ANNUAL DUES QUESTIONS

1. When will I receive the voting packet?
A. It was mailed August 31, so if you haven't received it yet, you should receive it within the next few days.

2. I'm going to be out of town during the voting period. Will I still receive a voting packet?
A. If you updated your mailing address with our office, you will receive the packet directly. If not, if you have set up a forwarding address with the post office, you should receive the packet, as it's being mailed first class. If you have any problems, please email webmaster@landings.org.

3. Is a paper ballot be included?
A. Yes. You will have the option to vote via paper ballot or online via the instructions included in your voting packet. If you choose the online voting option, please note that the last three digits of your "User ID" listed on the "Voting Instructions" page in the packet you received by mail are numbers, not letters. The characters leading up to the last three digits are letters. Additionally, your "Password" is your Gate Pass PIN that you use to call in guest passes.

4. The attached image is a slide taken from a presentation indicating the monies set aside for operations and reserve accounts for the years 2020 through 2024. I would ask that this information for the years 2000 through 2019 be provided so that we can all have good historic information on annual money set aside for the Capital Reserve account. Please provide the information.

Proposed Annual Dues for 2021-2023

Annual Dues Allocation	2020 Budget	2021 Plan	2022 Plan	2023 Plan	2021-2023 Average
Operating Fund	$1,372	$1,457	$1,502	$1,560	$1,506
Capital Reserves Fund	$478	$613	$668	$710	$664
Total	$1,850	$2,070	$2,170	$2,270	$2,170

Average National Annual Dues: $2,400 - $3,600/year (Realtor.com)

A. The chart below shows the audited annual contributions from Annual Dues to Operations and Reserves since 2000. Please note, the Capital Asset Management Plan (CAMP) was not created until 2005.

Year	Operations Contribution	Reserves Contribution
2000	3,485,820	-
2001	3,485,820	-
2002	3,485,820	-
2003	3,528,699	408,100
2004	3,625,427	442,493
2005	3,745,056	1,128,252
2006	4,153,116	1,540,117
2007	4,999,046	1,313,774
2008	3,872,122	1,971,005
2009	4,825,715	1,349,460
2010	5,061,119	1,432,161
2011	5,041,515	1,680,700
2012	4,736,176	2,002,470
2013	4,947,880	1,873,020
2014	5,257,418	1,921,830
2015	5,754,840	1,626,560
2016	6,334,400	1,312,200
2017	6,781,560	2,893,860
2018	6,143,800	2,029,500
2019	5,154,815	3,023,280

5. How much will be allocated to the Reserve Fund over the next three years?
A. $8.8 million is scheduled to be allocated to the Reserve Fund during that time.

6. How is the Capital Reserve Funds money being invested? Are these investments laddered to reflect anticipated need? How much have they earned in the last three years? Any changes to the investment strategy to keep pace with inflation?
A. The Investment Subcommittee from our Finance Committee meets quarterly to review such items. Results are reported monthly, including during the Board Meeting. Our Reserve funds are invested in short-term CDs along with a money market account held with Ameris Bank. The CDs that are invested are laddered to reflect their need, and have maturities varying between six and 18 months. However, since March 2020, interest rates declined, and when the CDs mature, we have found our money market interest rate higher than if we reinvested in CDs. Over the last three years (2018-2020 to date), we have earned $283,287 in interest on the Reserve balances. The interest earned remains in the Reserve Fund. TLA also has an investment policy that was revised in 2019 (begins on page 19) that you can view by clicking Board Policy Manual.

7. Are items in the Reserve Fund replaced on a set schedule whether needed or not?
A. No. Each year, your neighbors who volunteer to serve on Landings Association committees review the extensive list of assets scheduled for replacement in our Capital Asset Management Plan (CAMP) to verify whether or not these scheduled replacements are required at that time. Paid and unpaid engineers, as well as staff, conduct field inspections as part of the review process. The focus is to maximize the useful lives of all assets without negatively impacting the community or creating more costly repairs or replacements in the future.

A perfect example is the recent repaving of the road leading to the Main Gate. That road was scheduled to be resurfaced in 2024, but multiple engineers concluded the road could not wait, and that complete base failure would be much more costly to repair. The same is true in the other direction…if we can achieve longer lifespans before replacement, we do. For instance, our 2005 vacuum jetter truck to clean storm drains was scheduled in the Reserve Fund for replacement in 2016. We extended its useful life through aggressive, preventive maintenance until 2018, when we refurbished the truck and rebuilt the motor to further extend the useful life and decrease costs. Today, new units cost $315,000. The 2005 truck is still in operation and scheduled for replacement in 2022 at $317,000. Staff are actively exploring options to reduce this future cost.

