The Landings Association, Inc.

PROPERTY OWNER ASSESSMENT PROPOSAL
2013-2015
March 30, 2012

Dear Property Owner,

On behalf of The Landings Association’s Board of Directors, I am writing to advise you that the Board has voted to authorize a property owner Assessment vote, with ballots due back April 23. Voting methods include the traditional ability either to mail back your ballot or drop it off at the Association office. In addition, an online voting option (explained in detail on the separate, included instructions) will be provided this year. Ballots will be accepted through Monday, April 23, with any final votes received at a meeting scheduled at 5 p.m. in the Association’s office.

As you know, our fall 2011 Assessment vote received 64% approval, just short of the required two-thirds approval. That proposal included marketing funds to help generate additional prospects and buyers to our community. Unfortunately, the fall vote didn’t pass, but we have listened to the community and removed marketing from this proposal. Included is an Assessment Q&A document. If you like your information brief, following are four key points you may find helpful.

- The total amount in 2012 is $1,525 (the same as 2011), and proposed amounts for the next three years are $1,550, $1,625, and $1,670. The amounts for 2013 and 2014 are identical to what was proposed during last fall’s Assessment vote, minus the $125 for marketing. This is an average increase of approximately 3% per year. As always, the 2013-15 Assessment proposal is allocated into two funds – General Operations and Capital Reserves.

- General Operations ~ For 2012, the Assessment allocation for Operations is $1,140. That’s a $7 per lot difference compared with five years ago in 2007. In 2015, at the end of this proposed three-year Assessment, the allocation for Operations is projected to be $1,235 per lot, a 1% per year increase over that 2007 baseline. Savings from reduced headcount, and more efficient landscaping and administrative services, have mostly offset other inflationary factors. At the same time, service levels have remained constant, with high resident satisfaction as measured in community surveys.

- Capital Reserves ~ The Landings Association has $69 million in capital assets, such as roads, cart paths, and storm drains. Last year, we completed a detailed 25-year forward look on requirements to continue the orderly repair and replacement of capital assets. The restricted capital repair and replacement Reserve portion will increase from $385/lot in 2012 to a projected $435/lot in 2015 under this Assessment proposal. This will bring us to the level that resulted from the analyses of an independent Reserves Specialist and several engineering firms. The only alternative to gradually building your capital reserves is using unpredictable special assessments, a method difficult on household budgets and subject to high variability year-to-year.

- We are fortunate to have an Association with a much-deserved reputation of being well managed and financially sound. The Landings Association has 67 dedicated employees working hard to keep our community safe, beautiful, and functional. Go to the Association’s website (www.landings.org) and review the 2011 Annual Report. Read what is involved in managing and maintaining a community of our size and complexity.

The Landings is your community and home. Please vote yes to maintain our beautiful community and support the required Capital Reserves to address our aging infrastructure. This vote is important for our future and to continue the lifestyle that we all enjoy today.

Sincerely,

Jim Rich, President
The Landings Association, Inc.

Chuck Beck-Vice President
Gary Herrman-Treasurer
Milly Pitts-DiCicco-Secretary
Dan DeGood-Director
John Fishburne-Director
John Fitzgibbon-Director
Jim Scott-Director
Scott Walton-Director

The Property Owners Association for
The Landings on Skidaway Island
600 Landings Way South – Savannah, Georgia 31411
phone 912.598.2520 – fax 912.598.2516
www.landings.org – e-mail tla@landings.org
## Landings Association Annual Assessment (Per Lot)

<table>
<thead>
<tr>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>$1,525</td>
<td>$1,550</td>
</tr>
</tbody>
</table>

### Operations -
For existing day-to-day services, such as security, common area landscaping and maintenance, communications, covenant inspections, and architectural reviews.

<table>
<thead>
<tr>
<th>Operations</th>
<th>2012</th>
<th>2013-2015 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,140</td>
<td>$1,202</td>
<td></td>
</tr>
</tbody>
</table>

### Reserves -
Restricted to use for repair and replacement of our assets, including roads and cart paths, storm drains, buildings, structures, and equipment.

