

The Landings Association's 2021-2023 Annual Dues (Assessment) Proposal



What Your Landings Association Does

PUBLIC WORKS

Landscaping
Street Sweeping
Lagoons
Storm Drains
Roads/Paths
Bridges
Tree Maintenance
Fleet Maintenance
Facility & Gate Maintenance
Signs/Mailboxes
Recreational Areas
Contract Management
Natural Disaster Preplanning & Response

SECURITY

Access Control
Emergency Assistance
Premise Checks
Patrol
Emergency Planning/Coordination
Covenants Enforcement

COMMUNITY DEVELOPMENT

New Construction Plan Review
Home Renovation Plan Review
Lot Record Maintenance
Property/Construction Inspections
Private Property Maintenance Standards (PPMS)

ADMINISTRATION

Executive Management
Financial Management
Human Resources
Risk Management
Legal Support
Information Technology
Information Services Center
Amenities Reservations
Decal Processing
Resident Services

COMMUNICATIONS & COMMUNITY OUTREACH

Print Media
Electronic Media
Website
Governmental Affairs

MARINAS/WATERFRONT AMENITIES

Landings Harbor Marina
Delegal Creek Marina
Observation Tower
Marina Store
Ship Store
Snack Shack
Tiki Bar
Marina Services
Fishing Piers
Wet Slips & Dry-Stack Storage
Sailing Program
Carefree Boat Club
Kayak Storage/Rentals

***The Landings is home to approximately 8,500 residents on 4,755 Acres.
The following are Landings Residential Amenities:***

- 715 acres of common property (574 in turf, 4 in athletic fields, 22 at gatehouses, and 115 acres in forested areas)
- 313 Center Islands/Medians
- 151 Lagoons (totaling 269 acres), including the Kids' Fishing Lagoon
- 91 Miles of Road and 30 Miles (22 paved) of Community Paths and Trails on Common Property
- 11 Bridges
- 7 Gated Entrances (logging more than 10,000 vehicle entrances each day)
- 3 Storage Facilities
- 2 Deepwater Marinas with 334 Boat Racks and Slips
- 2 Athletic Fields
- Playground
- Sunset and Sunrise Parks
- Dog Park
- Nature Trail

Supported and Maintained by The Landings Association:

- 78 Employees (projected to be 76 in 2021)
- Hundreds of resident volunteers
- 19 Fleet Vehicles, plus 9 units of heavy equipment and 2 watercraft
- 11 Buildings (including the Administration Building, Public Works Facility, Marinas, Gatehouses, and the Marsh Tower)

Proposed Annual Dues Per Lot for 2021-2023

The chart below shows the Annual Dues levels to maintain a 30% funded Capital Reserves Fund as well as restore some service levels.

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

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

It is important to note that even with a dues increase, The Landings Association still will be well below average for National Dues.