8. How are Reserves and Operational spending decisions made?
A. Along with the process noted above for Reserves, when capital expenditures exceed certain thresholds, they require Finance Committee and Board approvals, along with approvals by other pertinent committees, such as Public Works.

For Operations, liaisons from the Finance Committee meet with each department to review proposed budgets and make adjustments, before reporting back to the full Finance Committee. The Board then reviews the proposed budget, which includes amounts for each line item, makes changes where desired, and then approves an overall Budget with set budget amounts for each line item.

You can see more details about the spending thresholds for capital expenditures and contracts on pages 27-30 of the Board Policy Manual.

9. Please explain the "30% funded" language when discussing the Reserves. Does it mean 30% of the replacement value of capital assets reaching the hypothetical end of their useful life? Might 30% be inadequate? It's described in the information about the dues increase as a recommended "minimum". Suppose every asset actually failed at the end of its hypothetical useful life. Would we then need to be 100% funded, rather than just 30% funded?
A. The 30% funded refers to 30% of the total cost of replacement, based on how many years have elapsed. To further explain, there are two types of funding methods for Capital Reserve Funds:

1) Component Funding Method (Fully Funded 100%): Fully funds each component, then sums the individual component contributions to determine the annual contribution. See more information in the Reserve Study at the following link, on page 7: https://landings.org/sites/default/files/resources/Budget%20Workshops/Reserve%20Study%20for%202021%20Report.pdf

2) Cash Flow Funding Method *Recommended*: (30-70% Funded is considered "adequate" by industry standards): Maintains reserve balances above a predetermined "Threshold Level" (in our case, 30%), providing sufficient funding for annual component replacement with minimum contributions. You can see more on page 7 of the above as well.

So as an example of the above, let's say you have a $20,000 roof that lasts 20 years. In the full funding (100%, or component) method, you would have $10,000 set aside after 10 years, and the full $20,000 set aside after the 20 years when replacement is due. If you have 30% funding, after 10 years, you would have $3,000 set aside, and after 20 years you would have $6,000 set aside.

As noted in the Reserve Study on page 8, should TLA choose to follow the 100% funding methodology, that would require a contribution to Reserves next year of more than $19 million.

If all assets were coming due at the same time, 30% would not work. However, since these assets have varying lifespans with some coming due at different times than others, in practical terms, if you can maintain 30% funding, you should not run out of money.

10. If the property owners vote against the requested increase, can TLA seek a special assessment/another assessment increase to shore up the Capital Reserves account in 2021 while still moving forward with the renovations to the Athletic Fields using the current $7,000,000+ in the trust account?
A. No, not as suggested in this question. The full scope of the proposed project could not be completed unless the community approves additional funds, whether through a subsequent Dues vote or a Special Assessment vote.

11. When was the decision made to include all assets valued at $1,000 or more as Capital Assets?
A. During the 2000s, after the creation of the Capital Asset Management Plan (CAMP) in 2005. This improved accountability by centralizing the purchasing process across departments and improved tracking (including useful lives and replacement costs) of these assets, including security cameras, radios, and computers. These assets are bought in bulk, not individually, are not purchased annually, and have a finite useful life. Following this process also requires approval of the Finance Committee and Board of Directors.

12. Did this decision affect the amount of money needed for the Capital Reserve Account? If so, how?
A. Yes. It transferred the cost from various Operating Budgets to the Reserves Fund so they could be managed and purchased collectively at the best pricing. In addition, whether the assets are listed as operational replacements or capital assets, they still require funding for repairs and replacements.

13. Was consideration given to requesting a special assessment for the capital reserves account or the playground project?
A. No. TLA policy and practices match Best Practices requirements of Community Association Institute (CAI) by using a Reserve Fund to replace the Association's assets rather than special assessments. Special assessments for capital replacements are not equitable for both current and future owners. Future populations don't pay their share of the asset use; it all gets paid at one time by current owners with a special assessment. Likewise, underfunding Reserves and relying on future special assessments shifts the entire cost to future owners. Under Reserve Funding, each owner pays an incremental and equitable share of each asset annually while they own property at The Landings and benefit from the assets. TLA, as do most corporate entities, record asset depreciation over time to accurately reflect true costs. In addition, the 2019 Community Survey confirmed a majority of owners would prefer using Annual Dues to fund future capital expenses vs. other options, including special assessments.

14. TLA had previously (prior to 2018) put aside $200,000+ for Athletic Field renovations. With over $6,000,000+ in the Capital reserve account in 2018, why did TLA not move forward Athletic Field renovations in 2019?
A. There is a finite amount of funds, and this question would suggest taking money allocated for other assets to pay for the renovations. While it seems like a large balance, realize there are close to $80 million in assets, and this Reserve Fund is for all of these assets.

