February 5, 2019

Dear Fellow Residents,

The Landings Association is pleased to provide the 2018 TLA Annual Report. It contains a wealth of information regarding TLA activities over the last year, including a brief recap of the year’s accomplishments, the annual report from The Landings Company, and most importantly, the complete, audited TLA financial statements so you can see just how your assessment dollars are spent. In addition, it includes a very informative look into how each department operates and all the services they provide for us over the course of the year. It's really interesting, and I urge you to read the entire report and to contact TLA with any questions you may have.

Over my three years on the Board, and especially in this last year as President, I’ve been privileged to be able to see, up close and personal, just how diligently and effectively our terrific TLA staff, under the capable direction of General Manager and Chief Operating Officer Shari Haldeman, work every day to provide a beautiful, healthy, and safe environment for us all. The job of the Board of Directors of The Landings Association is to provide oversight of the Association, and to set the strategic direction and policies for the Association. In addition, more than 100 of your neighbors, as volunteers serving on TLA committees, along with many more hundreds of volunteers in other groups, contributed thousands of hours collectively for our common good, and I thank them for their service and urge you do so when you get the opportunity!

2018 was an interesting year for TLA, with a lot of accomplishments and a few disappointments. We achieved a number of important objectives laid out in our Strategic Plan, which I touch on below.

**Environmental Sustainability/Stewardship** - In 2018, The Landings became the first community in Georgia to be designated by Audubon International as a Certified Sustainable Community, two years ahead of schedule. This award recognizes the three pillars of sustainability: a healthy local environment, quality of life for citizens, and economic vitality...all areas important to our residents. We held a number of events to increase knowledge about our environment and water conservation, and we began preliminary work in the important area of planning for the possibility of extreme weather and potential coastal sea level rise.

**Development/Housing** - In 2018, we launched a Renovation and Renewal initiative to encourage and empower current owners or potential buyers who want guidance, ideas, or advice in bringing their properties up to date. Plans for providing actual design examples are off to a good start and will be more fully realized in 2019. The Landings Association continued litigation on a small number of houses with serious, ongoing property maintenance standards violations. One house was finally foreclosed by the lender, sold, and brought up to standards, and three others are in various stages of legal action.

**Technology** - We began preparing for the availability of 5G cell phone technology by identifying and GIS mapping all street light poles, and actively monitoring the progress of the technology to determine the technical requirements for attaching the small cell base stations.

**Amenities, Activities, Programs, and Services** - With financial support of community organizations, various TLA amenities have been enhanced to leverage our natural environment, creating or enhancing a number of venues and pocket parks. We completed planning and design for renovation and expansion of facilities at TLA’s Athletic Field and Playground, a project that was part of the 2019 assessment package and which unfortunately will have to be postponed.
**Governance and Decision-Making** - In 2018, TLA strengthened its ties with key partners off the island, participating in periodic meetings with Chatham County staff, and increased coordination with the Chatham Emergency Management Agency through GM Haldeman’s attendance at the CEMA Command Policy Group meetings during storm events. The planned November vote on Incorporation had to be postponed due to a drafting error in the legislation, and amendments to the proposed charter have been introduced in the 2019 legislative session.

In 2018, the Presidents and General Managers of The Landings Association, The Landings Club, and The Landings Company began meeting and working together as the G-6, with the aim to improve communications and understanding between the entities, to understand and reconcile the necessarily different governance roles and philosophy of these entities, and to identify strategic opportunities on issues where we can work together. All the participants are committed to building on this foundation in 2019.

Finally, my biggest disappoint in 2018 was that the three-year assessment vote failed to pass. Voter turnout was lower than in the past, and although nearly 66 percent of those voting approved the plan, this was short of the two-thirds majority needed for approval. I wish I’d been able to better communicate not only how carefully and effectively your money is used, but also the reasons that increases are necessary and prudent to provide the quality of life you desire and to support of the future value of your property. In 2019, community surveys will be conducted and focus groups and other forums will be used to learn what residents want to see in our community. I urge you to use this report as background as we hold these important discussions.

I have been honored to serve as President, and I’m confident that in 2019, under the leadership of incoming president LeeAnn Williams and a very talented group of Board members, The Landings will continue to be the place that we, and many future residents, want to call home.

Rick C. Cunningham
2018 President, The Landings Association
The Landings Association, established in August 1972, is a nonprofit corporation formed to promote the health, safety, and welfare of the residents of The Landings on Skidaway Island. Every person or entity who is an owner of record in any lot or living unit which is subject to covenants of record is a member of the corporation (Association). The Landings Association owns, operates, and maintains the common properties and facilities and provide security services within the community.
Mission, Vision, and Strategic Plan Objectives

Our Mission

The Mission of The Landings Association is to maintain common property, provide services, and administer covenants in a publicly responsible and efficient manner.

Our Vision

Our VISION is to be the most vibrant private residential community in the Southeast. We are stewards of the naturally beautiful coastal environment in which we live, work and play, and actively pursue economic, environmental, and social sustainability. We create and foster an active lifestyle, along with experiences and services that enhance our sense of community, security, and quality of life.

Strategic Plan Objectives

Objective 1 - Environmental Sustainability
Create and promote an environmentally sustainable community that encourages responsible enjoyment of our natural resources.

Objective 2 - Housing
Create and promote an environmentally sustainable community that encourages responsible enjoyment of our natural resources.

Objective 3 - Technology
Research and leverage cutting edge technologies to enhance the safety, security, and quality of life for our residents.

Objective 4 - Amenities, Activities, Programs, And Services
Develop and deliver an expanded array of amenities and services to complement those offered by the Club and promote an active lifestyle, create a strong sense of community, and are valued by our current and future residents.

Objective 5 - Governance and Decision Making
Build and implement partnerships and leadership strategies with major stakeholders that will ensure the future success of The Landings.
February 28, 2019

Dear Residents,

2018 was the second year of our two-year storm recovery plan following Tropical Storm Hermine and Hurricane Matthew in late 2016. 2017 was dedicated to continued removal of approximately 280,000 cubic yards of storm debris and 2,000 trees from common property, followed by extensive marsh wrack removal from Hurricane Irma’s storm surge and flooding in September. Our 2018 plan focused on restoration of the common property, including additional tree removal and stump grinding, regrading, re-seeding and ground cover installation, bed delineation and pine straw application, replanting of trees and shrubbery, and hydroseeding along center islands and rights-of-way. Delegal Marina floating docks, destroyed in Matthew, were replaced, largely through insurance proceeds, as well as accumulated dock replacement Reserve funds. A Grand Reopening ceremony was held in April.

Our recovery from three major weather events results from aggressive pre-planning, including coordination with Chatham Emergency Management Agency (CEMA), the strong support of property owners for the community recovery special assessment, and the foresight of Board members, past and present, to establish sound financial policies and practices such as a Reserves Fund. The Reserves provides for the gradual accumulation of funds over time for the eventual replacement of assets, such as our backup emergency generators, alternative communications systems, and multi-purpose heavy equipment that played a critical role in our ability to prepare, respond, and recover.

Our three-year assessment proposal for property owner annual dues did not achieve the required 2/3 approval from the community this past year. As a result, the property owner assessment amount in 2019 remains flat, and reductions were made to the 2019 Budget and Long Range Financial Plan. Community focus groups and a survey will be used to inform decision-making on property owner service level expectations.

The Landings Association continued to evaluate the cost and benefits of Skidaway Island incorporation through the studies conducted by the Incorporation Steering Committee and five Study Committees. Legislation allowing a vote passed the State House and Senate and was signed into law by the governor for a November 2018 vote. A survey on this issue was conducted, with results indicating that 66% of respondents would be inclined to vote yes for incorporation of the island. During continuing research, the Incorporation Steering Committee discovered a drafting error, causing the vote to be postponed to 2019.

Technology improvements in 2018 included the addition of new map layers into GIS, including Georgia Power street lights, shallow well data, and our community path and trail system. Additional cameras were installed at the Marinas, the EyeOnWater app was linked to our TLA app, and a new app for mass communications – Swift911 – was launched and used successfully before, during, and after Hurricane Michael.

Follow-up continued on a joint Landings Association and Landings Club study performed by Nutter & Associates, an environmental engineering consulting firm, to evaluate the efficiency of the sprayfield operations used by Utilities, Inc. for effluent disposal, and by TLA and TLC for irrigation. The sprayfields, one owned by TLA and one owned by TLC, are the source of surficial aquifer collection, and this water is piped into lagoons and distributed for irrigation to Club golf courses and TLA gates. The study recommendations to improve the productivity of the fields included drainage improvements and thinning of the tree canopy to increase sunlight penetration and growth of a cover crop to stabilize the soil and increase nutrient uptake to eliminate nutrients in this groundwater. In 2018, these drainage improvements continued, and a Sprayfield Management Plan was prepared by staff and Utilities, Inc. Utilities, Inc. will be responsible for implementation.

A Renovation initiative began to take shape in 2018 for the purpose of encouraging both existing homeowners and prospective buyers to upgrade and revitalize Landings properties through renovation. Recognizing the need to provide both conceptual designs and associated costs per square foot for common renovation projects, requests for proposals were issued to local architects to provide a digital design package to assist owners and buyers in considering the value equation of purchasing an existing home for renovation. The Association selected Barnard Architects for the initial phase of concept designs and costs, and this phase of the project is currently underway. This work represents the initial component of an overall Renovation Package to be developed under the auspices of the Association’s Development Committee.
General Manager’s Report

In related matters, staff divided the community into 12 areas and implemented a four-month cycle of property maintenance inspections for the entire community. This enables proactive inspections of the entire community four times per year. While fewer than 5% of the properties were in violation, most of these owners worked cooperatively to address the compliance issue after verbal notification. Several of the most severe cases resulted in significant fines for property owners, and two are currently pending resolution in the courts.

The staff continued strong partnerships in 2018 with community organizations and volunteer committees to the direct benefit of the community. Through Sustainable Skidaway, a multi-organizational initiative of Skidaway Audubon, The Landings was awarded with Audubon International’s Sustainable Community Certification, the first in Georgia to achieve this recognition. TLA also partnered with CCA’s Skidaway Island chapter, the Landings Garden Club, and Bethesda Barnbuilders, resulting in construction of an Outdoor Education Center, new picnic benches, and new perennial plantings (some repurposed from our gates) at the Kid’s Fishing Lagoon. Volunteer Committee members made improvements to the Dog Park, including the Dog Park Agility Bridge constructed by Bethesda Barnbuilders, and installation of decomposed granite walkways for improved mobility, while TLA staff improved access from the parking lot for residents with limited mobility.

A committee was created to link existing and future personal weather stations into one network (WeatherUnderground, com) to view historical and actual weather conditions for different areas of the community. Skidaway Audubon funded a new weather station for this purpose at Skidaway Farms. Skidaway Audubon also donated a bench honoring Betsy Bratz for 20 years of dedicated environmental stewardship of The Landings at Lagoon 2 along Bartram Road. Landlovers Garden Club provided funding for native plantings to enhance Sunset Park, followed by a donation from Skidaway Audubon to install a walking trail through the Park. The site was also selected for the Diamondback Terrapin release parties during hatching season with great response and turnout from the community.

Numerous environmental education events were organized and hosted by staff, including “Adopt a Wetland” Volunteer Training, a Native Plant Walk, the Science on Tap series, Storm Water Education, and the Amazing Race orienteering event of natural and historic areas.

A new Reduce, Reuse, Recycle Committee (R-3) was formed in late 2018 to develop education programs and alternatives that reduce use of consumable products in response to the dramatic decline in the recyclables market. This decline, compounded by high levels of contamination, resulted in temporary suspension of mixed media recycling at our recycling facility while solutions are evaluated.

Staff and volunteers began to explore collaboration with Georgia Tech and CEMA to install a network of internet-enabled Sea Level Sensors across the County to provide real time data on coastal flooding. We look forward to receiving the technical and funding requirements to participate, as the data will document tidal fluctuations and assist in planning for flood resiliency.

Our Front Desk staff welcomed 290 new property owners and 38 renters to The Landings, recorded 369 property transfers, and processed 2,460 RFID transactions.

The Landings continues to be an extraordinary and special community, resulting from high levels of meaningful resident engagement in community matters, coupled with the support and guidance of our numerous volunteers who serve on the Association’s Board and committees. We greatly value and appreciate your continuing involvement and dedication to our community.