<table>
<thead>
<tr>
<th>Reserves</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$385</td>
<td>$1,525</td>
</tr>
<tr>
<td>$413</td>
<td>$1,615</td>
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</tbody>
</table>
Three-Year Property Owner Questions and Answers

Below are some of the common questions The Landings Association has received about the 2013-2015 property owner Assessment proposal, as well as about Assessments in general.

Question: Why are we voting again, after the Assessment vote did not pass last fall?
Answer: The primary responsibility of the Association’s Board is to ensure the financial stability of The Landings Association and, therefore, of the Landings community overall. When the residents of The Landings reject a three-year Assessment proposal, it is the duty of the Board to assess thoroughly why the proposed Assessment failed and then develop a revised Assessment proposal as soon as they can. It would be irresponsible of the Board to just wait for three years to have another vote.

Question: As the Board has the option to schedule a vote, why do so this year?
Answer: The Board has determined that such a vote is required this year to prevent cutting service levels and to preserve the Association’s infrastructure, including continuing to build Reserves. Our two choices for capital asset repair and replacement are either to accumulate Reserves or to rely on special assessments from residents for specific projects.

Question: Why do we need to build our Reserves?
Answer: The Association’s Reserves are restricted for repairs and replacements of our capital assets, such as storm drains, roads, and cart paths. As our community turns 40 years old this year, many of our $69 million in capital assets are beginning to reach the ends of their useful lives, and we must have an orderly system to fund their repair or replacement. Analyses with a Reserves Specialist and several engineering firms determined that Reserves should achieve at least $6 million, and prudence dictates that be achieved by the end of 2015, based on asset condition inspections.

Question: What will happen to our capital assets if the Assessment proposal does not pass?
Answer: The Association will have two choices – delay replacements of our storm drains or further deplete our Reserves. Based on a 2011 engineering study, our engineers recommended more than $1 million of storm drain repairs by the end of 2015. Previous reserve analyses did not indicate the need for storm drain capital repairs until 2018 and beyond. If we are to delay these types of repairs, it is likely that we will increase our risk of flooding, increase the repair cost, and incur associated damage to other assets, such as roads and cart paths.

Question: Besides Reserves, what else does the Property Owners Assessment pay for?
Answer: The Assessment helps fund the Public Works Department, which maintains and improves common property, including 91 miles of roads, 30 miles of trails (22 paved), 151 lagoons, trees, and Landings Association vehicles. The Security Department oversees security and covenants compliance for our 8,500 residents and the approximately 10,000 vehicles that enter The Landings each day. Security Officers perform checks of private property and common property, and provide emergency assistance to residents. The Assessment also funds General Administration; the Community Development Department (architectural reviews and development activities), the Community Relations Department (Landings Journal, Annual Report, Residential Directory, voting packets, etc.); and staff that you deal with in person and via phone or email at the Association’s office.

Question: Does this Assessment proposal include funding for marketing?
Answer: No. Unlike the Assessment proposal last fall, this proposal does NOT include funds for marketing. Rather, marketing will continue to be funded solely by the real estate commission revenues from The Landings Company.

Question: What is the proposed amount of the three-year property owner Assessment?
Answer: The proposed amounts for the next three years beginning January 1, 2013 are $1,550, $1,625, and $1,670. (For reference, the Assessment amount per lot for 2012 is $1,525, the same as in 2011.)
Question: What is different about this Assessment proposal vs. the one we voted on last fall?

Answer: As depicted in the chart below, the amounts proposed for years 2013 and 2014 are exactly the same as what was proposed for those years during last fall’s Assessment vote, minus the $125 per lot for marketing. The year 2015 (without marketing) is added to achieve the three-year funding mandated by our Covenants.

<table>
<thead>
<tr>
<th>Year</th>
<th>Original Fall 2011</th>
<th>Revised Spring 2012</th>
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<tbody>
<tr>
<td>2012</td>
<td>$1,600</td>
<td>$1,525</td>
</tr>
<tr>
<td>2013</td>
<td>$1,675</td>
<td>$1,550</td>
</tr>
<tr>
<td>2014</td>
<td>$1,750</td>
<td>$1,625</td>
</tr>
<tr>
<td>2015</td>
<td>N/A</td>
<td>$1,670</td>
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</table>

The National Marketing component of $125/lot, proposed last fall, has been removed from the revised proposal.

