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MEMORANDUM

To: ALL RESIDENTS & STAFF
From: ANDREW DUJON, President/Chief Executive Officer
RE: Rain Event Rumors, & More
Date: April 30, 2026

Good afternoon,

I hope this finds you all well. The Donnelly road repair project is scheduled to be completed in May. Please stop driving your golf carts across Donnelly and use the golf cart bridge to get back and forth to Lakeside.

Many of you know that you can submit a work order on our website. At the bottom of the page, in bold yellow lettering, it says, "Resident Work Order, Click Here to Submit." Some of your neighbors may not be as adept with computers as you are. I have seen several neighbors helping neighbors with work order submissions, and I want to thank you for your assistance. If you know of someone who is challenged with a computer, please let us know or lend a helping hand so they can get their needs met.

There have been many rumors about Waterman Village's financial stability. There is speculation about how we can afford the large expenses from the October 2025 rain event, and a double-digit rate increase is coming in 2027. Please stop listening to the rumors and let me explain why.

When the rain event occurred, we quickly assessed the damage and calculated the anticipated cost. Not knowing the full extent of the damages, we calculated our expenses, plus a 20-30% contingency for the "what ifs." This initial estimate was \$9mm. Since there was no insurance money to cover these costs, we shifted our investment portfolio to obtain an unsecured \$6.5mm line of credit. Next, we renegotiated our Sodexo contract to provide \$2mm of capital. We also decided to cut our capital expenditures budget for 2026 from \$4.8mm to \$2.4mm and allocate the remaining \$2.4mm toward the rain event. With this shift in resources, \$8.5mm at our disposal, and our \$12.5mm investments, we felt comfortable managing the expenses.

Now that the process is wrapping up, we have actual costs to work with, and it appears we will be just under \$5mm in total cost for the rain event. We have not had to use any of the line of credit or our investments. We have funded all expenses from operating cash and the Sodexo contract commitments. Now here comes the wonderful part of the story.

The government established an Employee Retention Credit (ERC) program during COVID, a refundable tax credit for businesses that kept employees on payroll during pandemic-related shutdowns or significant revenue declines in 2020 and 2021. We felt we should qualify for this credit, so David Larson, CFO, applied over two years ago. There was no guarantee that we would be approved. However, we have since received \$4.3mm from the government for the ERC. A true blessing during a time of need!

Did we take a hit from the rain event expenses? Of course we did. Is Waterman Village bouncing back and growing stronger every day? It absolutely is. Is there an expectation for a double-digit rate increase in 2027? No, there is not. Have a wonderful day!