With sincere thanks,

Shari

Shari Haldeman
General Manager/COO
2018 Board Directors

Rick Cunningham
President

Hank Policinski
Vice President

Joyce Marble
Treasurer

LeeAnn Williams
Secretary

Blake Caldwell
Director

T.J. Hollis
Director

Jim Rich
Director

Diane Thompson
Director

Jim Van Epps
Director
2019 Board Directors

LeeAnn Williams
President

Hank Policinski
Vice President

Diane Thompson
Treasurer

Kathleen Field
Secretary

Blake Caldwell
Director

John Holmquist
Director

Jim Morgan
Director

Jim Rich
Director

Jim Van Epps
Director

Rick Cunningham
Ex-Officio
Landings Association Dept. Directors

Shari Haldeman
General Manager/COO

Karl Stephens
Asst. General Manager/CAO

Sean Burgess
Interim
Public Works Director

Karin Condame
Human Resources/
Organizational Effectiveness

Rory Jose
Marinas Director

Tim Cook
Security Director

Dianne Talcott
Finance Director/Controller

Read complete staff bios online (https://landings.org/staff-bios).
2018 Board Committees

EXECUTIVE
Rick Cunningham, President
Hank Policinski, Vice President
Joyce Marble, Treasurer
LeeAnn Williams, Secretary

FINANCE & AUDIT
Joyce Marble, Chair
Jerry Beets
Terry Breymann
Gary Herrman
T.J. Hollis
John Kane
Marian Mackle
Wim Salien
Diane Thompson
Jim Van Epps
LeeAnn Williams
John Palermo, TLC Liaison
Geof Silbert, TLCo Liaison
Shari Haldeman, Dept. Contact
Karl Stephens, Dept. Contact
Dianne Talcott, Dept. Contact

GOVERNANCE
Hank Policinski, Chair
T.J. Hollis
Jim Rich
Diane Thompson
LeeAnn Williams
Shari Haldeman, Dept. Contact

STRATEGIC PLANNING
Blake Caldwell, Chair
Hank Policinski
Diane Thompson
Jim Van Epps
Shari Haldeman, Dept. Contact

WATER RATE
Joyce Marble, Chair
Patty Morgan
Jim Rich
Jim Van Epps
Shari Haldeman, Dept. Contact
Karl Stephens, Dept. Contact
Dianne Talcott, Dept. Contact

DEVELOPMENT
LeeAnn Williams, Chair
T.J. Hollis
Hank Policinski
Jim Rich
Diane Thompson
Shari Haldeman, Dept. Contact
Paul Kurilla, Dept. Contact

STRATEGIC WATER
Blake Caldwell, Chair
Terry Breymann
Bob Hainly
Charles Heino
Patricia Morgan
Bill Foster, Sr.
Jim Van Epps
Lee Maine, Utilities, Inc.
Ron Medders, Utilities, Inc.
Steven Freund, TLC Liaison
Shari Haldeman, Dept. Contact
Paul Kurilla, Dept. Contact

REGULATORY COMMITTEES
ARCHITECTURAL REVIEW
Noel Ruppert, Chair
Charles Arraiz
Roger Cayer
Bob Fischer
Bill Haeger
Donald Lieb
Laurie Milano
Cara O’Rourke
Judy Snyder
Blake Caldwell, Board Contact
Paul Kurilla, Dept. Contact

APPEALS
Richard Liberth, Chair
Mike Auen
Kenneth Hubbard
Laurie Milano
Chris Savage
Tim Cook, Dept. Contact

STANDING COMMITTEES
COMMUNICATIONS
Joyce Glenn, Chair
Mike Auen
Anita Clos
Maryce Cunningham
Brenda Day
John Kosiewicz
Rosemary Mackey
Katharine Marshall
Lisa Olson
Chris Savage
Don Schoenwald
Diane Thompson, Board Contact
Karl Stephens, Dept. Contact
Lynn Lewis, Dept. Contact
Kristin Peney, Dept. Contact

PUBLIC WORKS
Bob Egan, Chair
Richard Dahl
David Grose
Bill Foster, Sr.
Kathy Siler
Ronald Weber
Jerry Thompson, TLC Contact
Hal Evans, CCA Contact
Jim Van Epps, Board Contact
Paul Kurilla, Dept. Contact

MARINAS
David Angell, Chair
Jamie Chisolm
Mark Piven
Bill Stallings
Tom Wichman
Mark Winters, Rhodes 19
Mike Welsh, CCA Contact
T.J. Hollis, Board Contact
Rory Jose, Dept. Contact

SECURITY
Robert Turner, Chair
Joe Grispo
Dennis Hudgins
Russell Liedtke
Lars Ljungdahl
Robert Longueira
Roger Lundin
Carey Ruppert
Don Schoenwald
Louis Wiener
Joyce Marble, Board Contact
Tim Cook, Dept. Contact

INSURANCE
Jerry Beets
Jack Coderre
Donald Lieb
Pryor Robertson
Kent Urness
Shari Haldeman, Dept. Contact
Karl Stephens, Dept. Contact
Dianne Talcott, Dept. Contact

TALLOW TREE SUBCOMMITTEE
Phil Boyer
Brian Burtnik
Whitey Carpenter
Ed Conant
Bart Davis
Anne Fenstermacher
Jeffrey Gendelman
Don McCulloch
Al Rosenbaum
John Taylor
Rudi Wunsch

NEIGHBORS HELPING NEIGHBORS
Sandy Caruso
Lynn Gensamer
John Martin
Don McCulloch
Callie Ryan
Caryl Warner

REDUCE, REUSE, RECYCLE
Connie Squibb, Chair
Einer Anderson
Joanne Bovey
Mary Ann Heaslip
Russ Liedtke
Kim Little
Don McCulloch
Lynne Norton
Lisa Olson
Tara Packer
Tom Sanford
Win Shuman
Robert Strand
Caryl Warner
Paul Kurilla, Dept. Contact
Ingrid Poppell, Dept. Contact

DOG PARK
Tim Andrews, Chair
Jack Allen
Carol Blaisdell
Melissa Chapman
Stuart Fletcher
Ingrid Poppell, Dept. Contact
Communications and Community Outreach Mission Statement

The mission of the Communications and Community Outreach (CCO) Department is to provide timely and effective communications, well-attended community programs, and internal human resources. The department consists of the Communications Program, Community Programs, and Human Resources/Organizational Effectiveness.

2018 HIGHLIGHTS

Landings Association Website (www.landings.org) and Social Media Sites

In 2018, focus continued on promoting the social media sites as well as the SeeClickFix Swift911 technologies. The Landings Association’s website (www.landings.org) was updated to include several new sections, such as an updated calendar area allowing residents to see all events scheduled for the month on the primary view from the main calendar page without filtering by organization. Additionally, a Staff Bio area and an Awards area were added to the site to better acquaint residents with staff and showcase the various awards The Landings Association has received over the years. Work to improve the social media platforms and the website will continue in 2019.

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association Email Bulletins Distributed</td>
<td>359</td>
<td>320</td>
</tr>
<tr>
<td>Facebook Posts</td>
<td>409</td>
<td>469</td>
</tr>
<tr>
<td>Instagram Posts</td>
<td>192</td>
<td>170</td>
</tr>
<tr>
<td>Tweets</td>
<td>60</td>
<td>80</td>
</tr>
<tr>
<td>Website Users</td>
<td>60,995</td>
<td>61,364</td>
</tr>
</tbody>
</table>

The Landings Journal

The Landings Journal is the publication-of-record for The Landings Association, providing a monthly update on Landings Association Board issues, department progress, community announcements, and future events. Advertising revenue more than offsets the printing and distribution costs.

Community Communications

Community Communications include production and/or publication of voting packets, this Annual Report, and the Residential Directory. These media inform residents in a timely manner and fulfill the legal requirements of the Association. In addition, advertisements in the Residential Directory will continue to provide a significant revenue stream for the Association.

The department coordinates governmental outreach, such as an Annual Landings Roundtable, as well as other meetings and encounters with elected and appointed officials, and includes such activities as Chamber of Commerce functions. This outreach helps The Landings when support from elected or appointed officials is required, and also promotes the community in the regional public eye for community goodwill and marketing.

In 2013, the department partnered with The Landings Club and The Landings Company to restart the New Owner Receptions. These have been well attended and received very positive response. Various senior Association staff take turns presenting at these functions, providing a good opportunity for a variety of interactions with our new residents. Three such events were held in 2018, with three more scheduled in 2019.
Communications & Community Outreach

Community Programs

In 2016, The Landings Association hired its first-ever Community Programs Manager, as part of the Strategic Plan Strategy to “Develop and deliver an expanded array of amenities and services that complement those offered by the Club and promote an active lifestyle, create a strong sense of community, and are valued by our current and future residents.” Special events organized or assisted by the department include the following:

- The Amazing Race Orienteering Event
- Earth Smart Living
- Girls on the Run
- LandingsFest
- Landings Harbor Fishing Tournament
- Landings Night with the Savannah Bananas
- Native Plant Walks
- Science on Tap
- Sidewalk Chalk Festival
- Sunset Sips
- Wine and Canvas Nights

Such events foster community camaraderie and fellowship while establishing an atmosphere where residents can familiarize themselves with The Landings Association and its amenities and services. Sponsorships and user fees help defray the production costs of these events, and efforts will be made to gain additional sponsors. However, seasonal cookouts will be eliminated in 2019, as these events do not always cover their costs.

One of the challenges faced by this department is the lack of a large meeting space or community center that can accommodate bigger groups as programs grow. To help address this issue, many programs in 2019 will target specific, smaller audiences (such as caregivers, students, etc.) to maintain the quality experience expected by participants.

Human Resources/Organizational Effectiveness

The purpose of the Human Resources/Organizational Effectiveness Program is to ensure organizational compliance with employment laws and best practices; maintain accurate workforce data and generate needed reports; oversee employee benefit programs and worker’s compensation administration; and lead an effective and efficient hiring process to meet the needs of various departments.

The Human Resources/Organizational Effectiveness Manager supports organizational development efforts through regular communication of strategic updates, scheduling periodic inter-departmental meetings, and gathering feedback regarding professional development needs, and is a knowledgeable asset to employees as they navigate available HR programs, tools, and benefits.

Training and Development for 2018 combined in-house and outsourced trainings and workshops. Topics included harassment and diversity compliance, time management, and business writing. Managers and Supervisors participated in a study and roundtable discussions on the book *Crucial Conversations*, which focused on how to have productive conversations when stakes and emotions run high. Building on the importance of effective communication, all new hires participated in the Myers-Briggs Type Indicator (MBTI) Assessment. They received their individual profile which, based on their responses, indicated their personal communication preferences. The MBTI is an excellent tool for understanding the differences in individuals and creating opportunities for open conversations about those differences.

Monthly supervisor meetings and trainings continued in 2018. These meetings provide a forum for HR issues to be presented and discussed, as well as provide an opportunity for managers to communicate directly on current issues within their department.

In 2019, the department will continue to outsource some of the organization-wide trainings. The HR/Organizational Effectiveness Manager will become certified to administrator the Myers-Briggs Assessment. This will reduce costs of outsourcing a private consultant and ensure all new hires can receive the training and their individual assessments. The department also will continue to work with each functional group to assist with any specific trainings that may be needed.
In January 2018, The Landings Association began using the software Kronos for timekeeping. Kronos replaced the old timeclocks with a phone app and cloud-based platform. Kronos also offered an HR module with an employee portal for payroll and benefits. With the success of the timekeeping module, it was decided to switch to the HR module in August of 2018. This enabled employees to log in to one site for their timesheets, PTO, paystubs, and benefits.

Employee teams continued in 2018. The Employee Engagement and Event (E3) Committee facilitated the Association’s Wellness program and hosted employee events such as the holiday party and the all employee meeting. The Safety Team ensured employees completed the required OSHA trainings and reviewed the accidents report monthly to spot trends and make recommendations to enhance safety procedures for the organization. In 2019, employee teams will continue and will be encouraged to bring new ideas to enhance employee engagement.

Community Programs

Girls on the Run  
HarborFest  
Citizen Science

Family Field Days  
Paint Nights  
Sidewalk Chalk Festival
Community Development

Community Development Mission Statement
The mission of the Community Development Department is to strengthen the long-term competitive position of The Landings by maintaining, protecting, and improving the quality of the community housing stock. Programs within the department include Architectural Review, Home Improvement, and Community Standards. Each program area fulfills a specific role to support the strategic objectives of The Landings Association to ensure adherence and consistency with the architectural standards of The Landings, as well as compliance with the General Declaration of Covenants and Restrictions of The Landings Association, including Private Property Maintenance Standards.

2018 HIGHLIGHTS

Staffing
During 2017, the operations of the Community Development Department were transitioned into the Public Works Department, with the Manager reporting to the Public Works Director. In 2018, Community Development underwent extensive staffing changes, including two Managers. Although the changes in managerial positions had minimal effects on the daily operational duties, the department’s goals, objectives, and technology advancements were impacted. During the transitions, Public Works staff devoted additional time to provide assistance with operational duties, recruitment, interviews, and training sessions that otherwise would be directed toward various other departmental goals and objectives.

Standard Operating Procedures
During the staffing transitions, we took the opportunity to develop detailed standard operating procedures (SOPs) and work calendars for all processes and procedures related to architectural review and Private Property Maintenance Standards. The SOPs have greatly improved the continuity of the department for current staff and are a valuable resource for future staff to continue to run the department in an efficient manner.

Architectural Review
The Architectural Review Committee maintained its schedule of two meetings per month. Pre-review meetings with residents, consultants, and contractors were promoted and encouraged to identify alternatives to potential problem areas and increased chances of first-pass success. In 2018, staff continued utilizing the Public Works Department’s Environmental Manager for landscape reviews to improve turnaround time and customer service, with decreased expense. The department includes four employees to handle the architectural review and Private Property Maintenance Standards needs of the community.

The construction of 26 homes was completed in 2018. Another 21 homesites remain under construction and are expected to be completed in 2019. The 583 permits issued in 2018 required one-to-five inspections based on the type of permit issued. Inspections vary based on the type of permit issued and are categorized into the following: new constructions and major improvements (require five inspections), minor improvements (require three inspections), and dumpster/POD permits (require one inspection).