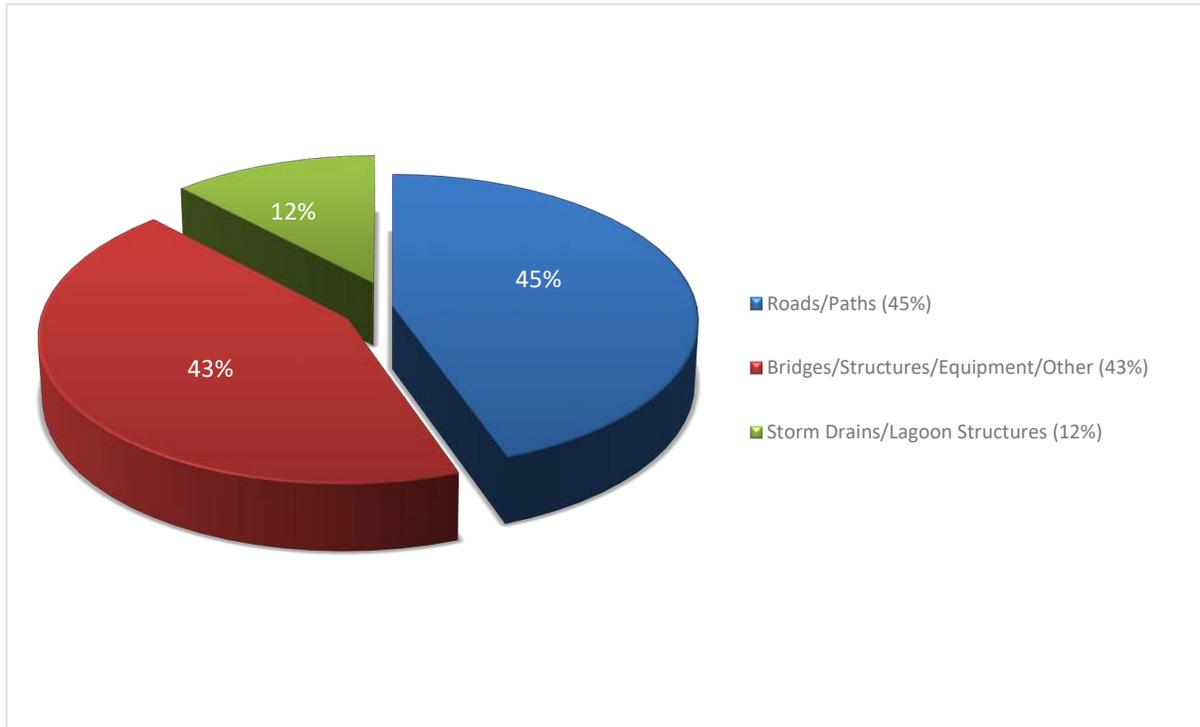
Why is an increase needed?

- **Property Values:** To prevent a rapid and visible decline in the quality and character of the community and the accompanying decline in property values.
- **Prevent Higher Costs:** Adequate Reserves needed to stay ahead of infrastructure deterioration that prevents higher costs and/or special assessments that may not be approved.
- **Ensures fairness for current and future owners:** Pay your share as you benefit from assets and services vs. outstanding obligation for future owners
- **Daily Operations and Capital Asset Funding:** A modest increase is needed to fund current operations, account for increased operating costs, and to restore highly appreciated services recently cut. Additionally, our community turns 50 in two years and has almost \$80MM in capital assets. An increase is needed to maintain, repair, and replace aging infrastructure.
- **Remain Competitive:** The Annual Dues are intended to maintain and improve the aesthetics and appeal of your community to continue to evolve and remain competitive.

What is included in the proposal?

- Increases the restricted Capital Reserve Fund to maintain the minimum level now and in the future as recommended by the independent Reserve Specialist from this year's Reserve Study.
- Restores higher maintenance level of the center islands, signs, and mailboxes, improving the aesthetics of the community for current homeowners and prospective buyers.
- Upgrades Athletic Field Complex with new, improved playground equipment beyond the amount scheduled in the Reserves; rubberized walking/jogging track; new lights; and resurfaced basketball courts.