Question: Why does the Assessment proposal have staggered amounts for each of the three years, rather than the same amount every year?

Answer: Staggered amounts enable The Landings Association to prepare a proposal that is far more responsible, as it collects amounts consistent with actual costs. Because our costs do not stay fixed in increments of three years, a three-year proposal of the same amount each year would collect more in the first year than required by the Association, in order to ensure sufficient funds during the third year. Based on community feedback, the Board has determined that having smaller increases each year, versus a larger jump in the first year, helps our owners plan better for their budgets and creates less financial hardship. Staggered Assessments have been in effect since the 2002 vote, and also were in Assessments in the 1980s.

Question: When is the voting deadline, and will we be able to vote online?

Answer: Ballots will be due back by April 23. For the first time, the Association will have a secure, online voting option in addition to the normal paper ballot. This process will use Votenet.com’s platform and will be monitored by the Association’s auditors Holland, Henry & Bromley. As of this writing, Votenet.com has been involved in almost 29,000 voting events, serving more than 16 million voters, including many in homeowners associations.

Question: Why are we voting in the spring instead of the fall?

Answer: Springtime was chosen, so as not to interfere with other elections in the fall, including Landings Association and Landings Club Board elections. We received much feedback last fall about confusion from three, simultaneous votes, and we hope to avoid that issue in the future.

Question: Will there be any Town Hall Meetings?

Answer: Yes. The Landings Association discussed this Assessment Proposal during the February 29 Annual Meeting, as well as at an Assessment Town Hall Meeting March 27. One, final meeting will be held, as noted below:

- Thursday, April 5 @ 7 p.m. – Plantation Club

Question: If I can’t attend a Town Hall Meeting, where can I get more information?

Answer: Information concerning the Assessment, including the Town Hall Meeting PowerPoint presentations, is posted on the Association’s website (www.landings.org) under Calendar & News > Assessment Vote 2013-2015.

Question: How many votes does it take for the Assessment to pass?

Answer: The Landings Association’s Covenants have very strict requirements for passage of an Assessment. In order to reach a quorum, at least 60% of the property owners must vote. In order for the Assessment to pass, at least two-thirds of those voting must vote in favor of the Assessment.

Question: How do I ask other questions about this process?

Answer: Please e-mail assessment@landings.org, or call the Association (912-598-2520).
What Your Landings Association Does

PUBLIC WORKS
- Landscaping
- Street Sweeping
- Lagoons
- Storm Drains
- Streets, Trails, Bridges
- Tree Maintenance
- Fleet Maintenance
- Facility & Gate Maintenance
- Signs/Mailboxes
- Recreational Areas

SECURITY
- Access Control
- Emergency Assistance
- Property Checks
- Patrol
- Covenants Compliance & Inspections
- Emergency Planning/Coordination

COMMUNITY DEVELOPMENT
- New Construction Plan Review
- Home Renovation Plan Review
- Lot Record Maintenance
- Property/Construction Inspections

COMMUNITY RELATIONS
- Print Media
- Electronic Media
- Special Community Events
- Monthly Cookouts
- Information Services Center
- Amenities Reservations
- Decal Processing
- Resident Services
- Governmental Affairs
- Information Technology

ADMINISTRATION
- Executive Management
- Financial Management
- Human Resources
- Risk Management
- Legal Support

MARINAS & WATERFRONT AMENITIES
- Landings Harbor
- Delegal Creek Marina
- Observation Tower
- Marina Store
- Marine Services
- Fishing Piers
- Wet Slips and Dry Storage Racks
- Sailing Program Rentals

Our Community of 8,500 Residents Enjoys:

Amenities on 4,596 Total Acres - Including:
- 690 acres of common property (574 in turf, 4 in athletic fields, 22 at gatehouses, and 90 acres in forested areas)
- 4,422 Lots
- 3,992 Homes Completed (as of December 2011)
- 313 Center Islands/Medians
- 151 Lagoons (totaling 269 acres)
- 91 Miles of Roads and 30 Miles (22 paved) of Trails/Cart Paths on common property
- 11 Bridges
- 7 Gated Entrances (logging more than 10,000 vehicle entrances each day)
- 3 RV Storage Yards
- 2 Deep Water Marinas, with 350 Boat Racks and Slips
- 2 Athletic Fields
- Playground
- Dog Park
- Nature Trail
- Native Plant Trail
- Recycling Facility