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural Review</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Lots</td>
<td>4,420</td>
<td>4,420</td>
</tr>
<tr>
<td>Total Homes Completed</td>
<td>4,229</td>
<td>4,175</td>
</tr>
<tr>
<td>Number of Reviews/Permits Issued:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• New Home Construction</td>
<td>26</td>
<td>16</td>
</tr>
<tr>
<td>• Additions/Alteration to Existing Homes</td>
<td>247</td>
<td>379</td>
</tr>
<tr>
<td>• Dumpsters/PODs/Land Clearing</td>
<td>213</td>
<td>154</td>
</tr>
<tr>
<td>• Other (Stop Work Orders, FSBO)</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td>• Demolition</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

The Landings Association, Inc.
600 Landings Way South, Savannah, GA 31411
15
Community Development

Private Property Maintenance Standards

The Private Property Maintenance Standards (PPMS) program focuses heavily on proactive inspections, while simultaneously educating residents to recognize violations they may not be aware of and encourage voluntary compliance. In 2018, staff implemented a four-month cycle to ensure that every home within the community is inspected a minimum of three times per year. Once a violation has been identified, staff attempt to make contact with the property owner via phone and/or email to notify them of the violation and provide guidance towards resolution. If the property owner does not respond to the Community Development Department with an action plan for compliance (within the allotted timeframe) after the courtesy call has been made, CDD staff will begin the process of sending notification letters...1st, 2nd, and 3rd.

In 2018, 70 violations/36 properties were resolved through voluntary compliance. At the end of 2018, a total of 46 properties remained in the PPMS violations process.

### 2019 EXPECTATIONS

#### Architectural Review

The Architectural Review Committee will maintain its schedule of two meetings per month, which creates a more efficient and effective turnaround time from permit application to formal approvals and Chatham County Permits. Pre-review meetings with residents, consultants, and contractors will continue to be promoted and encouraged to identify alternatives to potential problem areas and increased chances of first-pass success. Furthermore, staff, in conjunction with the Architectural Review Committee, intend to revise the ARC Guidelines, which will provide additional clarification on certain aspects of the guidelines, all while improving the ARC process and allowing the committee the necessary latitude to continue effectively in its role.

#### Technology and Communication Upgrades

In the first quarter of 2019, CitizenServe's customer-facing permitting side is scheduled to go live. This will allow residents and contractors to apply for permits online, pay review fees and construction deposits, track the review process of their projects, and request inspections and construction deposit refunds. This service will be compatible with mobile devices.

#### Staffing Levels

Based on technology and communication improvements, staffing will remain at four employees to ensure satisfactory customer service with an excess of 550 permits, more than 17,680 Private Property Maintenance Standards inspections, and work with property owners towards bringing their properties into compliance.

---

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Property Maintenance Standards Violations Identified</td>
<td>161</td>
<td>**</td>
</tr>
<tr>
<td>Total Properties with PPMS Violations</td>
<td>81</td>
<td></td>
</tr>
<tr>
<td>Violations Resolved</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Properties Removed from Violation</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>- Resolved by Courtesy Call</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>- Resolved by Letter</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>- Resolved by Fines</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>- Resolved by Suspension</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

**The PPMS data shown above was not captured until the end of 2017, reflecting the change in the structure of the inspection program.**
Community Development

It is estimated that 21 new homes will be completed within the community in 2019, and 105 new construction inspections will be required to verify compliance with the approved plans and Architectural Guidelines.

Training, Education, and Outreach

With continued improvements in technology resources, the department will expand efforts and initiatives to enhance education, training, and outreach. Community outreach will be accomplished throughout the year with home improvement events, such as the Earth Smart Living series, quarterly Property Renewal Initiative with Direction & Education (PRIDE) awards, educational newsletter articles, and personal consultations.
Finance

Finance Mission Statement
The mission of the Finance Department is to manage prudently The Landings Association’s financial resources, safeguarding assets; to assure compliance with applicable laws and policies governing financial transactions; to research and provide sound investment strategies; to build strong financial relationships; to provide superior customer service; to provide timely and accurate information about The Landings Association’s financial position, including technical support; and to support the Information Technology of the entire organization. The major programs provided are Accounting and Assessments Collection, Financial Management and Reporting, Insurance and Risk Management, and Information Technology.

2018 Highlights and 2019 Goals

Accounting and Assessments Collection
The department processes more than 600 electronic ACH bank payments each quarter for those owners who chose the quarterly payment plan. Residents taking advantage of the quarterly payment plan have increased an average of 20%/year over the past five years. In 2019, the Assessment statement was reduced from three pages to one, saving printing and postage costs in the process.

On a monthly basis, the department generates the following invoices: Marina storage and sales statements, Service Agreement statements to The Landings Club, Landings Journal advertiser statements, resident mailbox/gate repair statements, and miscellaneous vendor repair invoices.

Working with a collections attorney, the department is responsible for the collection of late Assessment payments and for helping other departments in the collection of overdue invoices. The goal of the department is to maintain a 99% collection rate. In 2019, the plan is to offer electronic Assessment statements as well as online payment options for monthly Marina statements and other like charges.

The department is responsible for auditing and depositing daily cash receipts from the reception desk, Security gates, and Marinas activities. These include vehicle and Dog Park registrations, which average $2,000/day; daily pass fees, which average $1,000/day from the North Gate; and retail operations at the Marinas, which average $500/day, including gas sales.

Invoices are routed through the Association’s electronic purchase order program and are paid within 14 days. Checks, direct debit, and credit card payments totalling approximately $80,000 are issued weekly.

The department maintains and depreciates a ledger containing more than 715 personal assets, worth a net book value of more than $6,500,000. Personal assets are items over $1,000 that can be depreciated and resold by the Association.

Financial Management and Reporting
The purpose of the Financial Management Program is to provide information to the staff, committees, and Board on financial policy, financial management, reporting, and other matters affecting the short- and long-term financial condition of the Association. The department provides support to the General Manager/COO in the development of the Long Range Financial Plan, Assessments, and annual operational and capital reserve budgets, and makes recommendations to the Finance Committee and Board of Directors when appropriate.

The switch to Ameris Bank in 2017 meant that there were reduced banking fees (by $12,000 in 2018) which in turn led to more money being available for investments while still adhering to the minimum balance that Ameris requires. The interest rates started climbing in 2018 to more than 2%, which led to the investment of capital reserves money into certificates of deposit. In 2018, a money market fund was opened with Ameris Bank that invested the Board-approved operating cash minimum of $1.5 million. The market will continue to be reevaluated, and funds will be placed in accordance with the Board Financial Policy. The department also compiles historical research used to produce benchmark data which is valuable in analyzing the financial condition of the Association. Internal audits are conducted to ensure accuracy and compliance with applicable laws, regulations, and policy. In 2019, the Investment Committee will review the Investment Board Policy and current investments to make any necessary revisions based on the current market.

Financial Reporting provides timely and accurate information about the financial condition and performance of the Association to the staff, committees, Board of Directors, and Members. This is accomplished by issuing draft financial reports within seven working days of the closing of the month and 30 working days of the closing of the year. On a monthly basis, subsidiary ledgers are reconciled to reported balances to ensure the accuracy of the financial information being distributed. The accuracy of the reported balances is tested during an annual external audit conducted by an independent CPA firm. The annual audit should result in an unqualified opinion, no reportable conditions, and no significant recommendations.
Insurance and Risk Management
The purpose of the Insurance and Risk Management program is to acquire insurance for those areas of operation and assets in which the Association risk control techniques do not adequately cover potential losses the Board is not willing to assume. Risk control techniques include exposure avoidance, loss prevention, loss reduction, segregation of exposures, and contractual transfer. This is accomplished by understanding the value of the Association’s assets by conducting periodic appraisals, understanding the areas of potential exposure, having general knowledge of the insurance market, and monitoring losses. A committee of residents with expertise in the insurance and risk management industry assist in the annual renewal of insurance policies and make recommendations for Finance Committee and Board review and approval.

Information Technology
The purpose of the Information Technology (IT) Program is to provide ever-improving levels of customer service to residents, contractors, other external customers, and employees by implementing, administering, and supporting The Landings Association’s technology systems, which include computer hardware and software, phones, security cameras, and other IT systems. Most of this support has been outsourced.

In 2019, the Association plans to finalize and install a new Purchase Order System, which will replace the current system. This is due to limitations and increased expenses of the current, 10-year old system. It also will be time to upgrade the main financial software platform (Microsoft Dynamics Great Plains) from the 2013 version to 2018.

In 2018, the department analyzed a move of the SQL server (which supports financial software) to the cloud, as the Association moves further away from having to support local hardware. This move is planned for 2019.

In December 2017, Kronos software was rolled out as the Association’s new timekeeping software. It gave all employees the ability to clock in using their smartphone and GPS tracking as well as approve their timesheet every two weeks online, along with requesting paid time off. In 2018, payroll was outsourced to Kronos. HR and Finance still review payroll reports before they are processed bi-monthly, but all payroll reports are now processed through Kronos, including any quarterly and yearly tax reports.

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable Checks Produced</td>
<td>2,628</td>
<td>2,509</td>
</tr>
<tr>
<td>Payment Checks/ACH/Cash Deposits Processed</td>
<td>13,110</td>
<td>12,892</td>
</tr>
<tr>
<td>Property Transfers Processed</td>
<td>369</td>
<td>349</td>
</tr>
<tr>
<td>Percent of Assessment Accounts Delinquent</td>
<td>0.2%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>
Marinas Mission Statement

The mission of the Marinas Department is to provide and promote boating and waterfront activities within The Landings by operating and maintaining two marinas -- Landings Harbor and Delegal Creek. The department provides permanent and transient storage options through wet slips and dry racks, including for Jet Skis and kayaks. In addition, the Marinas have a Sailing Program, retail store operation, transient boat services, boat washing, bottom painting, and marine repair services provided through Dolan Yacht Services. User fees and sales of goods and services provide the revenue to fund the Marina operations.

2018 HIGHLIGHTS

Facility Upgrades

In 2018, the most significant upgrade was replacing Delegal Creek Marina. In October of 2016, a devastating storm, Hurricane Matthew, hit the Savannah area. The hurricane caused significant damage to many of the marinas in the Southeast, including Delegal Creek Marina. While the bulk of the construction occurred in 2017, the project was completed in the spring of 2018. To kick off the completion of the new marina, The Landings Association held a grand reopening event to celebrate. Association Board members, Marina Committee members, boaters, and staff all were in attendance.

The new dock design is similar to the existing layout but with modifications that address longstanding silting issues and improved materials quality. The dock structure includes concrete walkways and T heads, wood floats with Azek composite decking for the fingers and connector dock, and new aluminum ramps. The fuel dock has two new, replacement buildings, including a harbormaster office and small ship store.

The connector dock has been moved out roughly the length of one slip. Although this extension reduces the total slip count to 58 (from 63), this plan resolves the longstanding problem with the listing connector dock. This extends the new connector dock out into much deeper water, and it will not sit in the mud at low tide. In addition, concrete piles have been used instead of timber, increasing the strength and stability of the system. Concrete piles were added to the main walkways on two of the docks, creating additional strength in the entire system.

In addition to the Delegal Marina replacement, asphalt in the wash rack area at Landings Harbor was replaced with heavy duty concrete. The forklifts require a strong, level surface to safely launch and retrieve boats. A forklift with a boat weighs approximately 100,000 pounds. The constant driving and turning with this much weight causes cracks and potholes to form over time. Even a small pothole causes the forklift’s 40-foot mast to sway and become a safety concern. The last repair in the dry stack was completed more than five years ago, and after inspection, repairs were necessary in 2018. Repairs were also needed in the wash rack area. The wash rack area is one of the busiest areas at Landings Harbor and was replaced with concrete to better withstand the traffic.

Due to past storm activity, in 2018 Thompson Engineering conducted a thorough engineering analysis of the seawall at Landings Harbor, which revealed critical problems with the piles and sheet metal. After reviewing the report and obtaining quotes for repairs, $70,980 has been budgeted in 2019 to address these issues.

Marinas Events and Programs

As in past years, coordinated events and activities took place at both marinas. Events and activities included sunset cruises at the Harbor, HarborFest, Tuesday Night Socials, and the Landings Harbor Annual Spanish Mackerel Tournament. One of the major challenges staff face with these events are the expenses. Although these events are not expected to turn a profit, they are expected to break even. For example, the Tuesday Night Socials ended the year with higher expenses than revenues. Therefore, the Tuesday Night Socials will be discontinued. Although the marinas will not be involved with this activity, the Skidaway Island Boat Club and Carefree at The Landings have volunteered to continue with a similar event in the summer months for the boating community. The primary events/activities scheduled for 2019 are sunset cruises, HarborFest, and the Landings Harbor Annual Spanish Mackerel Tournament.

Skidaway Island Boat Club’s 3rd annual Low Country Hook Regatta took place in July of 2018 and was a big success as usual. The race was a point-to-point ocean race, which started outside Harbor Town, Hilton Head and finished right outside Landings Harbor. The regatta is scheduled to take place again in 2019.
Marinas

Carefree At The Landings Boat Club
Carefree At The Landings Boat Club is a great alternative to buying a boat. April 2019 will mark Carefree’s fifth year with The Landings. Currently, Carefree has a total of seven boats with 105 members. Carefree rents seven slips and an office space from The Landings Association. It continues to be an excellent partner in the community and plans to work closely with staff to promote an active waterfront lifestyle in 2019.

Marketing
In 2018, the Marinas participated in the Charleston, Savannah, and Annapolis boat shows. The Marinas also continued advertising in Dozier’s Waterway Guide to attract seasonal guests. Due to the occupancy being nearly full, the Marinas will not attend these boat shows in 2019. The primary focus will be on advertising the newly rebuilt Delegal Creek Marina. Print ads will include Marinalife, Maptech, and Dozier’s Waterway Guide. Representatives from Marinalife will be on site in the spring to spotlight the rebuilt marina.

The Marinas’ workboat, Starfish, made its fourth appearance in the Savannah River Boat Parade in 2018, along with approximately 50 other participants. Thousands of spectators lined River Street watching the decorated boats. Presents and gift cards that were donated were given to Greenbriar Children’s Home just in time for the holidays.