15. Was the decision to not move forward with this project made with an eye towards using this renovation as a bargaining chip for votes on the increased assessment?
A. No. Instead, we opted to engage the community further through the Athletic Complex Committee so that any proposed improvements met all user needs, at all age ranges.

16. It was mentioned that the HOA fees are lower than other comparable developments. What developments did you compare to and please list their prices and what those dues cover?
A. This response comes courtesy of The Landings Company's John Evans:

Before focusing on your question, let me provide a bit of background. As you probably know, The Landings was developed by the Branigar Organization, a real estate planning and development firm headquartered in Chicago. Union Camp Paper Corporation, the owner of about 5,000 acres of land on Skidaway Island, hired Branigar to create and implement a development plan for what became the Landings. The focus of that plan was a national market, and that manifested itself in a national advertising campaign in the *New York Times* and *Wall Street Journal*.

Over the years since The Landings began, the local market has become supportive of The Landings, first through the creation of the Midpoint neighborhood and subsequently through a number of younger families moving into older homes in Marshwood and Plantation (don't know if the neighborhood has changed to Palmetto but the clubhouse has). The Landings has become a mix of younger and older families and of local and national buyers, all of which is good. However, please understand that the national buyers still represent over 65% of all new buyers to

The Landings; they represent over 75% of all home sales $500,000+ and over 70% of all new full golf members at the Club. While no longer the only focus of our marketing efforts, the national buyers remain a critical segment of The Landings' economic structure, without which the community could not survive.

When we recently surveyed national buyers who purchased a home or property in the last two years, we asked which other communities they visited or considered before choosing us. Responses included Reynolds Lake Oconee, Amelia Island, Berkeley Hall, Belfair, Palmetto Bluffs, St James, Haig Point, The Cliffs, Colleton River Plantation, and some 16 other similar club or golf centric communities in the Southeast. In some communities, club membership is required of all property owners; in others, it is optional as it is here. That creates some difficulty in comparing our fees to these other places in that each community structures its situation differently. (We also no longer have developer financial support like other various communities.) For example, Berkeley Hall requires everyone to be a full club member with an annual cost of $24,000, an annual cart fee of $3,000 and an annual HOA fee of $5,000. By contrast, if one were to take the full golf fee here of $12,500 and add a cart fee of $1,920 and an HOA fee of $2,270 (in 2023), that adds up to $16,690, about 52% of Berkeley's fees despite our having considerably more extensive facilities. At Reynolds, the HOA fee is about $3,200, and the club fees range depending on whether one wants to have access to only one club and course or all five. Haig Point has an all-inclusive fee of about $2,300/month which covers both HOA and all amenities. For what it's worth, not one of the buyers who responded to the national buyer survey named any other community in Savannah as one they had visited or considered.

My experience in touring national buyers here is that they react very positively to our HOA fees, as they are considerably lower than other communities they have or are considering. Even with the proposed increase, they will still compare quite favorably. The important points about the proposed increase include the following, looking at it as a realtor tasked with attracting principally national buyers here:

1. Our current and proposed HOA fee is attractive compared to other communities they see as equal to us.
2. It is important that the community present itself in a positive light. Buyers shop with their eyes, and if our community appears worn or unkept, they notice.
3. It is equally important that we provide sufficient funds for future capital improvements and replacements. National buyers are quite aware of communities that haven't done that and are forced to have special assessments, debt financing or, worse yet, selling the community to an investor.
4. Finally, two failed HOA dues votes will send a terrible, but accurate, picture that we are a divided, conflicted community. That will clearly adversely affect our marketing efforts.

17. Did the TLA take any steps to offset the loss of income from the non-renewal of the security contract with the TLC? If so, please outline the steps that were taken to offset that loss of income.
A. TLA always looks to maximize non-Assessment revenue, especially when it has minimal impact on our owners, such as interest earned with more aggressive cash management within the context of our Investment Policy. As for this TLC contract, a specific Officer(s) was not assigned and dedicated to Club property because this was a 24/7 operation served by the entire Security Staff. The officer(s) on patrol duty at any time responded when called. Security staffing levels provide for a maximum of two patrol officers on duty per shift for the entire community.

Due to the increasing volume of golf cart traffic and resident complaints, we recognized that staffing cuts would be detrimental. Termination of the contract has enabled Security to focus more proactively on addressing violations of Covenants and Rules and Regulations, especially on the community paths. For example, there is a 46% increase in overall warnings and citations for golf cart violations and a 56% increase in warnings and citations for unlicensed drivers.