Maintained and Supported by The Landings Association:
- 67 employees along with a supporting staff of hundreds of volunteers
- 19 fleet vehicles, plus 9 units of heavy equipment and 2 watercraft
- 11 facilities
Operating Funds

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<tr>
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</thead>
<tbody>
<tr>
<td>REVENUES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment (Operations)</td>
<td>$5,037,660</td>
<td>$5,126,040</td>
<td>$5,346,990</td>
<td>$5,457,465</td>
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<tr>
<td>Marina Revenues/fees</td>
<td>1,386,522</td>
<td>1,427,318</td>
<td>1,469,465</td>
<td>1,513,010</td>
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<tr>
<td>Vehicle Registration Fees</td>
<td>614,960</td>
<td>614,960</td>
<td>614,960</td>
<td>614,960</td>
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<tr>
<td>Other</td>
<td>706,473</td>
<td>709,625</td>
<td>720,002</td>
<td>727,522</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$7,745,615</strong></td>
<td><strong>$7,877,943</strong></td>
<td><strong>8,151,417</strong></td>
<td><strong>8,312,957</strong></td>
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<tr>
<td>EXPENSES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Works &amp; Community Development</td>
<td>3,261,410</td>
<td>3,289,446</td>
<td>3,378,260</td>
<td>3,450,908</td>
</tr>
<tr>
<td>Security</td>
<td>1,205,528</td>
<td>1,274,550</td>
<td>1,316,770</td>
<td>1,361,327</td>
</tr>
<tr>
<td>Administration/Community Relations/Finance</td>
<td>1,875,747</td>
<td>1,855,975</td>
<td>1,930,453</td>
<td>1,974,213</td>
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<tr>
<td>Marina Operations</td>
<td>1,185,971</td>
<td>1,226,780</td>
<td>1,259,509</td>
<td>1,323,154</td>
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<tr>
<td>Depreciation</td>
<td>621,897</td>
<td>646,619</td>
<td>628,854</td>
<td>621,396</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$8,150,553</strong></td>
<td><strong>$8,293,370</strong></td>
<td><strong>8,513,846</strong></td>
<td><strong>8,750,998</strong></td>
</tr>
<tr>
<td><strong>Net Revenues over (under) Expenses</strong></td>
<td><strong>(404,938)</strong></td>
<td><strong>(415,427)</strong></td>
<td><strong>(362,429)</strong></td>
<td><strong>(418,041)</strong></td>
</tr>
</tbody>
</table>

The net loss is due to depreciation, a non-cash expense. Asset replacement is funded separately, out of the Reserves Fund.
Capital Reserves Discussion

The Landings Association is responsible for acquiring, building, managing, and maintaining all of our common property assets. As property owners, we share ownership in $69 million of depreciable assets plus the common lands owned by the Association. These assets include roads, bridges, lagoon dikes and structures, cart paths, storm drains, buildings, structures, and equipment.

To plan for expenditures for assets noted above, a number of years ago the Association established and still maintains a restricted Capital Reserve Fund, separate from the General Operating Fund. This Capital Reserve Fund permits the Association to accumulate funds tax free that can be used only in support of our capital assets.

Last year, the Association began using a 25-year forward look for the management of its capital assets. (In prior years, the Association had used a six-year planning horizon for both its operating and capital budgeting.) To support that change, the Association undertook a series of studies using several engineering firms to inspect and evaluate the replacement costs and anticipated remaining lives of our roads, bridges, lagoon dikes and structures, cart paths, storm drains, buildings, equipment, and all of our capital assets. The results are analyzed year-by-year covering the upcoming 25 years as a way of estimating our short- and long-term financial requirements in support of our capital assets.

Why the change and why now? The Landings turns 40-years-old this year, and many of our assets were part of the original construction put in place by the developer. When The Landings was young, there legitimately was no need to look beyond a six-year planning horizon, as a majority of our assets had useful lives that would extend for decades into the future. The Landings isn’t so young anymore.

