSRE is the developer that owns the land and the amenities it builds. Most amenities (buildings, roads, paths, lakes, streams, etc.) that were built by the Developer were conveyed (handed over) to the Caldera Springs Owners Association. Inc. (CSOA).

Caldera Springs was established with a hybrid ownership model – where amenities are owned by both the Association (CSOA) and the Developer (CSRE). A listing of amenity ownership is below. Other Destination Resorts have been developed this way, or differently, where the developer owns all the amenities, or the Association owns all the amenities.

Platted Lots

“Platted” means when a lot is recorded with Deschutes County and property taxes and assessments to CSOA commence.

The Initial Phase of the community included 320 Single Family home sites and a separate Sub-Association, the Caldera Cabins' Sub-Association, Inc. which includes 45 Cabins making up 198 Overnight Lodging Units (OLUs) (each cabin has multiple rental units).

The Second Phase Expansion of the community has recently added 172 additional platted Single Family home sites and an additional 38 platted Forestbrook units, making up an additional 76 OLU's (each Forestbrook home has two rentable units).

Grand Total of 542 platted lots.

Anticipated Total Platted Lots Upon Completion of the Expansion

Initial Phase Single Family home sites	320
Initial Phase Cabins	45 (198 OLU's)
Anticipated Second Phase Single Family home sites	340
Anticipated Forestbrook units	75 (150 OLU's)
Grand Total	780

Each year CSRE will determine how many lots within the expansion to plat and eventually be made available for sale. The decision is primarily based on market conditions.

Per the approved Master Plan for Caldera Springs, the Expansion must have a minimum of 150 OLU's. OLU's are deed restricted and must be made available for rent 38 weeks of the year. There are no rental restrictions for the single-family home lots. The Master Plan for the expansion calls for up to 340 single family lots; CSRE can elect to have fewer (but not more) lots.

Board of Director Structure

5 Voting Members – each with equal weight for voting purposes

- 3 Directors - All Property Owners elected by the Membership
- 1 Director - representing the Caldera Cabins Owners' Sub-Association (Also the Cabin Association President)
- 1 Director - representing Caldera Springs Real Estate (appointed by CSRE)

The Caldera Cabins Owners' Sub-Association owners have their own Association and Board of Directors.

The Forestbrook expansion owners do not have a Sub-Association, but instead are represented by the Property owners' representatives.

The Owners' Association contracts an Association Manager to facilitate the daily operations of the association.

Association Voting Structure

When the Association requires a vote, e.g., Director elections, each property owner is assigned a weighted voting share, based on the following allocations:

- Property owners = 85% of the total membership vote
- Caldera Cabin Sub-Association Director Representative = 10% of the total membership vote
- Caldera Spring Real Estate Director Representative = 5% of the total membership vote

If less than 100% of property owners vote, then the actual percentage of property owner weighting can become diluted, because the vote allocations per property owner is established assuming 100% of owners vote.

The 85/10/5 split could be changed to be based on the actual number of owners that vote (not based on all actual owners). However, per Oregon State Law, this type of change would require a change in the Covenants, Conditions and Restrictions (CC&R's) and would require 100% approval of the membership. This approach was explored in 2023, with a survey of the ownership, but the initiative did not move forward because a number of property owners stated they would not support the change, or the cost of approximately \$20,000 in legal fees to accomplish such a change, when it was highly unlikely that 100% of membership would actually vote in favor of the change.

Amenity Ownership & Responsibility

CSOA = Caldera Springs Owners’ Association, Inc.

CSRE = Caldera Springs Real Estate

Each amenity is owned by the entity noted. Each entity is responsible for all maintenance, liability (insurance coverage) as well as future replacement costs.

Amenity	Ownership
Community Gates	CSOA
Quarry Fitness Center	CSOA
Quarry Pool and Spas	CSOA
Tennis courts/ playgrounds	CSOA
Pickleball Courts/Park	CSOA
All Roads and Pathways	CSOA
All Lakes/Streams	CSOA
Common Areas	CSOA
Pavilion Outpost	CSOA
CSOA Quarry Pool Parking Lot	CSOA
Lake House Restaurant	CSRE
Lake House Parking Lot	CSRE
The Outpost-Recreation Equip	CSRE
Shore Shack - Outdoor Bar	CSRE
Golf Course	CSRE
Forest House Pools and Fitness Center	CSRE
Forest House Parking Lot	CSRE

Staffing

The Association contracts with and pays Resort Association Management Services (RAMS), a subsidiary of Sunriver Resort, for administrative, maintenance and recreational services. All employees, other than the contracted Association Manager, are employees of Sunriver Resort.

Monthly Assessments

An annual budget is established by the Finance Committee and presented to the Board of Directors, who approves the budget. This results in a monthly assessment calculation. Assessments are then billed quarterly. Per the CC&Rs, assessments cannot be increased more than 20% in any given year unless approved by the owners. Assessments are calculated with the intent of matching anticipated expenses for the upcoming year. Any shortfalls/gains are typically carried forward to the next year.