2021-2023 Reserves Expenditures



Reserves and Use of Funds

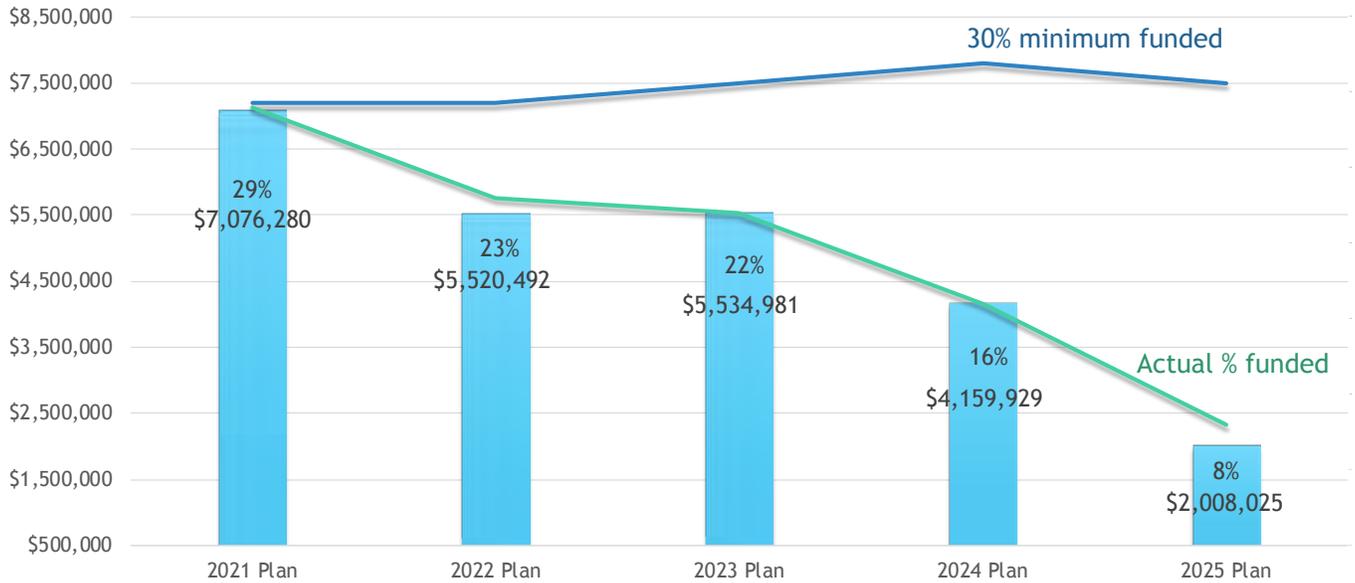
A properly funded capital Reserves Fund enables the Association to avoid special assessments, except in extreme circumstances, and smooths out the funding of annual Reserves requirements. This means that our Assessment amounts vary only slightly from year-to-year, even though annual capital expenditures may vary dramatically.

The Landings Association is responsible for acquiring, building, managing, and maintaining all common property assets. Property owners share ownership in \$80 million of assets, plus the common property owned by the Association. These assets include roads, community paths, structures, equipment, and storm drains.

To plan for expenditures for assets noted above, the Association maintains a restricted Reserves Fund, separate from the General Operating Fund. Through Reserve funding, many assets are replaced and repaired over time as required, enabling us to maintain a sound infrastructure system.

In 2019-2020, the Association engaged an independent Reserve Specialist to review items in our Reserves' Capital Asset Management Plan (CAMP) and to verify expected lifespans and estimated replacement costs. Because the Annual Dues have remained the same since 2018, the Reserve Study indicates more money needs to be allocated to the Reserves Fund going forward to maintain adequate levels, per industry standards.