Marine Repair Service
The outsourced Marine Services Center continues to be operated by Phil Dolan Yacht Services. The Marinas will continue to work in conjunction with Dolan Yacht Services to attract non-resident boaters to The Landings and retain them as permanent customers of the Marinas.

Sailing Program
The primary goal of this program is to allow residents to learn to sail in a supportive environment and to sail without having to own a sailboat. The Marinas own nine Rhodes 19 sailboats for this purpose and charge participants a monthly fee. The sailing program purchased one new J24 in 2018. The club now has a total of three in the fleet. The J24s diversify the club and will help attract new members. Members race weekends to promote camaraderie among participants and offer sailing options to residents interested in sailing. Membership in the sailing program varies seasonally and generates revenues in excess of program expenses, allowing for periodic repairs and replacements of the vessels. The program is fully managed by its members, who also handle much of the required maintenance.

2019 Overall Expectations
Occupancy was consistently high in 2018 and is projected to remain high in 2019. Currently, Landings Harbor has a total of 284 boats in storage (93% occupancy), and Delegal Creek Marina has a total of 45 boats (79% occupancy).

The priority for 2019 will be repairing the seawall at Landings Harbor, replacing the aging fuel dispensers at Landings Harbor, and replacing the outboard engine on the marina work boat. An ROI study will also be conducted for the dry stack renovation project scheduled for 2021/2022.

General maintenance to the buildings and property, such as painting, will be kept to a high standard. In addition to maintenance at both marinas, the ship store, offices, and bathrooms at Landings Harbor will have some light interior renovations. As more and more residents visit Landings Harbor, it is prudent to keep the main building in top shape.

The Marinas continue to be the third largest user of water on the island. The number of taps for both marinas totals 126. Reducing the gallons used is a top priority. In 2019, articles on the impact of water use will be distributed to the boaters. The usage numbers will also be posted so boaters can see how many gallons are being used on a monthly basis. Staff plan to start a water conservation campaign as well, which will include joining the Nature Conservancy and creating various posters for around the marinas.

2019 Marketing Expectations
The Marinas plan to achieve revenue targets in occupancy levels for 2019 through retention of existing customers and attracting new customers. 2019 actions to retain existing boaters include the following:

- Customer service plays an essential role in retention. A customer service class will be required for all staff in 2019. We will continue in 2019 to make sure all staff members understand the importance of and what it means to provide great customer service.
- Owners generally need to use their boat to make it worthwhile, or they ultimately will sell their vessel if they haven’t enjoyed it enough to justify the cost. To provide increased opportunities, additional activities will be offered so that boaters will be enticed to use their boats. Fishing seminars will be offered, paddle board and kayak classes will be held, and a fishing tournament will be held in the fall. The website, resident e-blasts, and Facebook posts help facilitate and promote these activities throughout the year.
- A referral program will be continued and re-advertised on a regular basis, and a variety of incentives will be presented to entice current marina members to bring new people to the Marinas.
- Marketing in 2019 will include advertising through Marinalife, Dozier’s Waterway Guide, and Maptech to attract seasonal marina guests.
Public Works

Public Works Mission Statement

The mission of the Public Works Department is to ensure that The Landings is a well-maintained community which operates at a good value for its property owners by maintaining, repairing, and improving all infrastructure, equipment, and grounds owned and operated by The Landings Association. The department consists of the following five program areas: Contract Administration, Building and Grounds, Construction, Environmental, and Fleet. Each program area fulfills a specific role to support the strategic objectives of the department to ensure the Association’s services and facilities provide an aesthetically pleasing, secure lifestyle for residents.

The Association uses a Capital Asset Management Plan (CAMP), which captures all assets over $1,000 owned by the Association, to organize and manage the short-term and long-term capital repair and replacement reserve fund. CAMP is evaluated and updated annually for the useful life, remaining life, and current year cost of the assets. Once evaluated to ensure that the asset replacement or repair is absolutely necessary, these items are included and funded within the Capital Reserve Fund.

2018 HIGHLIGHTS

Hurricane Matthew/Tropical Storm Hermine/Hurricane Irma Restoration

Staff completed all work associated with hurricane restoration thanks to the community-approved two-year special assessment. In 2018, staff continued to focus on tree removal for all those trees that had declined/weakened as a result of the high winds and storm surge from Hurricane Matthew and Irma. Staff reestablished center islands, rights-of-way, and buffer areas with plantings, turf restoration, and hydroteiding. The magnitude of this 2+ year-long restoration process was wide-ranging and a very costly endeavor; however, staff worked diligently to ensure the community was restored to its pre-hurricane(s) state.

Staffing Changes

In 2018, the Public Works Department underwent a number of staffing changes, including several retirements. Although maintenance cycles and projects continued to progress as scheduled, staff had to devote additional time to recruitment, interviews, and training sessions that otherwise would be directed towards departmental goals and objectives.

Street Repair and Maintenance Program

The Landings Association has approximately 91 miles of roadways. These assets have an average useful lifespan of 15, 20, or 27 years based on road usage. Each year, the Public Works Committee, staff, and consulting engineers review Association-owned roads and make a recommendation for the annual program.

The 2018 road project included the repair (no full resurfacing of any roadways) of root intrusions, potholes, and curbing on approximately 125 roads within the community. In addition to the repair of these roads, staff removed 20 trees located along the roadway causing some of the ride-altering root intrusions that were subsequently repaired. The road repair project was successful; however, the project was delayed due to periods of rainfall that prevented the contractor from performing work. This road maintenance project was funded through the Capital Reserve Fund.

Community Paths/Trails Resurfacing

The goal of the resurfacing/repair program is to eliminate damaged, raised, and/or buckled sections, which is largely a result of root intrusions. Through annual inspections and evaluations, the Public Works Committee and staff select paths based on severity of damage, frequency of use, and potential safety concerns, thereby meeting the Association’s standards for replacements.

The 2018 project was contracted through Absolute Concrete and included the replacements of the following paths: Marshwood Club Driving Range to Shaftesbury Lane, Shaftesbury Lane to Landings Way North, Wiley Bottom Road to Tidewater Way, and Landings Way to Tidewater Square. The 2018 project included some of the community’s most highly traveled paths. Due to the volume of traffic the paths receive on a daily basis, staff prepared detours, signage, and mapping to allow residents continued access throughout the project. Staff spent extensive time installing directional signage only to have the arrows and signage ripped up on several different occasions. Although setbacks are not desirable, staff made modifications to ensure the project’s success. The community path project was funded through the Capital Reserve Fund.
Sign Painting Program

The Association continued to refurbish and repaint 1/3 (approximately 1,500 units) of the signs, mailbox posts, and yard plaques throughout the community. In 2018, contracted crews (Five Star Painting) completed Priest Landing Drive and its side streets, Bartram Road and its side streets, Landings Way North (from Bartram Road North to Wiley Bottom Road South) and its side streets, Deer Run and its side streets, and Tidewater Way and its side streets up to Brandenberry Road (excluding Cotesworth Place, Bellemeade Court, Anderson Court, Callavance Court and Prescott Lane, which will be included in 2019’s project). This work was completed through a combination of in-house staff and contracted means and funded through the Association’s operational budget.

Storm Drain Survey

Staff continued to monitor and clean any problem storm drains following the heavy rainfall in 2017 and 2018. Specifically, staff resolved issues relating to marsh outfalls and debris buildup in a number of storm drains along the marsh edge. Staff contracted Southeastern Pipe to dredge storm drain pipes in the following areas: Landings Way North between Senuaki Lane and Chatuachee Crossing, Magnolia Crossing, Mad Turkey Crossing, Wesley Crossing, Village Green Circle at Landings Way North, Landings Way North at Clifton Lane, Village Green Circle, and the lagoon outfall on Landings Way South near Cotton Crossing. This project was funded through the Capital Reserve Fund.

Street Sweeper Unit

Street sweeping is performed by two employees in the construction department who, under a 10-day work cycle, ensure that all 91 miles of roadway within The Landings are routinely swept and free of debris. The department maintained three sweeper units. However, due to extensive maintenance issues related to the TYMCO sweepers, the department could utilize only one-to-two sweepers intermittently throughout 2017 and 2018, and some months only one sweeper was fully operational. In 2018, the Association replaced a TYMCO with a Ravo i501 Series Ravo Sweeper unit. The new unit is smaller and more compact, allows greater maneuverability around the center islands and hammer-head streets, and requires only one-to-two dumps of collected material per day as opposed to the TYMCO’s six-to-seven. Decreasing the amount of required transfers drastically increases the efficiency of the sweeping cycles by saving approximately two hours of employee time per day otherwise lost utilizing the TYMCO machine. The purchase of the Ravo sweeper was funded through the Capital Reserve Fund.

HVAC Units

The Landings Association maintains a total of 16 HVAC units at its facilities. Each unit has an approximate useful life of 12 years, and a cost-benefit analysis is completed annually for all units scheduled for replacement in the Reserve Fund based on purchase price and efficiency. In 2018, the unit located at the Public Works Building was replaced and was funded through the Capital Reserve Fund.

Contract Renewals

- **Landscape Service Agreement (2019-2021):** Staff effectively negotiated a zero percent increase for the 2019-2021 Landscape Contract with BrightView Landscape, including $187,730 in “enhancement credits.” The contract includes the maintenance of TLA common properties, including, but not limited to, lagoon banks, entrance gates, buffer areas and rights-of-way. The contract also includes common property improvements, downfall pickup, season color maintenance, assisting in residential requests/concerns regarding maintenance, and unforeseen issues relating to storm cleanup and drought. The enhancement credits represent an amount to be used for specific improvement projects that will be recommended by the Center Island Committee.

- **Chipping Facility Service Agreement (2019-2021):** Staff negotiated a three-year service agreement extension with Evergreen Tree and Turf Care (South Coast Logging) to provide services on TLA property for chipping and disposal of all cellulose debris generated within The Landings. The annual fee schedules were determined and agreed upon by both parties, wherein the Association pays Evergreen 90% of the face value of all tickets received and retains 10% of the proceeds to pay for ticket printing and our property owner costs, such as property taxes.

- **TLA/TLC Lagoon Services (2019):** Staff negotiated a one-year contract with The Landings Club for the maintenance of water quality, aesthetics, and rainfall runoff for all TLC-owned lagoons.

- **Wildlife Services (2019):** Staff secured the annual contract for the services of one ¾ time USDA (APHIS) Wildlife Biologist at a zero percent increase. The contract includes a long-term deer management program and the management of other offending species such as feral hogs, squirrels, vultures, and numerous species of migratory birds.
Public Works

2019 EXPECTATIONS

Sign Painting Program
The Association will continue to refurbish and repaint approximately 1/3 of the community’s mailbox posts, yard plaques, and signs (approximately 1,500 units) through a combination of in-house and contracted means. The 2019 project will focus on the painting of all street signs, mailbox posts, and yard plaques in the following areas of the community: right side of Tidewater Way, Franklin Creek Road North and Franklin Creek Road South and its side streets, Landings Way South and its side streets up to Cotton Crossing, Waterway Drive and side streets, and Saltwater Way and its side streets. This program will be funded through the Association’s operational budget.

Annual Street Resurfacing and Repair Project
The purpose of the Annual Street Resurfacing and Repair Project is to resurface and/or repair identified roads based on their longevity and condition, with final selection determined by physical inspection, including core samples. The 2019 project will focus on the repair and replacement of approximately 24 roads within the community and will be funded through the Capital Reserve Fund.

Annual Community Paths Repair/Replacement
The purpose of the Annual Paths Repair/Replacement Project is to improve the community paths that are significantly deteriorated and/or present potential safety hazards. Upon completion of the 2018 repairs, just under 70% of all community paths are now constructed of concrete, rather than asphalt. The projected unit cost for replacement with concrete is $34 per linear foot and $23 for asphalt. The paths currently made up of asphalt will continue to be converted to concrete, as concrete has a life expectancy that is more than double that of asphalt. The 2019 project will include the repair and replacement of the following paths: Path #73B Sedgewater Retreat to LWN, Path #73C LWN to Stargrass Retreat, Path #73D Stargrass Retreat to Shellwind Drive, Path #75A Moonbill Lane to Shellwind Drive, Path #75B Moonbill Lane to Sundew Road, Path #75C Sundew Road to DC Village Gate, Path #72D Stargrass Retreat to Shellwind Drive, Path #40D Plantation Club to Cotton Crossing, Path #40E Cotton Crossing to Pelham Road, and Path #40F Pelham Road to Delegal Marina Circle. The project will be funded through the Capital Reserve Fund.

Storm Drain Repair and Replacement
In 2018, staff contracted Southeastern Pipe to conduct a camera study of all piping located along the marsh outfall areas. In 2019, staff will focus heavily on repairing and replacing storm drain pipes as recommended by the contractor, which will be funded through the Capital Reserve Fund.

Automatic Gate Replacements
Each of the Gatehouses/Access Control Facilities (Deer Creek (2), Main Gate, Marshview, Marshwood, Moon River, and Oakridge) have automatic gates for residential and guest entry into the community. The automatic gates have a useful life between 10-15 years depending on the frequency the gate is utilized, the number of maintenance issues/requests, and the condition of the equipment. In 2019, staff will replace the automatic gate at the Marshview Landing Gatehouse and the automatic gate and barrier arm located at the Marshwood Gatehouse. This project will be funded through the Capital Reserve Fund.

Gatehouse Irrigation Replacement
The Landings Association manages a total of 14 irrigation systems, located at the Gatehouses/Access Control Facilities, TLA owned-facilities, the Athletic Field, Dog Park Practice Field, Tidewater Square, Dream Maker Circle, and Sunset Park. The irrigation systems have an approximate useful life of 20 years. In 2019, the irrigation system located at the Deer Creek Automatic Gatehouse is scheduled for replacement and will be funded through the Capital Reserve Fund.