For 2024, monthly assessments are expected to be roughly 82% of all revenues collected by the Association. The balance comes from assessments paid by CSRE, and assessments paid by the Caldera Cabin Sub-Association, as well as Rental ID Cards (required for all rental properties), Address Signs and Design Review Fees, which off-set corresponding expenses, and other various smaller income line items.

The 2024 budget reflects annual expenses of \$2.8 million. Approximately 70% is attributed to ongoing Operating Expenses; approximately 10% is attributed to reserves; approximately 20% attributed to Access Fees charged by CSRE which allows all owners access to each of the amenities owned by CSRE

Revenue

- All Property owners and Forestbrook units pay the same 2024 quarterly assessment of \$1,050.00 (\$350.00 per month).
- The Caldera Cabin Sub-Association currently pays 6.85% of all the Operating expenses of the Master Association and are billed each quarter. This separate Association has its own budget and Cabin owners pay additional assessments for the maintenance and replacement of their asphalt driveways, paver walkways, landscape maintenance and snowplowing, etc. The 2024 quarterly assessment for the Cabin owners is \$1,815 (which includes the 6.85%).
- CSRE currently pays 3.42% of all the Operating expenses of the Master Association and are billed each quarter.
- Design Review Fees are designed to offset the expense of administering the process.
- Address Sign Fees are designed to offset the actual cost of the Address Sign required at each property.
- Rental ID Tag revenues are designed to offset a large portion of the expense of administering the Quarry Pool and Fitness Center.

Operating Expenses

Ongoing Operating Expenses are comprised of over two dozen line items. The largest expense items are utilities including water, electricity and natural gas; contracted management, staffing and accounting services; annual removal of wildfire fuels; landscape maintenance, and pool/spa maintenance.

Reserves

The Association hires a certified reserve specialist to examine all Association assets each year. Periodically they perform an on-site review, which was done in 2024. They review each of the Association's assets for its useful life and estimated repair and replacement costs. That cost is compared to the reserve cash already set aside for the eventual replacement of those capital assets. A calculation is done to determine our current and projected level of funding.

The study includes every asset owned by the Association with a useful life of 2 to 30 years and a value of more than \$1,000. The reserve calculation will vary each year, from study to study, based on the current material and labor costs.

The Association utilizes a Threshold Funding model which establishes a reserve funding goal that keeps the reserve balance above a specified percent funded amount. The Threshold Funding method assumes that the threshold method is funded with a positive threshold balance, therefore "fully reserved."

The total asset value at the beginning of 2024 was \$7,317,199. The Association is currently funded to never drop below 19% of total asset value, which allows the Association to fully replace any one asset in a given year. The 2024 beginning reserve balance was \$1,578,748, which is 21.5% of total asset value. The reserve fund grows by interest earned (currently calculated at 2.9%, with interest earnings closer to 5% today) and through contributions from the quarterly assessments. The Annual funding is assumed to increase 5% each year.

The top three items being reserved for are:

- 1) Road/Path (asphalt) repairs and maintenance
- 2) Ground Components including Gate replacements and Lakes and Stream maintenance
- 3) The Quarry Fitness Center Pool and Spa building and equipment replacements.

Access Fee

CSRE charges the Association an annual fee for all owners to access CSRE owned facilities. The Access Fees cover owner's access to the Links Golf Course, the Forest House Pools and Fitness Center, recreation equipment from The Outpost, including use of the cruiser bikes and small water craft on the lakes, as well as the use of The Lake House Restaurant for 8 Owner Association events a year.

In 2023 the access fee was \$800 annually per property that covered the Golf Course, Lake House, and Recreation Equipment. With the addition of the new Forest House and The Shore Shack the 2024 access fee increased \$500 annually for a total of \$1,300 annually per property. However, the 2024 additional \$500 Access Fee was prorated based on 7 months of Forest House. The quarterly homeowner assessment of \$1,050 accounts for the prorated amounts and will remain the same throughout 2024. The 2025 assessment amount will include the full \$1,300 Access Fee amount.

The Access Fee totals \$587,633 for 2024 based on 533 lots (533 x \$1,102.50). The Access Fee will increase to \$1,300 per property in 2025 and will remain \$1,300 per property until 2028 when it will begin increasing 3% each year.

CSRE established the Access Fee amount based on comparison of fees charged by other similar communities in the area, with an objective of being a reasonable amount to pay for the amenities provided. Most of the similar communities also charge initiation fees between \$4,000 to \$40,000 per property. CSRE does not charge any initiation fees.

The Access Fee agreement was amended in 2024 to recognize the new amenities, including the new Forest House Pool and Fitness Center, for a 15-year period with a renewal option for another 10 years.

****NOTE: THE INFORMATION PROVIDED IN THIS DOCUMENT IS CURRENT AS OF AUGUST 2024. GOING FORWARD, AND ANNUALLY THEREAFTER, DATA IS ADJUSTED BASED ON BUDGET CHANGES AND DEVELOPER ADVANCEMENTS.**