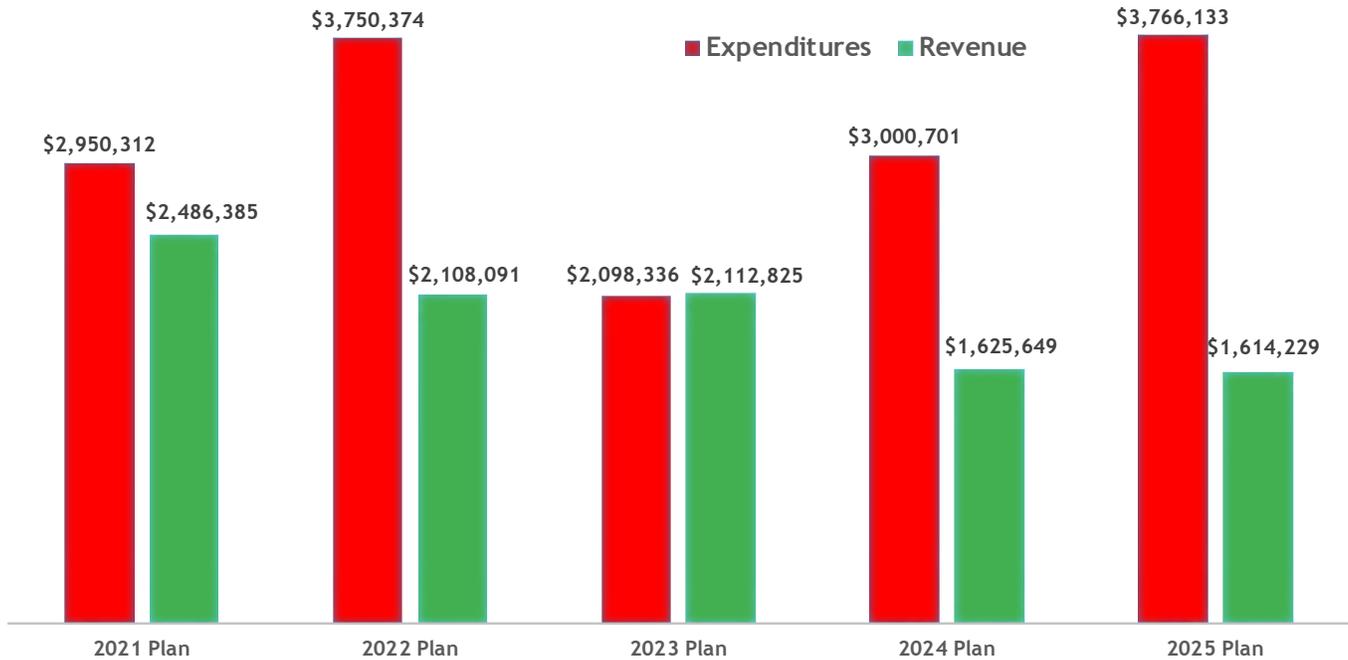
Projected Ending Cash and Investments Total for Capital Replacement Reserves Fund with no Annual Dues Increase



This chart shows that with the current Annual Dues and projected expenditures, the Capital Reserves Fund falls below the 30% minimum funded and declines rapidly every year thereafter.

The fund balance for capital replacements continues to erode without adequate, ongoing contributions, as required by the Reserve Study, to the Restricted Capital Reserves.

Capital Replacement Reserves Expenditures/Revenues 2021-2025 with no Annual Dues Increase



The chart above shows that over the next five years, Capital Reserve expenditures far surpass revenues, if there is no Annual Dues increase. Spending varies significantly each year based on the specific assets that have reached the end of their useful lives.

Three-Year Annual Dues (Assessment)

Questions And Answers

Question: What does the Property Owner Annual Dues (Assessment) pay for?

Answer: The Annual Dues, along with non-Annual Dues revenue, helps fund the Public Works Department, which maintains and improves common property, including 91 miles of roads, 30 miles of trails (22 paved), lagoons, trees on 715 acres of Common Property, and Landings Association vehicles. The Security Department oversees security for our 8,500 residents and the approximately 10,000 vehicles that enter The Landings each day. Security Officers perform premise checks of private and common property and provide emergency assistance to residents.

The Dues also funds General Administration; Community Development (architectural reviews and development activities, and includes Private Property Maintenance Standards inspections); Communications and Community Outreach (website, *The Landings Journal*, Annual Report, The Landings Residential Directory, and voting packets); and staff that you deal with in person and via phone or email at the Association's office.

A portion of the Annual Dues revenue also goes to the Capital Reserves Fund that is restricted for repairs and replacements of our capital assets, such as bridges/structures/equipment, roads/community paths, and storm drains/lagoon structures. There are close to \$80 million in capital assets, and the reserves are an orderly system to fund their repair or replacement.

Question: What are the proposed amounts of the three-year property owner Annual Dues?

Answer: The proposed amounts for the next three years beginning January 1, 2021 are \$2,070, \$2,170, and \$2,270. For reference, the amount per lot for the last three years (2018-2020) was \$1,850. Though this is an increase, the amounts are still below the average national Annual Dues of \$2,400 - \$3,600 (Realtor.com)

Question: Why is the amount not a flat amount for each of the three years?