HVAC Unit Replacement
The Landings Association maintains a total of 16 HVAC units at TLA-owned facilities. Each unit has an approximate useful life of 12 years, and a cost-benefit analysis is completed annually for all units scheduled for replacement based on purchase price and efficiency. In 2019, the unit located at the Main Gate Access Control Facility is scheduled for replacement and will be funded through the Capital Reserve Fund.
Lagoon Structure Replacements/Repair

The Landings Association and The Landings Club own 54 water-control structures. The lifespan of each structure is 30 years. These structures are important features of the community, as they control water levels and stormwater overflow. In conjunction with our engineers, staff evaluate these structures annually to determine the condition and costs associated with those structures that need replacement.

In 2019, the riprap weir in Lagoon 102 (located at the intersection of Delegal Road and Marsh Haven Lane) and the duck bill in Lagoon 106 (located off of Marina Drive) will be replaced. The structure located in Lagoon 102 is an earthen structure which is composed of soil, filter fabric, and stone. The filter fabric has failed and subsequently has caused the structure to erode/sink. The duckbill located in Lagoon 106 (a freshwater lagoon) is leaking and causing saltwater intrusion into the lagoon. Due to the structure failures located in both Lagoon 102 and Lagoon 106, they will be replaced and funded through the Capital Reserve Fund.

Center Island Renovation

In 2004, The Landings Association began a program to beautify and refurbish our common property. This program focused primarily on the 313 center islands within the community. The program provided a higher level of maintenance for major center islands and increased maintenance for islands on cul-de-sacs and lesser-used roads. Response to this program has been positive. However, staff continually have received requests to expand this program. Now that the two-year Community Recovery Special Assessment has elapsed, staff will continue with normal maintenance on secondary islands, including hydro seeding, bed delineation twice a year, and one annual pine straw application in the spring.

STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association Buildings Maintained</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Vehicles Maintained</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Mailboxes and Signs Painted</td>
<td>1,644</td>
<td>1,541</td>
</tr>
<tr>
<td>Mailboxes and Signs Repaired</td>
<td>544</td>
<td>669</td>
</tr>
<tr>
<td>Miles of Community Paths/Trails Repaved</td>
<td>2</td>
<td>1.4</td>
</tr>
<tr>
<td>Square Feet of Road Repaired</td>
<td>8,464</td>
<td>1,381</td>
</tr>
<tr>
<td>Acres of Common Property Maintained</td>
<td>690</td>
<td>690</td>
</tr>
<tr>
<td>Storm Drains Repaired</td>
<td>24</td>
<td>56</td>
</tr>
<tr>
<td>Streetlights Repaired</td>
<td>86</td>
<td>28</td>
</tr>
<tr>
<td>Cubic Yards of Debris Removed from Roads</td>
<td>2,635</td>
<td>3,820</td>
</tr>
<tr>
<td>Number of Private Trees Approved for Removal</td>
<td>1,525</td>
<td>1,777</td>
</tr>
<tr>
<td>Number of Common Area Trees Removed</td>
<td>273</td>
<td>823</td>
</tr>
<tr>
<td>Miles of Road Shoulder Pruned for Visibility</td>
<td>89</td>
<td>22.46</td>
</tr>
<tr>
<td>Number of Deer Removed</td>
<td>122</td>
<td>134</td>
</tr>
<tr>
<td>Number of Hogs Removed</td>
<td>0</td>
<td>23</td>
</tr>
</tbody>
</table>

*In 2017, the months of January through March were dedicated to storm cleanup, and the maintenance cycle figures reflected lower than normal.
Security

Security Mission Statement

The mission of the Security Department is to promote a secure lifestyle through community service in three major operational areas: Access Management, Emergency Service Assistance, and Patrol Operations. The goals of the Security Department are to promote the safety and security of residents, guests, and employees, maintain the privacy of the community, and deter illegal activity. The Security Director is responsible for emergency planning, law enforcement, fire and EMS liaison, and general Security operations. Landings Security is structured similar to a police department, with a shift supervisor and an assistant supervisor for each shift.

2018 HIGHLIGHTS

Uniforms Overhaul

The Security Department had been utilizing the same uniform for approximately 20 years. Not only is the style outdated, but the polyester material is not conducive to Savannah's extreme summer temperatures. In 2014, staff began exploring alternate uniform options and proposed a new look of dark green polo shirts and cargo-style khaki pants. Although the look was well-received, the overall image was not as polished and professional as desired. Staff once again began researching different options, and in 2018, found an option that not only is functional but also achieves the overall professional image of The Landings Association.

The new look features a moisture-wicking cobalt blue performance polo with gusseted, mesh underarms for increased ventilation. Similarly, the dark navy tactical pants are breathable and durable. The new uniforms are consistent with industry standards and will not require dry cleaning, which in turn will reduce uniform costs. Security personnel began wearing the new uniforms in February 2019.

Security Committee

The Security Committee continues to be an integral part of our overall operation. Committee members weighed in on several important issues in 2018, including golf cart safety and vendor fees. With their input, the Commercial Rules and Regulations were updated to include a new rule which requires all vendor trucks including SUVs, trailers, and/or vans parked on the roads to require safety cones. As staff evaluate The Landings Association's Rules and Regulations in 2019, the Security Committee will be instrumental in providing valuable feedback regarding updates.

Access Management

The Main Access Control Facility (ACF) is the primary control center for our access management functions, and it also serves as the hub of the automated entry system's data network for our automated gates. The Main ACF also serves as our dispatch center for calls and is staffed 24/7 with a combination of employees and volunteers. The North (Marshwood) ACF is staffed 12 hours daily Monday through Saturday and continues to be staffed on Sundays from 7 a.m. to 5 p.m. primarily for sales guests. The Oakridge, Deer Creek, Deer Creek North (McWhorter), Marshview Landing, and Moon River gates remain unstaffed. However, guests who visit these gates can receive assistance via a callbox.
Vendors have the option to purchase daily, weekly, or monthly passes at the North ACF, or they can purchase annual RFID tags, which start at $175 for a four-wheel vehicle. These funds are part of the Security Department’s operating budget and typically account for revenues close to $800,000 annually. The funds generated through this program are linked directly to reducing annual Assessments by approximately $175 per lot.

Staff continued fine-tuning the read range and placement of RFIDs to ensure smooth, automated entry for everyone. This process included soliciting feedback from other communities who use similar technology as well as working with the RFID vendor on specific issues.

### STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Arrivals Processed</td>
<td>150,784</td>
<td>161,990</td>
</tr>
<tr>
<td>Active RFIDs</td>
<td>18,944</td>
<td>19,043</td>
</tr>
<tr>
<td>RFID Gate Entries</td>
<td>3,407,603</td>
<td>3,454,701</td>
</tr>
</tbody>
</table>

### Emergency Service Assistance

Emergency service assistance is a critical function provided by the Security Department. Patrols respond to all medical calls, fire/burglar alarms, and emergency incidents in the community. Additionally, patrols provide escorts for police, fire, and emergency medical units during emergencies. Patrol officers responded to 11 reported fires, 644 medical calls, and 119 fire/burglar alarms in 2018.

Security personnel obtained or renewed their American Heart Association’s CPR/AED/First Aid certification, and one staff member completed the process to become a certified American Heart Association Basic Life Support Instructor. This certification will allow the Association to officer basic CPR/AED to residents.

The Landings Association has developed professional relationships with private and government entities, and our combined efforts resulted in the following:

- Skidaway Island First Responders assisted with special events such as the Multiple Sclerosis Walk, Landlovers Flea Market, Skidaway Island Marathon, Web.com’s Savannah Golf Championship, and the Kiwanis Chili Cookoff.
- The Association General Manager and Security Director participated in Chatham Emergency Management Agency’s Command Policy Group meetings and conference calls during pre-storm monitoring situations.
- The Savannah-Chatham Metro Police Department (SCMPD) merger dissolved in February 2018. Many of the officers with whom we developed relationships transitioned from SCMPD to Chatham County Police Department (CCPD), and under the leadership of Chief Jeffrey Hadley, continue to maintain a strong working relationship with the Association. In fact, in January 2018, CCPD officers assisted during the rare snowstorm that hit Savannah, as shown in the photo (at right). The number of thefts and burglaries reported to CCPD and/or Landings Security decreased by 23%, and vandalism incidents decreased by 43%. With the dedicated hard work by CCPD’s officers and detectives, two arrests were made in the August 2018 theft of approximately $100,000 in jewelry. Not only were the suspects quickly apprehended, but the CCPD officers also were able to retrieve about 90% of the stolen property.

### STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMS Support Runs</td>
<td>644</td>
<td>669</td>
</tr>
<tr>
<td>Alarm Responses</td>
<td>119</td>
<td>143</td>
</tr>
<tr>
<td>Part 1 Crimes*</td>
<td>34</td>
<td>38</td>
</tr>
<tr>
<td>Burglaries &amp; Thefts</td>
<td>43</td>
<td>56</td>
</tr>
</tbody>
</table>

*Part 1 Crimes (Murder and nonnegligent homicide, rape, robbery, aggravated assault, burglary, motor vehicle theft, larceny-theft, and arson)
Patrol Operations and Property Checks

Patrol Officers are tasked with routine, preventive patrols; facility and property checks for The Landings Association, The Landings Club, and The Landings Company; residential premise checks; various calls for service; and responding to and assisting fire, medical, and law enforcement agencies. Security personnel conducted 39,200 facility and property checks and 2,600 resident premise checks in 2018, while responding to an average of 250 incidents each month.

ABDi’s OfficerPulse software continued to document our patrol activities, and more than 124,000 miles were patrolled throughout the community. The Association continued to contract off-duty police officers to patrol the streets 36 hours per week and for special events. The off-duty patrols will be reduced to 28 hours per week in 2019.

Patrol officers respond to various calls for assistance, which include vehicle accidents, road hazards, and suspicious persons. Patrols also enforce the commercial vendor policies, and in 2018 issued 217 commercial warnings and citations.

Radar placards continue to be deployed throughout the community and collect vital traffic statistics. Staff worked with the vendor to assist in getting more accurate statistics by eliminating the golf cart traffic (vehicles traveling less than 23 MPH).

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports Filed</td>
<td>3,015</td>
<td>3,332</td>
</tr>
<tr>
<td>Unsecured Property Reports</td>
<td>231</td>
<td>271</td>
</tr>
<tr>
<td>Assistance Requests</td>
<td>240</td>
<td>291</td>
</tr>
</tbody>
</table>

Covenants & Rules Enforcement, Fines, Appeals, and Due Process

In 2017, a majority of the Covenants Compliance operations, primarily the duties focused on property maintenance, was realigned with the Community Development Department. Security continues to enforce the Rules and Regulations as well as those Covenants not related to property maintenance, such as short-term rentals, which are prohibited in the Covenants. In early 2018, there were approximately seven properties listed on vacation rental websites, and new properties were identified throughout the year. Currently, there are three-to-five properties listed online, and all are in compliance with our Covenants except for one property. Staff will continue efforts to eliminate short-term rentals in 2019, and the Board of Directors approved an increase in fines associated with short-term rentals to $1,000 per night/occurrence.

The Appeals Committee heard 17 cases, ranging from parking violations to short-term rental violations in 2018. The Committee deferred to The Landings Club on two violations which occurred on Club property and voted to suspend fines for one violation, with the stipulation that if another violation were to occur, the fines would be reinstated. The remaining violations and fines were upheld, thus affirming staff’s interpretations of the Covenants, Rules and Regulations, and Private Property Maintenance Standards (PPMS).

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Violations (Covenants/Rules &amp; Regs)</td>
<td>280</td>
<td>325</td>
</tr>
<tr>
<td>Fines Issued</td>
<td>233</td>
<td>137</td>
</tr>
<tr>
<td>Amount in Fines Issued</td>
<td>$22,730</td>
<td>$15,065</td>
</tr>
<tr>
<td>Appeals Cases</td>
<td>17</td>
<td>8</td>
</tr>
</tbody>
</table>

Video Monitoring

The Association transitioned its camera software from Milestone to Avigilon and partnered with a new, local camera vendor. In October 2018, our cameras at the Moon River and Marshview ACFs were used to assist CCPD in identifying four Landings youth allegedly involved in an act of arson on Green Island Road. In addition to replacing five existing cameras, five additional cameras were added to our network at the Marinas. The additional cameras installed at the Marinas assisted in identifying the suspect in a boat theft at the beginning of 2019. Thirteen existing cameras have reached their useful lifespan and are scheduled for replacement in 2019.
Technology and Industry Trends and Standards

Patrol officers continue to utilize their body-worn cameras, and in June 2018, Axon’s Fleet cameras were installed in patrol vehicles. The in-car cameras will assist in traffic compliance and general patrol observations.

The Association signed an annual agreement with SwiftReach for its cloud-based mass notification system. The system was implemented in the third quarter of 2018, and it allows residents to opt-in for a variety of notifications, such as traffic alerts and utility outages. Staff assisted more than 50 residents at a drop-in Open House for the service in September 2018 (shown at right). There currently are more than 1,600 individuals signed up to receive alerts.