Through reserve funding, many assets have been replaced and repaired over time as required, enabling us to maintain a sound infrastructure system up to this point. Some of our assets still retain relatively long useful lives, but some of them will require replacement or significant refurbishment within the next few years. One such item to note is our storm drains system, which represents about $35 million of our total $69 million in capital assets. These are the pipes in the ground. They are a long-lived system which traditionally has required very little by way of maintenance, but some now have reached 40 years of age and require immediate repair. Otherwise, storm drain failures could increase our risk of flooding, increase the repair cost, and cause associated damage to other assets, such as roads and cart paths. Under the engineering recommendations, more than $1 million must be spent by the end of 2015 on repairs and refurbishment of this system.

Analyses with a Reserves Specialist and several engineering firms determined that the Capital Reserve Fund should achieve at least $6 million, and prudence dictates that be achieved by the end of 2015, based on the asset condition inspections noted above.

By having a properly-funded repair and replacement plan in place, the Association can avoid special assessments and can smooth out the annual capital requirements in the property owner Assessments, so that owners don’t pay amounts that vary greatly from year-to-year, even though capital expenditures vary dramatically from year-to-year.

With approval of this Assessment proposal, the 25-year forward view indicates that, except for inflation, maintaining the annual funding level achieved in 2015 for Capital Reserves should be adequate to meet our repair/replacement expenses and reserve requirements into the future, barring something truly unexpected.
2013 - 2015 Proposed Financial Plan

Reserve Funds - Restricted for Repairs and Replacements

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</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment (Reserves)</td>
<td>$1,701,315</td>
<td>$1,723,410</td>
<td>$1,833,885</td>
<td>$1,922,265</td>
</tr>
<tr>
<td>Interest income</td>
<td>24,500</td>
<td>24,500</td>
<td>24,500</td>
<td>24,500</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>1,725,815</td>
<td>1,747,910</td>
<td>1,858,385</td>
<td>1,946,765</td>
</tr>
<tr>
<td><strong>REPAIR AND REPLACEMENTS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structures</td>
<td>976,212</td>
<td>758,650</td>
<td>297,468</td>
<td>690,841</td>
</tr>
<tr>
<td>Storm Drains</td>
<td>231,606</td>
<td>286,266</td>
<td>273,774</td>
<td>246,948</td>
</tr>
<tr>
<td>Roads and Cart Paths</td>
<td>280,917</td>
<td>416,571</td>
<td>362,314</td>
<td>450,174</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>1,488,735</td>
<td>1,461,487</td>
<td>933,556</td>
<td>1,387,963</td>
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<td><strong>Revenues over (under) Expenditures</strong></td>
<td>237,080</td>
<td>286,423</td>
<td>924,829</td>
<td>558,802</td>
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<tr>
<td>Reserve Reimbursements</td>
<td>171,861</td>
<td>201,307</td>
<td>143,598</td>
<td>151,929</td>
</tr>
<tr>
<td><strong>Net Revenues over (under) Expenditures</strong></td>
<td>408,941</td>
<td>487,730</td>
<td>1,068,427</td>
<td>710,731</td>
</tr>
</tbody>
</table>

The actual level of the Assessment devoted to Operations and Reserves will be determined as part of the annual budgeting process, to ensure the most tax-efficient use of the Association’s finances, as well as to meet budgetary needs. The numbers shown are the best current estimates, but not specific budgets.

### 2013 - 2015 Capital Repairs and Replacements

- **Structures (46%)**
- **Storm Drains (21%)**
- **Roads and Cart Paths (33%)**
Need More Information?

The Landings Association has distributed detailed information concerning this proposal in the March Landings Journal, in Email Bulletins to our owners, and on the Association’s website (www.landings.org). In addition, the February 29 Annual Meeting and March 27 Assessment Town Hall Meeting covered the plan thoroughly. One more Town Hall Meeting will be held:

Thursday, April 5, 2012 @ 7 p.m. in Plantation Club’s ballroom

If you have any questions not addressed in this voting packet or at the Town Hall Meetings, please email assessment@landings.org.

Please complete and return the enclosed ballot (including signing the return envelope), or vote online at www.landings.org using your Username and Password from the separate letter included with this voting packet. Your vote must be received no later than April 23, 2012, at 5 p.m.

Your Vote Counts!

Ballot Deadline: April 23, 2012 at 5 p.m.