Answer: The Board, Finance Committee, and Staff looked at many different options, to help achieve the required Reserve Fund amounts to be "adequate" by industry standards. Rather than trying to achieve that all in year one, which does have a higher increase than in years two and three, it was decided that phasing in the increase would provide less of a burden.

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

Answer: You should receive your voting packet around the beginning of September, and the deadline to return your ballot will be October 5. As in the past, the Association has a secure, online voting option in addition to the enclosed paper ballot. Please see the separate sheet for instructions.

Question: Where can I get more information?

Answer: Information concerning the Assessment is posted on the Association's website (www.landings.org/Annual-Dues).

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

Answer: The Landings Association's Covenants have very strict requirements for passage of the Annual Dues. To reach a quorum, at least 60% of the property owners must vote. For the Annual Dues to pass, at least two-thirds of those voting must vote in favor of the proposal.

Question: Why isn't the increase spread out evenly over the three years?

Answer: The Association's Board, Finance, Committee, and Staff looked at many funding options. Ultimately, it was determined this was the best course to achieve the minimum 30% funded recommended by the Reserve Study by the end of the third year. We could have achieved the 30% by the end of year one, but that would have required an even larger increase in the first year.

Question: I heard only \$20 of the first year's proposed increase is going into the restricted Capital Reserve Fund. Is this accurate?

Answer: No. \$135 of the increase will go into the restricted Capital Reserve Fund in the first year. Over the three years, the majority (58%) of the increase will be allocated to the Capital Reserve Fund.

Question: Why does half of the Association's Operating Budget go to staffing?

Answer: The Landings Association is a service organization, and those staffing expenses are in line with such companies. Think about the Security Officers who staff the gates, patrol the community, respond to calls, and lead the ambulances directly to homes almost twice a day. Picture the Public Works employees who maintain the community, such as sweeping the streets, removing debris, trimming trees, treating lagoons, clearing and cleaning storm drains, and overseeing repairs and replacements of the streets and community paths. The Front Desk staff answers calls, handles walkins, helps register commercial vendors. Marinas staff, both full time and seasonal, move boats and assist the record number of boaters at our two, fully occupied marinas. Those are some examples of your Association at work for you.

Question: Since we have more homes now, do we have more income from Annual Dues?

Answer: No. Owners of vacant lots and those with homes pay the same amount.

Question: We already had an assessment increase for the clubhouse and Fitness Center. Why do we need this?

Answer: Those were Landings Club projects. The Landings Club is completely separate from The Landings Association, and no money from those assessments come to the Association.

Question: How much of the Annual Dues goes toward marketing The Landings.

Answer: Zero dollars. The Landings Company funds the marketing of The Landings using net revenues from property sales commissions.

Question: I thought the County handled our roads, storm drains, etc. Is that accurate?

Answer: No. Because The Landings is a private, gated community, this infrastructure is private and must be maintained by the Association.

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

Answer: Please email webmaster@landings.org.

Need More Information?

The Landings Association has distributed detailed information concerning this proposal in *The Landings Journal*, in Email Bulletins to our owners, and on the Association's Website (landings.org/annual-dues).

Please complete the ballot and return in the enclosed envelope, or vote online using your Username and Password from the separate letter included with this voting packet. Your vote must be received no later than 4 p.m. on October 5.

Your Vote Counts!

(PLEASE VOTE EARLY USING OUR ONLINE OPTION.)

60% of Owners Must Vote

66.7% "YES" VOTES NEEDED

BALLOT DEADLINE: OCTOBER 5 AT 4 P.M.

Your Landings Association's Board of Directors recommends a "yes" vote so The Landings can remain the community we are proud to live in and maintain your amenities and your property values.

600 Landings Way South • Savannah, GA 31411 • 912.598-2520 • www.landings.org