Team Development

Turnover in the Security Department was 34% in 2018. However, unfavorable turnover was 15% and included employees whose resignations were deemed a loss to our organization. Several new Security Officers completed their initial orientation and continued their on-the-job training. Two officers were promoted to the rank of Corporal. Training and education continued in the following:

- Security personnel obtained or renewed their American Heart Association’s CPR/AED/First Aid certification.
- Team members continued weekly safety training.
- Quality assurance exercises continued during 2018.
- New supervisors received in-house leadership training.
- Team members attended customer service and diversity training.
The Landings Company

The Landings Company is the marketing and real estate arm of The Landings Association. Its mission is to maximize property values at The Landings. To this end, the Company invests in national, regional, and local marketing programs on behalf of the entire community.

The Company also manages proprietary real estate brokerage and property rental operations which:

1. Facilitate an efficient and professional process to encourage prospects, responding to marketing programs or referred to us, to purchase property.
2. Generate the net cash flows that are the sole source of funding for community marketing.
3. Maintain a Welcome Center for prospective purchasers.

Background

The Landings Company is the successor organization to the marketing and sales operations of the developer of The Landings (Branigar) and has been in operation since 1998. It is a taxable corporation, wholly owned by The Landings Association and managed by a separate Board of Directors. The company generates 100% of the funds necessary for its marketing programs and day-to-day operations, which are conducted by a small staff and a number of independent, licensed Realtors. The Company cooperates with both the Association and the independent Landings Club to create awareness and ensure that prospective purchasers appreciate the community’s properties, amenities, programs, and lifestyle.

Extensive marketing of The Landings is essential, considering its private location and the destination (meaning non-resort) character of our community. The Landings consists of approximately 4,400 privately-owned properties with a combined value of more than $2 billion.

More than half of purchasers typically come from outside our local area and are attracted to our community by a variety of marketing initiatives. With more recently developed destination communities and other new communities coming online, competition is increasingly intense for the pool of prospective buyers.

Marketing Expenditures

From 2004 to 2007, the Company averaged more than $1.4 million spent annually to market the Landings community. The downturn of the market in 2008 resulted in less cash being generated from real estate operations and, therefore, a decline in the amount spent for marketing. In 2015, 2016, and 2017, approximately $1.1 million to $1.3 million was spent, with an increase to almost $1.4 million in 2018.

2018 HIGHLIGHTS

Community Marketing Programs

After suffering the impact of Hurricane Matthew and then Irma, which reduced activity for the fourth quarters of both 2016 and 2017, there were 536 couples/families participating in Discovery Visits to the island during 2018.

This number of visitors was driven by leads brought to us by our enhanced website, added digital advertising, representation at eight Ideal Living (formerly Live South) Real Estate Shows, a ClubCorp marketing relationship, and other media placements with cumulative impressions of more than 10 million. The website and digital advertising were especially cost-effective tools to produce most of our new buyers. Also critical are the referrals of friends and family received from our current Landings homeowners.

All of the earnings of the Company, after modest general and administrative expenses, are committed each year to marketing The Landings. While these sales and visits by prospective buyers are encouraging, we have much more to do. Our most significant opportunity for increased sales comes from outside the Savannah area and requires additional national marketing to bring about the sale of more of our listing inventory each year. The generally accepted rule in residential real estate is that fewer than a six-month supply means that inventory of homes is “turning” appropriately, thereby promoting better appreciation. Throughout 2018, our supply of homes on the market exceeded six months.

Note in the Marketing Expenditure graph on the next page that spending returned to seven figures for each of the last five years due to the success of our real estate operations. However, marketing spending continues to be below our pre-recession peak and well below the spending of communities still owned and promoted by developers. Therefore, it is essential that these funds work at their highest level of efficiency and effectiveness, requiring our dedication towards continuous improvement.
Keeping in mind past interruptions by Hurricane Irma and Hurricane Matthew, 2018’s 300 home sales overall were well ahead of 2016’s 268 homes sold, the 252 sold in 2017, and even the 268 homes sold in hurricane-free 2015. Once again, the Company was the dominant real estate firm in successfully selling our community’s listings.
Collaboration with The Landings Club
The Landings Club is a private club and is a totally separate entity from the Association and the Company. The amenities and lifestyle the Club offers are key draws for many prospective buyers, and thus are crucial for all Landings property values, whether the current owners are Club members or not. The Company and the Club continued to expand our synergistic efforts in 2018. Among 2018’s buyers who worked with a real estate firm, **71% who joined as golf members** did so while working with The Landings Company. The same is true for **60% who joined as athletic members**.

Real Estate Brokerage Operations
In its real estate operations, the Company’s market share was robust, with **the Company representing the seller, the buyer, or both in 80% of all homes closed** during the year. This includes TLCo’s **70% listing share of all homes closed and 73% of those over $500,000** in 2018.

2019 EXPECTATIONS

Real Estate Market Conditions
We expect market conditions in 2019 to be on par or slightly better than 2018. Increasing interest rates may encourage those who have been “on the fence” to move forward. Based on direct feedback from real estate show participants, recent cold winters and new tax law changes are motivating those paying high property taxes in the Northeast to consider leaving sooner. In addition, the mix of inventory listed, whether it is up-to-date or “new”, and the number of homes listed within key price ranges will also be critical to improving sales. Lastly, slowing sales in many key departure cities for our buyers may hamper the timing of some sales or eliminate them completely.

Today’s buyer often is looking for smaller, open floor plan, low maintenance options, of which we have little or no supply. The lead time necessary to identify development opportunities, qualify developers, have them put infrastructure in place, and then build homes is substantial. To be competitive in this changing market and with evolving consumer tastes, it is critical to our community’s long-term success that we make substantive progress in 2019 towards the creation of development options for new and diverse housing options to attract those who cannot find suitable housing among the choices that currently exist on the island.

Marketing Expenditures
The Company is planning national, regional, and local real estate marketing expenditures of approximately $1,300,000 in 2019, provided sales growth continues. As in past years, the Company may adjust its expenditures up or down based on results during the year as well as other factors.

Community Marketing Programs
Marketing efforts will build on successes of the last few years along with several new, digital marketing initiatives. Our website (www.thelandings.com), search engine optimization efforts, social media, and other digital tools are crucial to mounting results and future success.

We will continue participation in eight Ideal Living Shows, increased targeted email marketing, and a new digital program to take advantage of the nearly 14 million visitors to Savannah, as well as those visiting our key competitors and real estate shows.

Persistent and sustained efforts to reach those who are likely to consider a move and lifestyle change, as well as those predisposed to value the amenities of The Landings, will be key to a successful 2019 and beyond.

We encourage the many property owner referrals of friends and family who visit and are inclined to fall in love with The Landings.

Early Indicators are Positive
Although admittedly very early, the Company is off to a strong start, with an increase in January 2019 leads of 6% (560 vs. 530). Discovery Visit bookings are following this upswing, and actual Discovery Visits were up 24% for the month.

Ultimately, 21 homes were closed in January 2019, which is up 40% from January 2018. Those homes had an average a sales price of $506k vs. 2018’s $466k, or +8.6%.

With the pace of Discovery Visit bookings coming in thus far and the hopeful prospects of no hurricane this year, the good news lies in the likelihood that an uninterrupted 2019 will likely be as good or even better for property sales in The Landings.
The Landings Company

2018 Board of Directors
Martin Walsh, Chair
Geof Silbert, Treasurer
Anne Schafer, Secretary
Jim Overton, Director
Rex Templeton, Jr., Director
LeeAnn Williams, Director
Nick Sorvillo, Ex Officio

2019 Board of Directors
Rex Templeton, Jr., Chair
Chip O'Brien, Treasurer
Marguerite Baxter, Secretary
Rich Burke, Director
John Holmquist, Director
Herb McKenzie, Director
Jim Overton, Director
Hank Policinski, Director

President
Raoul Rushin

Vice President of Sales
Mitch Jacobs

Director of Operations
Melba Dasher

Broker-in-Charge
Barbara Foster
February 5, 2019

Dear Fellow Residents,

The audited consolidated financial statements of The Landings Association, Inc. and its wholly-owned subsidiary, The Landings Company, together with the unqualified opinion of Holland, Bromley, Barnhill & Brett, LLP, Certified Public Accountants, are presented on the following pages.

The consolidated financial condition of the Association and its subsidiary, the Company, continues to be financially sound. The decrease in the 2018 Assessment revenue is due to the Special Assessment that was voted on by the residents in 2016 that was fully recognized in 2017. Boat Storage Revenue increased by 14% over 2017, with the total revenue for 2018 at $1,066,334. Insurance proceeds received in 2018 for Business Interruption loss at Delegal Marina during the rebuilding of the docks total $80,038 and are included in other revenues.

Operating revenues of the Association and Marinas exceeded 2017 actual and 2018 budget. This increase, coupled with a decrease in operating expenses, generated net excess revenues before depreciation of $213,642. The Association and Marinas continue to be debt free.

During 2018, the Company's expenses exceeded revenues by $17,126. The Company invested $1,361,790 to market The Landings in 2018.

Consolidated revenues (Association and Company) of $18,961,897 exceeded consolidated expenses of $17,957,838, including depreciation, resulting in a net increase in members’ equity of $1,004,059. At December 31, 2018, members’ equity totaled $18,938,026.

I have enjoyed serving as your Treasurer for the past three years, and I thank each member of the Finance and Audit Committee for his or her contributions. On behalf of the Committee, I also extend our appreciation to the staff of the Association for their efforts during 2018.

Joyce Marble
2018 Treasurer
INDEPENDENT AUDITOR’S REPORT

To The Board of Directors and Members
The Landings Association, Inc.
600 Landings Way South
Savannah, Georgia 31411

We have audited the accompanying financial statements of The Landings Association, Inc. and its subsidiary, The Landings Company, which comprise the consolidating balance sheets as of December 31, 2018, and the related consolidating statements of revenues and expenses and changes in members’ equity, and of cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Landings Association, Inc. and subsidiary as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Christopher H. Holland, CPA
S. Stewart Bromley, CPA
Ronnie A. Barnhill, Jr., CPA
Shannon L. Brett, CPA, CFE

Holland, Bromley, Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

2 East Bryan Street, 14th Floor
Savannah, Georgia 31404
PHONE 912.235.3410
FAX 912.235.3414
HBBBCPA.com

The Landings Association, Inc. 600 Landings Way South, Savannah, GA 31411
Independent Auditor’s Report

Prior Period Financial Statements
We have previously audited The Landings Association, Inc. and subsidiary’s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Disclaimer of Opinion on Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the supplementary information of future repairs and replacements on pages 48-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
February 5, 2019
## Consolidating Balance Sheets

### December 31, 2018

<table>
<thead>
<tr>
<th>Operating Reserve Funds</th>
<th>The Landings Association, Inc.</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td>Total</td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; money market accounts</td>
<td>$ 2,618,352</td>
<td>$ 1,812,685</td>
</tr>
<tr>
<td>Cash held in escrow</td>
<td>304,883</td>
<td>304,883</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other accounts receivable, net</td>
<td>84,113</td>
<td>84,113</td>
</tr>
<tr>
<td>Inventories</td>
<td>40,548</td>
<td>40,548</td>
</tr>
<tr>
<td>Prepaid insurance &amp; other</td>
<td>159,762</td>
<td>159,762</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>3,207,658</td>
<td>6,356,646</td>
</tr>
<tr>
<td><strong>Property, Plant &amp; Equipment, net</strong></td>
<td>8,640,252</td>
<td>210,649</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in subsidiary</td>
<td>1,067,288</td>
<td>1,067,288</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td>1,067,288</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 12,915,198</strong></td>
<td><strong>$ 6,567,295</strong></td>
</tr>
</tbody>
</table>

### December 31, 2017

<table>
<thead>
<tr>
<th>The Landings</th>
<th>Eliminations</th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td><strong>Total</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; money market accounts</td>
<td>$ 4,431,037</td>
<td>$ 697,809</td>
</tr>
<tr>
<td>Cash held in escrow</td>
<td>331,979</td>
<td>636,862</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>4,543,961</td>
<td>4,543,961</td>
</tr>
<tr>
<td>Other accounts receivable, net</td>
<td>90,080</td>
<td>418,914</td>
</tr>
<tr>
<td>Inventories</td>
<td>40,548</td>
<td>40,548</td>
</tr>
<tr>
<td>Prepaid insurance &amp; other</td>
<td>210,670</td>
<td>164,946</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>9,564,304</td>
<td>1,086,663</td>
</tr>
<tr>
<td><strong>Property, Plant &amp; Equipment, net</strong></td>
<td>8,850,901</td>
<td>504,359</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>85,100</td>
<td>85,100</td>
</tr>
<tr>
<td>Investment in subsidiary</td>
<td>(1,067,288)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td>-</td>
<td>1,067,288</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 19,482,493</strong></td>
<td><strong>$ 1,676,122</strong></td>
</tr>
</tbody>
</table>

### Notes

1. Allowance for doubtful accounts was approximately $13,500 and $8,600 as of December 31, 2018 and 2017, respectively.

2. Common Stock $1 par, 10,000 shares authorized, 100 shares issued and outstanding.
## Consolidating Statements of Revenues and Expenses and Changes In Members’ Equity