18. Have any discussions been undertaken to freeze hiring and employee increases in an attempt to constrain costs in light of the recession and ongoing issues occasioned by the pandemic? If so, please outline results of those discussions.
A. This is being handled on a case-by-case basis and as employees depart the organization. Two employees have recently resigned, and those positions are not being filled. One is the Community Programs Manager, and the programs have been curtailed. The other is a front desk Receptionist, and those duties have been spread among staff across the organization to minimize overtime costs for front desk staffing.

19. Have any discussions been undertaken for senior management to reduce their salaries or to forgo annual increases in salary/bonuses as part of a larger attempt to constrain costs in light of the recession and ongoing issues occasioned by the pandemic? If so, please outline the results of those discussions.
A. The projected negative revenue impacts during the beginning stages of the pandemic this spring have not been as severe as first anticipated. This includes such revenue streams as the Annual Dues, commercial RFID sales, and boat storage. Therefore, such cuts, though discussed, have not been required at this time. TLA will continue to monitor impacts of the pandemic and will make adjustments as warranted.

OTHER LANDINGS-RELATED QUESTIONS

20. Please advise of steps taken by the TLA to provide services above and beyond its normal services to assist the residents of The Landings during the pandemic.

A. TLA's role and focus throughout the pandemic has been to adapt our operations to ensure business continuity for our Owners while ensuring their safety and compliance with the myriad Executive Orders. This includes those steps taken to prevent service disruptions (keeping employees safe while working) and preventing community spread from our operations. With the exception of a temporary closure at Landings Harbor Marina, and suspension of building and facility rentals due to limits on gatherings, all other TLA services continued without interruption, including Security services, despite positive tests within the staff, thanks to dramatic internal operational adjustments.

Website forms were updated to provide more remote assistance for residents, cleaning protocols were enhanced in common areas. TLA began using the Microsoft Teams platform for volunteer committees to continue business in a safe manner. Staff arranged for an on-island, drive-through COVID-19 testing site through the Health Department and CEMA; 300 people took advantage of this opportunity. Positive COVID-19 test results in 31411 are reported to residents every Friday.

21. Has TLA money been spent to renovate private property/private homes in the past?

A. Once. In 2002, a home was purchased, renovated as a demonstration project, used as a Model Show Home, and then sold for a small profit, as reported in *The Landings Journal* 18 years ago. https://landings.org/landings-journals

22. Over three year, TLA budgets have included $90,000 for Renovations/Development. Please let the Homeowners know what has been done with this money.

A. Actual expenditures over the past three years totaled $43,102. The majority was spent on Development-related legal costs to meet TLA obligations for inventory and cancellation of outstanding Sprayfield certificates. This is an obligation left over from the Branigar days. The balance of expenditures was related to Renovation Committee architectural services and website development. There are no planned or budgeted expenditures for Development or Renovation projects or issues in the next three years.

23. Have senior management or Board members (2000-2020) utilized the services of any contractors that also provide services to the TLA?

A. Yes. They are free to use any contractor, just like any other resident.

24. If so, please advise of the ethical rules that are followed to make sure that such utilization does not present a conflict of interest.

A. Both TLA's Board and employees are bound by various Codes of Ethics to prevent such a conflict. In addition, during Board Orientation each year, a legal presentation is conducted for the Board and managers that covers Conflicts of Interest, as well as other pertinent issues. TLA employees are bound by an employee Code of Ethics. Managers and supervisors are also members of various professional organizations that have Codes of Ethics.

25. Has any consideration been given to changing the Board nomination process to allow any Homeowner who shows initiative and desire to serve on the Board by obtaining signatures (say 100) from fellow Homeowners on the Ballot? If not, Why?
A. No detailed discussion has been held to this point because the process is open for any Owner in good standing to apply, and until recently, the process has not been raised as a concern.

26. Why are all TLA meetings/committee meetings (excluding special sessions where private/privileged information is discussed) not recorded and not open to the Homeowners who have interest in attending?
A. Except for the Architectural Review Committee, these committees serve in an advisory capacity and have no final authority to approve projects or allocate resources. That is the Board's role, and the Board meetings are open to owners, as are the Architectural Review Committee meetings.

While the Committee meetings are not "open" to the entire community to attend, periodically there is a request from an Owner to address a committee on a specific subject, which is typically granted by the Committee Chair. The minutes of Committee meetings are included with the Board Meeting Packets that are posted online.

In addition, owners who address the Board during the open Board Meeting will have their issue referred to the appropriate committee through the assigned Board liaison.

27. In the last five years, has any Board vote approving an item not been unanimous? If so, what percentage of Board Votes have NOT been unanimous over the last 5 years? Last 10 years or last 15 years?
A. Those are rare occasions. If the nine members of the Board are not in agreement on issues, those issues normally are referred to committees for further work and review before they are presented to the Board for a vote. You are always welcome to review the past 15 years of Board Minutes for this information, as it is not readily available without research.