

Dear Leaseholders,

Below are the answers to the 2nd round of questions for the Oceanshore Protection vote.

1. Can we see this visual concept before the vote? A path has been proposed, has a visual concept of that along with entry and exit points been created?

Answer: The visual concept is loaded on the website but is also attached here. This includes some photo concepts of the path type. The entry point will be off Salishan Drive common area and will meet up in the northwest corner of the property by the proposed ramp.

2. Does "no equipment storage" also include materials such as rock, porta-potties and vehicle maintenance equipment?

Answer: The Board cannot promise that material will be stored in a common area, there is currently material being stored along the rim of BGL for easy placement back on the beach. OPRD required that Salishan do this.

Situations may arise where material needs to be staged or stored at the common area. No maintenance equipment or Porta-potties will be kept in the BGL common area. There is a staging area that has been established next to the community center for material.

3. Will this ramp begin where the original beach access point was prior to the erosion, at the end of BGL next to the Gregory home?

Answer: The Board does not have the final design from the engineers so we cannot provide a final answer on this but what has been discussed is to keep the access point close to BGL where the prior access was previously .

4. What direction will this ramp go and how long and wide is it projected to be?

Answer: Again, we do not have the final design on this, but the ramp has been discussed to run to the south. I do not have dimensions on the remaining question of size.

5. Will there be a chain from a post to post across the ramp entry to keep vehicles other than emergency or construction vehicles from using the ramp?

Answer: Yes

6. Have all the necessary government approvals been obtained for the purposed work? If no, if some governmental permit is denied in the future is there any existing commitment that the HOA will refund the money back to the homeowners quickly?

Answer: The Board and the Ocean Front committee have engaged in substantial conversations with the Oregon Parks and Recreation Department (OPRD) to ensure there is a clear path forward. They have a firm understanding of the requirements and believe that this project can meet the objectives. The Board considers the risk of the permit being denied to be very low. However, if for any reason the work cannot proceed, any funds collected will be returned to the owners.

7. If the permit is denied in the future, would the HOA pursue appeals, and if so, could that cost of that trigger another assessment?

Answer: As noted above SLI believes the risk of a denial is low.

8. Does the BGL armoring plan include a permanent access road to the beach?

Answer: Yes, the plan for BGL includes a permanent access ramp. This ramp will provide beach access and allow equipment access in emergency situations. It will not be used for equipment storage, only ingress and egress.

9. Does the plan include concrete stairs to the beach?

Answer: No, there is no stair plan for BGL. The ramp will perform two functions: provide pedestrians access and ingress and regress access for equipment in emergency situations.

10. Regarding the topographic map that was emailed on July 8th with our voting instruction....Was the three colored legend (e.g. red, orange and yellow) "accompanying narrative" provided by Earth Engineers, Inc. experts or was that commentary added by another source?

Answer: The narrative on the topography document was written by Adam Reese, there was no commentary added to his communication

11. Do we have a plan B?

Answer: A plan B will depend on many factors. This is a complex issue that changes from week to week based on the natural conditions of the area. If the vote is unsuccessful the Board will need to reconvene and determine the next steps. If approval cannot be achieved by winter the response will depend greatly on how the area is impacted so the Plan B will evolve in real time.

12. Is there a less expensive alternative with fewer items addressed?

Answer: Not at this time. The expenses for this project will increase with time and the legal responsibility to maintain this land will continue to rest with SLI. Therefore, this project will not get less expensive with time.

13. What if the majority of leaseholders say no? Are there areas we could choose to abandon? Are we kidding ourselves to believe we can preserve the integrity of property under increasing assault by erosion? What do we predict annual costs will be over the next 5 or 10 years?

Answer: If you review the project overview section of the Shoreline Protection History you will see there are substantial investments being made by Oceanfront owners to protect the spit. The areas of responsibility for SLI are the 12 beach access areas that are SLI owned land, and the common area Beach Grass Lane. The work for the other access points are worked into the reserve funding and is being managed within the maintenance fees currently being collected. While SLI cannot predict mother nature based on the review from the Geologist this path is recommended for preserving the spit and the communities Oceanfront value.

14. Where do I find a current balance sheet?

Answer: The financials are loaded on the owner portal on a monthly basis, if you have not logged into the portal, please reach out to customer service and they would be happy to walk you through this. customerservice@aperionmgmt.com

15. How is our cash invested? where, in what, and with what ytd returns?

Answer: Our SLI financial resources are held in two areas: The Operational Fund and the Replacement Reserve Fund. Within each Fund our money is placed in three areas: Our current account, to pay for our current obligations, our Invesco Government Fund, money that we expect will be needed within 60 days, and short term (90 to 180day) Government T-Bills that are invested in a ladder strategy

Our management strategy for both funds is the same. Every month during of our Financial Advisory Committee meeting we review of current financial obligations and those that are expected over the following 60-90days and the maturity dates of our ladder T-Bills and decide what funds need to be transfer between the three areas to maintain our cash on hand and liquidity and provide us with a safe and secure investment return on the funds that will not be needed until later in our Fiscal Year.

Our Invesco Government Fund has been providing us with a return of approximately 5.1% and our Government T-Bills approximately 5.3%.

16. Can we consider two or three different assessment levels based on lot size and property assessed value?

Answer: Currently the language in your lease does not allow for a pro-rated maintenance assessment. The language in the lease distributes the assessment evenly among the leaseholds.