### Year ended December 31, 2017

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Operating</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assessments</strong></td>
<td>$6,143,800</td>
<td>$1,663,317</td>
<td>$1,663,317</td>
</tr>
<tr>
<td><strong>Marina</strong></td>
<td>2,029,500</td>
<td>8,611</td>
<td>8,611</td>
</tr>
<tr>
<td><strong>Vehicle registration fees</strong></td>
<td>8,372</td>
<td>8,372</td>
<td></td>
</tr>
<tr>
<td><strong>Architectural review fees</strong></td>
<td>252,864</td>
<td>8,372</td>
<td>261,236</td>
</tr>
<tr>
<td><strong>Interest earned</strong></td>
<td>51,186</td>
<td>51,186</td>
<td></td>
</tr>
<tr>
<td><strong>Rental fees</strong></td>
<td>1,640,797</td>
<td>1,640,797</td>
<td></td>
</tr>
<tr>
<td><strong>Telecommunications lease</strong></td>
<td>113,429</td>
<td>113,429</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>589,370</td>
<td>589,370</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,671,216</td>
<td>9,671,216</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Community services</strong></td>
<td>1,723,695</td>
</tr>
<tr>
<td><strong>Public works</strong></td>
<td>4,481,877</td>
</tr>
<tr>
<td><strong>General &amp; administrative</strong></td>
<td>888,456</td>
</tr>
<tr>
<td><strong>Commissions</strong></td>
<td>3,355,296</td>
</tr>
<tr>
<td><strong>Costs related to rentals</strong></td>
<td>1,602,440</td>
</tr>
<tr>
<td><strong>Sales &amp; marketing</strong></td>
<td>1,361,790</td>
</tr>
<tr>
<td><strong>Income tax expense (benefit)</strong></td>
<td>4,579</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,457,574</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Excess revenues</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Depreciation</strong></td>
<td>$594,545</td>
</tr>
<tr>
<td><strong>Income tax expense (benefit)</strong></td>
<td>4,579</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,457,574</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity in income of subsidiary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net (expenses) revenues</strong></td>
<td>(474,956)</td>
</tr>
<tr>
<td><strong>Equity in income of subsidiary</strong></td>
<td>(17,126)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(492,082)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity, January 1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net (expenses) revenues</strong></td>
<td>(492,082)</td>
</tr>
<tr>
<td><strong>Equity, January 1</strong></td>
<td>(17,126)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(492,082)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity, December 31</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net (expenses) revenues</strong></td>
<td>1,021,815</td>
</tr>
<tr>
<td><strong>Equity, December 31</strong></td>
<td>(17,126)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,004,689</td>
</tr>
</tbody>
</table>

| NOTE - The accompanying Notes to Financial Statements are an integral part of these financial statements. |
## Consolidating Statements of Cash Flows

The Landings Association, Inc.

**Year ended December 31, 2018**

<table>
<thead>
<tr>
<th>Operating</th>
<th>Reserve Funds</th>
<th>Total</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (expenses) revenues</td>
<td>$ (492,082)</td>
<td>$ 1,496,141</td>
<td>$ 1,004,059</td>
<td>(17,126)</td>
<td>$ 17,126</td>
<td>$ 1,004,059</td>
</tr>
<tr>
<td>Adjustments to reconcile net (expenses) revenues to net cash provided by (used for) operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in income of subsidiary</td>
<td>17,126</td>
<td>17,126</td>
<td>(17,126)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>688,598</td>
<td>688,598</td>
<td>37,214</td>
<td>725,812</td>
<td>709,927</td>
<td></td>
</tr>
<tr>
<td>Gain on disposal of assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,070)</td>
<td></td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>7,582</td>
<td>7,582</td>
<td>7,582</td>
<td>(8,070)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest earned on certificates of deposit</td>
<td>-</td>
<td>(51,186)</td>
<td>(51,186)</td>
<td>(9,038)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in cash held in escrow</td>
<td>66,144</td>
<td>66,144</td>
<td>(87,165)</td>
<td>(1,021)</td>
<td>(146,136)</td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in other receivables</td>
<td>324,238</td>
<td>324,238</td>
<td>2,986</td>
<td>321,252</td>
<td>(317,898)</td>
<td></td>
</tr>
<tr>
<td>(Decrease) increase in inventories</td>
<td>(10,840)</td>
<td>(10,840)</td>
<td></td>
<td>(10,840)</td>
<td>2,932</td>
<td></td>
</tr>
<tr>
<td>Change in deferred tax items</td>
<td>-</td>
<td>(2,500)</td>
<td>(2,500)</td>
<td>(72,100)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in prepaid expenses</td>
<td>5,184</td>
<td>5,184</td>
<td>(50,908)</td>
<td>(45,724)</td>
<td>(14,675)</td>
<td></td>
</tr>
<tr>
<td>Increase in accounts payable &amp; accrued expenses</td>
<td>33,041</td>
<td>33,041</td>
<td>7</td>
<td>33,048</td>
<td>74,211</td>
<td></td>
</tr>
<tr>
<td>(Decrease) increase in escrow balances &amp; deposits</td>
<td>66,144</td>
<td>66,144</td>
<td>87,165</td>
<td>1,021</td>
<td>146,136</td>
<td></td>
</tr>
<tr>
<td>Increase in accrued payroll &amp; taxes withheld</td>
<td>12,258</td>
<td>12,258</td>
<td>70,643</td>
<td>82,901</td>
<td>52,821</td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in deferred revenues</td>
<td>11,893</td>
<td>11,893</td>
<td></td>
<td>11,893</td>
<td>(839)</td>
<td></td>
</tr>
<tr>
<td>Decrease in income tax payable</td>
<td>-</td>
<td>-</td>
<td></td>
<td>(4,500)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers from (to) other funds</td>
<td>2,718,660</td>
<td>2,718,660</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash provided by (used for) operating activities</strong></td>
<td>3,315,658</td>
<td>(2,041,953)</td>
<td>2,041,953</td>
<td>34,344</td>
<td>-</td>
<td>2,076,297</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITIES**

| Capital expenditures | (66,549) | (1,015,885) | (1,082,434) | (54,630) | (1,137,064) | (2,313,226) |
| Proceeds from capital asset disposals | - | - | - | - | 8,500 |
| Capital asset transfers | (2,610,988) | (2,610,988) | | | |
| Proceeds from sale of certificates of deposit | - | - | - | - | 1,498,388 |
| Purchase of certificates of deposit | (2,988,000) | (2,988,000) | | (2,988,000) | (124,000) |
| **Net cash used for investing activities** | (2,677,537) | (1,392,897) | (4,070,434) | (54,630) | - | (4,125,064) | (2,051,338) |

Increase (decrease) in cash and cash equivalents | 638,121 | (2,666,602) | (2,028,481) | (20,286) | (2,048,767) | 642,472 |

Cash and cash equivalents, January 1 | 1,980,231 | 4,479,287 | 6,459,518 | 718,095 | 52,821 |

Cash and cash equivalents, December 31 | $ 2,618,352 | $ 1,812,685 | $ 4,431,037 | $ 697,809 | - | $ 5,128,846 | $ 7,177,613 |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

No cash was paid during either year for interest expense or income taxes.

**NOTE** - The accompanying Notes to Financial Statements are an integral part of these financial statements.
Note 1 - Organization
The Landings Association, Inc. ("the Association") is a property owners’ association, organized as a not-for-profit corporation in the State of Georgia. Its members are property owners of The Landings on Skidaway Island, a private residential community composed of 4,621 acres and 4,420 lots, located in Chatham County, Georgia. The Association owns, operates, and maintains the common properties, facilities, and the marinas, and it provides security services in the form of access control within the community.

The Association is the sole shareholder of The Landings Company ("the Company"). The Company is responsible for the marketing and real estate operations previously provided by the property developer, The Branigar Organization. In accordance with the bylaws of the Company, the transfer of Company stock is restricted solely to the Association, which is to remain the sole shareholder. The majority of the Company’s activities relate to promoting The Landings' real estate properties on a national basis, sales of homes and lots, and rentals of owners’ homes.

Note 2 - Significant Accounting Policies
Method of Consolidation - The accompanying consolidating financial statements include the accounts of the Association and the Company. Intercompany transactions and balances have been eliminated in consolidation. The Association provides certain security and advertising services to the Company, which represent the only intercompany transactions.

Accounting Method - Both the Association’s and the Company's financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). Accordingly, revenues are recognized when earned, rather than when received, and expenses are recognized when incurred, rather than when paid.

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

- **Operating Fund** - This fund is used to account for financial resources available for the general operations of the Association.
- **Capital Reserve Fund** - This fund is used to accumulate financial resources designated for future repairs and replacements.

**Cash & Cash Equivalents** - Cash equivalents represent highly-liquid investments with maturities of three months or less at the date of purchase.

**Segregated Cash Within the Operating Fund** - The Association holds monies in escrow for owners and builders during the construction phase of new houses and major renovations.

**Segregated Cash Within The Landings Company** - The Company maintains escrow accounts for monies received as down payments on sales contracts and security deposits of members’ houses rented through the Company.

**Assessments** - As noted in the General Declaration of Covenants and Restrictions for The Landings, “The annual general purpose assessment may be increased by vote of the members, as hereinafter provided, for the next succeeding three years, and at the end of each such three year period, for an additional succeeding period of three years.” The assessment rate for each lot in 2018 and in 2017 was $1,850 and $1,790, respectively, which includes general purpose and reserve assessments. Disbursements from the Operating Fund generally are at the discretion of the General Manager within the Board-approved budget and policy. Disbursements from the Reserve Fund may be made only for designated purposes. In 2016, owners approved a one-time Community Recovery Special Assessment in the amount of $400 per lot (totaling $1,768,000, which was billed in 2017 and payable over 2017 and 2018), relating to Tropical Storm Hermine and Hurricane Matthew recovery efforts and replenishment of the Capital Reserve Fund.

**Marina Revenue** - The primary revenue sources supporting Marina operations are the following: boat rack storage; wet slip rental; merchandise sales; capital fees; and gasoline and diesel sales. Rack and slip rentals are billed prior to the actual provision of the services, and are recognized as income when earned.
Notes to Financial Statements

Inventories - Merchandise and beverage inventories are recorded at the lower of cost or market value. Gasoline and diesel fuel inventories are recorded based on a moving, weighted-average cost per gallon for the sales period. Inventories for the Association’s operations include:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandise and other</td>
<td>$16,633</td>
<td>$9,783</td>
</tr>
<tr>
<td>Gasoline and diesel fuel</td>
<td>23,915</td>
<td>19,925</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$40,548</strong></td>
<td><strong>$29,708</strong></td>
</tr>
</tbody>
</table>

Recognition of Assets and Depreciation Policy - The Association owns and/or maintains significant amounts of real property and improvements as follows:

- Common property, in acres: 715
- Center islands/medians: 313
- Lagoons: 151
- Roadways, in miles: 91
- Trails, in miles paved: 22
- Bridges: 11
- Gated Entrances: 7

These properties were periodically conveyed to the Association under agreements with developers. The common properties are real property directly associated with the individual ownership of member properties and are dedicated for the use of the entire community. They cannot be sold separately and, thus, have no fair market value other than that related to their intended use. The value of such assets is not recognized in the financial statements of the Association.

The Articles of Incorporation and General Declaration of Covenants and Restrictions permit the Association to participate in mergers and consolidations with other nonprofit corporations organized for the same purposes; mortgage the properties; and dedicate or transfer all or any part of the common properties to any public agency, authority, or utility. Upon dissolution of the Association, the assets, both real and personal, would be dedicated to an appropriate public agency or activity. All such actions require approval of two-thirds of the membership.

The Association capitalizes assets acquired with Association funds. Assets donated by members are recorded at fair market value. Property, plant, and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method at rates that are sufficient to amortize the costs of the assets over their estimated useful lives. For the years ended December 31, 2018 and 2017, the amounts expensed by the Association for depreciation were $688,598 and $671,503, respectively. For the years ended December 31, 2018 and 2017, amounts expensed by the Company for depreciation were $37,214 and $38,424, respectively.

Property, Plant, and Equipment consists of the following at December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th></th>
<th>Association</th>
<th>Company</th>
<th>Association</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>$4,469,565</td>
<td>-</td>
<td>$2,398,689</td>
<td>-</td>
</tr>
<tr>
<td>Buildings &amp; docks</td>
<td>6,477,399</td>
<td>754,138</td>
<td>6,472,459</td>
<td>754,138</td>
</tr>
<tr>
<td>Equipment</td>
<td>5,197,142</td>
<td>189,614</td>
<td>4,607,720</td>
<td>154,823</td>
</tr>
<tr>
<td>Furniture &amp; computers</td>
<td>699,564</td>
<td>304,909</td>
<td>123,888</td>
<td>288,784</td>
</tr>
<tr>
<td>Vehicles</td>
<td>977,580</td>
<td>-</td>
<td>977,580</td>
<td>-</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>210,649</td>
<td>22,427</td>
<td>2,375,227</td>
<td>18,713</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,031,899</td>
<td>1,271,088</td>
<td>16,955,563</td>
<td>1,216,458</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(9,180,998)</td>
<td>(841,729)</td>
<td>(8,498,498)</td>
<td>(804,515)</td>
</tr>
<tr>
<td><strong>Land</strong></td>
<td>-</td>
<td>75,000</td>
<td>-</td>
<td>75,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,850,901</strong></td>
<td><strong>$504,359</strong></td>
<td><strong>$8,457,065</strong></td>
<td><strong>$486,943</strong></td>
</tr>
</tbody>
</table>
**Use of Estimates** - The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Advertising Costs** - The Company expenses the majority of advertising and other marketing costs as they are incurred.

**Subsequent Events** - The Association and the Company have evaluated subsequent events through February 5, 2019, the date the financial statements were available to be issued.

**Note 3 - Concentration of Credit Risk**
The Association and the Company maintain their cash balances at regional banks. At December 31, 2018, the Association’s cash balances exceeded federally-insured limits by $4,820,000. At December 31, 2018, the Company’s cash balances exceeded federally-insured limits by $274,000. This uninsured amount represents demand deposit and money market fund accounts. The Association and the Company have not experienced any losses of such funds, and management believes the Association and the Company are not exposed to any significant risks.