17. Why is the dollar amount not pro-rated?

Answer: In Addition to what is noted in #16 and, and as noted in the history document..... The proposed work will occur in the Beach Grass Lane Common Area, safeguarding the common area is a responsibility shared by our entire community. Emergencies and financial need will arise in the coming years throughout the community, taking the stance that the owners in the closest proximity should bear the burden of the maintenance was not the intention for the development of SLI, we are a collective group. For example, erosion along the bay side of Salishan Drive could require community expenses. In such a scenario, community support would be indispensable. This helps to underscore why we must act collectively to address threats to any part of our common areas.

18. If someone has threatened litigation, why would SLI spend over \$2 million unless they first waived their right to file litigation? Why would SLI spend that money and still face any litigation risk at all (as examples, someone's claim that SLI didn't act quick enough or that the repair took too long to complete, or after the repair was made, that the riprap wasn't high enough, or that it caused damage by diverting water onto someone else's property?) To help assure everyone that the threat of litigation is over and that this is truly a "one time assessment," I think the following makes sense: (1) they should waive their right to file litigation; (2) they should agree to the repair plan so they can't claim any defect later; (3) they should agree that this funding does not create any precedent, course of conduct or other

obligation to require future waterfront funding; and (4) they should reaffirm the 75 percent requirement under the lease.

Answer: (this narrative was provided by Association council) Why would anyone sign it? Waivers must be voluntarily given. Plus, even if SLI did take the position described below, what about the silent leaseholders? People who don't respond at all and also do not sign a waiver? You will never get 100% involvement no matter what you do. So, you will never get 100% of the leaseholders signing waivers. It is a nonstarter.

And, if you don't have 100% of the leaseholders signing a waiver, you are never out of the woods. Those leaseholders who don't sign a waiver would be able to sue. Therefore, what is the purpose of going through the waiver process?

19. I'm not sure what the plan is.

Answer: noted in the history document the plan includes revetment, an access ramp, engineering, permits and contingency.

20. Is there a final proposal/plan?

Answer: The proposal for the work that will be completed is detailed in the attached history document. This includes cost details and details on the scope of the work.

21. Is this still in planning stages?

Answer: while the project will have an emergency access ramp, it is for ingress and regress only and not for storage at BGL. There is a staging area that has been established next to the community center for material.

22. Is it permitted?

Answer: The Board and the Ocean Front committee have engaged in substantial conversations with the Oregon Parks and Recreation Department (OPRD) to ensure there is a clear path forward. We have a firm understanding of the requirements and believe that this project can meet the objectives. We consider the risk of the permit being denied to be very low.

23. What is the total cost?

Answer: The project budget is noted in the shoreline protection history document attached.

24. What does the \$5500 per owner cover?

Answer: again, this is included in the history document.

25. Will this cause neighboring beach to erode?

Answer: I would encourage you to review the history document as it details the substantial investments from other leaseholders underway and in process to armor the spit. While we can not predict the ocean the steps to complete the revetment up and down the spit will prevent additional erosion.

26. Are there 3 houses on Beach Grass Lane, or is this all common area?

Answer: There is a road that has 4 homes that boarder as well as additional homes that surround that area.

27. Has the Board already determined how the cost of revetment work will be covered for all of the other beach access easements other than Beach Grass Lane? Will there be a need for future assessment votes to cover any additional costs that may be required on any of the remaining 11 easements?

Answer: The Financial Advisory Committee is in the process of updating the Reserve Study, this study provides cash flow projections for the upcoming maintenance and reserve projects. With the update currently underway we do not have the full update on future needs.

28. Has the Board determined a plan for permitting these easements? I understand that each easement will need a geological engineering report and require other application fees in addition to the cost of the rip rap. It seems that if the board doesn't have a plan in place, decisions and voting could hold up the process and cause delays in protecting these easements.

Answer: The Board is running this process in parallel. The engineering is currently underway so if the approval is received on the assessment the permit can be applied for. If the approval is not received, then yes this will cause a delay to the project as SLI will not be able to apply for the permit without the available funds.

29. Where does all of the money go to (itemize) from all of the leaseholders yearly maintenance fees?

Answer: A detailed budget and monthly financial for the community can be found on the owner portal. As noted above if you have not logged into access this information you can reach out to our customer service team at customerservice@aperionmgmt.com.

30. How much do we pay Aperion per month?

Answer: The 2023-2024 contract was \$7,100 per month and the 2024-2025 contract is \$10,100 per month.

31. How are people that are on fixed incomes able to come up with all of these additional expenses that you keep sending everyone?

Answer: The Board recognizes that some of the SLI owners are on fixed incomes and might need to make payment arrangements for additional assessments. These requests will handle on a one-on-one basis. The Board will do their best to work within peoples means within reason.

32. As Salishan Resort guests are permitted access to the beaches through Salishan, what responsibility should the Lodge share in the revetment costs?

Answer: The turnover agreement contemplates the costs of the roads and access but does not specifically include revetment. However, there are ongoing meetings with the lodge to engage them in this solution and the request has been made for them to consider a financial contribution to the project.

33. We own two adjoining properties, so would be assessed \$11K. That's a lot. Others have 3-4 properties, so that's even more for them. While the straight forward assessment for each property is easiest, would there be consideration to prorating those costs for those who own multiple properties?

Answer: As has been previously noted the current language of your Leasehold does not allow for the ability to deviate for the cost distribution in the lease. This is one of the potential cons of the lease structure over a traditional HOA as there is not flexible language on how the assessment can be applied.