**Note 4 - Association Investments**
Investment securities are those investments that the Association acquires with the intent and the ability to hold to maturity. Securities chosen for investment are selected to preserve capital and protect investment principal, to maintain sufficient liquidity to meet anticipated needs, and to attain a market rate of return consistent with the preservation of capital.

The short-term investments are certificates of deposit held at a predetermined interest rate based on the terms of the purchase.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

- **Level 1** - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities
- **Level 2** - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
- **Level 3** - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The following table sets forth by level, within the fair value hierarchy, the investment assets at fair value as of December 31, 2018 and 2017.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Level 2</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>$ 4,543,961</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Total investment assets at fair value</td>
<td>$ 4,543,961</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Level 2</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>$ 1,504,775</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Total investment assets at fair value</td>
<td>$ 1,504,775</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>
Note 5 - Assessments Receivable
Past due assessments of $24,640 and $28,349 were written off at the end of 2018 and 2017, respectively, per approval by the Association’s Board of Directors. Past due owners, for 2008-2018, have been suspended.

Note 6 - Capital Reserve Fund
Future Repairs and Replacements - The Association’s governing documents authorize the levying of annual assessments, which provide for the repair and maintenance of drainage facilities, selected assets, and road and community path/trail resurfacing.

It is the practice of the Association to include normal, recurring repair and maintenance of common properties in annual operating budgets. The Association also sets aside in a separate repair and replacement Capital Reserve Fund those amounts estimated to be required to meet future repair and replacement costs of certain components of common properties. Actual expenditures may vary from the estimated future expenditures, and variations may be material. If additional funds are needed, the Association has the authority to delay repairs and replacements until funds are available, or, subject to membership approval, to increase regular assessments or pass special assessments.

Periodically, engineering firms are contracted to conduct evaluations of the Association’s storm drains, bridges and structures, and marina facilities. These studies determine the conditions as well as the estimated future costs of repairs and replacements for these items. Prior studies estimated that future repairs will extend the useful lives of the storm drains by 80 years; community path/trail bridges by 30 years; road bridges by 50-80 years; and the administration and marina facilities by 7-50 years. In 2018, staff contracted Southeastern Pipe to conduct a camera study of all piping located along the marsh outfall areas. In 2019, staff will focus heavily on repairing and replacing storm drain pipes as recommended by the contractor, which will be funded through the Capital Reserve Fund.

In addition, the Association conducts studies to determine the physical and operating conditions of, and estimated future costs of repairs and replacements for, the road and trail systems. These studies estimate that the roads have useful lives of 15-25 years, and the trails from 10-20 years, depending on the type of root barrier used and whether the trail is concrete or asphalt.

Note 7 - Retirement Plan
The Association and the Company each maintain 401(k) retirement plans for eligible employees who are age 18 or older. Employees may contribute annually up to $18,500 and $18,000 during the years ended December 31, 2018 and 2017, respectively. Both plans provide an employer match of 100% of the first 4% of the salary deferred by an employee, as well as a discretionary contribution.

For the years ended December 31, 2018 and 2017, the Association’s matching and discretionary contributions amounted to $292,030 and $286,466, respectively, into the 401(k) plan. Contributions for the Company amounted to $29,296 and $28,290 for the years ended December 31, 2018 and 2017, respectively.

Note 8 - Income Taxes
A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. Once the threshold is met, the amount recognized in the financial statements is the largest amount of tax benefit likely realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

The Association and the Company are subject to U.S. federal income tax as well as income tax of the state of Georgia. The Association and the Company no longer are subject to examination by taxing authorities for years before 2015. The Association and the Company do not expect the total amount of unrecognized tax benefits to change significantly in the next 12 months. If incurred, the Association and the Company would recognize interest and penalties related to unrecognized tax benefits in interest expense. The Association and the Company did not record interest or penalties related to income taxes for the years ended December 31, 2018 and 2017.

Association - The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the years ended December 31, 2018 and 2017. It does not qualify as an exempt organization. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership, non-membership, and capital transactions.
For federal tax purposes, the Association is taxed on all net income from non-membership activities, reduced only by losses from non-membership activities. Non-membership income may not be offset by membership losses, and any excess membership deductions may be carried forward only to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation. The Association files Form 1120, which is subject to the December 2017 Tax Cut and Jobs Act flat corporate tax rate of 21%.

For federal income tax purposes, a net operating loss (NOL) of approximately $656,000 will be carried forward to offset taxable income of the Association in future years and will begin to expire in 2029. This NOL includes $45,000 and $611,000 related to 2018 and prior years, respectively. For state income tax purposes, an NOL of approximately $1,000,000 will be carried forward to offset taxable income in future years. This NOL includes $45,000 related to 2018, and $955,000 related to prior years. This NOL will begin to expire in 2028. A corresponding deferred tax asset of $198,000 has been recorded for the potential NOL carryforward benefit, and a valuation allowance has been established for the full amount, as shown below:

**Long-term deferred tax asset:**
- Federal NOL deferred asset: $138,000
- State NOL deferred asset: $60,000
- Less valuation allowance for NOL assets (198,000)

| Company | The Company elected a C-Corporation status for income tax purposes. The provision for income taxes includes current federal and state income taxes and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts for income tax purposes. At December 31, 2018, the Company had a long-term net deferred tax asset and a current deferred tax liability. Significant components of the Company’s deferred tax balances as of December 31, 2018 are as follows:

**Long-term deferred tax asset:**
- Federal NOL deferred asset: $57,000
- State NOL deferred asset: $39,000
- Depreciation difference: (10,900)

| Current deferred tax liability: |
| Depreciation difference: $5,200 |

The Company’s income tax benefit shown on the statement of revenues and expenses consists of the following components:

| Current tax benefit: |
| Deferred tax benefit: $2,500 |

| Total: $2,500 |
For federal income tax purposes, a net operating loss (NOL) of approximately $271,000 will be carried forward to offset taxable income in future years and will begin to expire in 2037. This NOL includes $23,000 related to 2018 and $248,000 related to prior years. For state income tax purposes, a net operating loss (NOL) of approximately $649,000 will be carried forward to offset taxable income in future years. This NOL balance reflects current year taxable income of approximately $8,000 and an NOL of approximately $657,000 related to prior years. This NOL will begin to expire in 2029. A deferred tax asset of $96,000 has been recorded related to federal and state NOLs, and an allowance was not deemed necessary by management as of December 31, 2018.

**Note 9 - Legal Matters**
During the normal course of business, the Association and the Company occasionally will be involved in lawsuits related to the collection of assessments from homeowners and other matters. As of December 31, 2018, the Association does not believe there are significant legal contingencies related to these proceedings, and no provision for these matters has been made in the accompanying financial statements.

**Note 10 - Lines of Credit**
In April 2015, the Association entered into a secured $5,000,000 line of credit agreement with Wells Fargo Bank, bearing interest at 2.8% over the one-month LIBOR rate. This agreement was renewed in April 2016, and it matured on April 5, 2017. At that time, the Association entered into a two-year secured $5,000,000 line of credit agreement with Ameris Bank, bearing interest at 1.25% over the one-month LIBOR rate. At December 31, 2018 and 2017, no balance was outstanding under this agreement, which matures on May 31, 2019, and the Association anticipates renewing at that time. Interest expense was $0 for each of the years ended December 31, 2018 and 2017.

**Note 11 - Related Party Transactions**
In 2015, the Association entered into a three-year contract with The Landings Club (“Club”), a separate membership entity that owns and operates the golf, tennis, swimming, and physical fitness facilities. Under terms of the agreement, the Association provides lagoon maintenance and security services. The services amounted to $228,090 and $221,446 in 2018 and 2017, respectively. In 2018, the Association entered into new, one-year contracts for 2019 with the Club for the services described above in the total amount of $226,930.

The Company paid $15,067 and $21,459 to the Club toward joint marketing efforts and lawn care during the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, $0 was payable to the Club for these services. The Club paid $87,210 and $71,023, respectively, to the Company for marketing consulting services during the years ended December 31, 2018 and 2017. As of December 31, 2018 and 2017, $5,967 and $2,981, respectively, was receivable from the Club for these services.

**Note 12 - Commitments**
The Company leases office equipment under non-cancelable operating leases expiring in various years through 2023. The Company incurred rental expense relating to operating leases of $8,851 and $8,905 for the years ended December 31, 2018 and 2017, respectively.

Minimum annual lease payments are as follows:

<table>
<thead>
<tr>
<th>For the year ending December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>2021</td>
</tr>
<tr>
<td>2022</td>
</tr>
<tr>
<td>Thereafter</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
The Association has engaged BrightView (formerly ValleyCrest Landscape Maintenance) to provide landscaping and mowing services to the Association. The contract was renewed in 2014, for the years 2015-2018. The annual payment due under this agreement for the year ended December 31, 2018 was $1,064,429. In 2019, the Association entered into a new, three-year contract with BrightView that expires in 2022 and has annual payments due of $1,064,424.

**Note 13 - Hurricane Recovery**

In 2016, due to Tropical Storm Hermine and Hurricane Matthew, the Association incurred $1,780,392 of cost related to the cleanup efforts of the Association’s common property. In addition, the Association experienced the involuntary conversion of property, plant, and equipment with a net book value of $17,258. These expenses have been offset by the receipt of insurance proceeds of $250,000 in 2016, for an incurred net expense of $1,530,392. In the year ended December 31, 2017, the Association received additional insurance proceeds of $866,937.

The Association also suffered business interruption due to the storms. As a result, the Association has been awarded insurance claims of $80,038 and $27,940 during the years ended December 31, 2018 and 2017, respectively, for business interruption insurance claims, which is reported with other revenues in the consolidating statement of revenues and expenses and changes in members’ equity.

As discussed in Note 2, in 2016, owners approved a one-time Community Recovery Special Assessment in the amount of $400 per lot (totaling $1,768,000, which was billed in 2017 and payable over 2017 and 2018), relating to Tropical Storm Hermine and Hurricane Matthew recovery efforts and replenishment of the Capital Reserve Fund.
Supplementary Information

Supplementary Information on Repairs & Replacements

As described in Note 6, the Association conducts periodic evaluations of the components in the Capital Reserve Fund. Engineering firms help estimate the remaining useful lives and the replacement costs of the storm drain, flood water control, road, trail, and bridge components of common property, as well as the marina facilities.

Other common property and equipment components are reviewed annually by the Public Works Committee, the Association’s Reserve Subcommittee and staff, as well as external firms when necessary.

The following information is based on the reviews noted above, as well as staff reviews and knowledge, and presents significant information about the components of common property. Amounts are adjusted annually as necessary and are rounded to the nearest thousand dollars.
## Supplementary Information

<table>
<thead>
<tr>
<th>Components</th>
<th>Estimated Remaining Useful Life (Years)</th>
<th>Estimated Current Replacement/ Repair Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin, Public Works, and Marina Facilities</td>
<td>2 to 18</td>
<td>$1,508,000</td>
</tr>
<tr>
<td>Association Signage</td>
<td>1 to 15</td>
<td>233,000</td>
</tr>
<tr>
<td>Automatic Gates and Gate Facilities</td>
<td>3 to 34</td>
<td>815,000</td>
</tr>
<tr>
<td>Backhoe</td>
<td>7</td>
<td>90,000</td>
</tr>
<tr>
<td>Community Paths/Trails</td>
<td>6 to 14</td>
<td>3,999,000</td>
</tr>
<tr>
<td>Delegal Structure</td>
<td>25 to 26</td>
<td>927,000</td>
</tr>
<tr>
<td>Dock Boxes</td>
<td>12</td>
<td>42,000</td>
</tr>
<tr>
<td>Field/Park Rehabilitation</td>
<td>6</td>
<td>363,000</td>
</tr>
<tr>
<td>Floating Docks</td>
<td>38</td>
<td>2,600,000</td>
</tr>
<tr>
<td>Forklifts</td>
<td>1 to 7</td>
<td>477,000</td>
</tr>
<tr>
<td>Front-end Loader</td>
<td>1</td>
<td>60,000</td>
</tr>
<tr>
<td>Fuel Tanks</td>
<td>2 to 49</td>
<td>107,000</td>
</tr>
<tr>
<td>Gangways</td>
<td>33</td>
<td>23,000</td>
</tr>
<tr>
<td>Gate Irrigation and Drainage Systems</td>
<td>1 to 17</td>
<td>249,000</td>
</tr>
<tr>
<td>Harbor Dry Stack Storage</td>
<td>3</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Harbor Electrical Transformer</td>
<td>16</td>
<td>40,000</td>
</tr>
<tr>
<td>Harbor Seawall</td>
<td>16</td>
<td>1,300,000</td>
</tr>
<tr>
<td>IT Equipment</td>
<td>1 to 3</td>
<td>195,000</td>
</tr>
<tr>
<td>Lagoon Dikes and Structures</td>
<td>1 to 42</td>
<td>2,499,000</td>
</tr>
<tr>
<td>Other Infrastructure Components</td>
<td>1 to 30</td>
<td>963,000</td>
</tr>
<tr>
<td>Road Bridges</td>
<td>1 to 48</td>
<td>5,406,000</td>
</tr>
<tr>
<td>Roads</td>
<td>1 to 19</td>
<td>13,270,000</td>
</tr>
<tr>
<td>Storm Drain Pipes</td>
<td>13 to 63</td>
<td>38,050,000</td>
</tr>
<tr>
<td>Street Sweepers</td>
<td>2 to 3</td>
<td>320,000</td>
</tr>
<tr>
<td>Vacuum Jetter Truck</td>
<td>3</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$76,236,000</strong></td>
</tr>
</tbody>
</table>