



COUNCIL OF ASSOCIATIONS, INC.

Dear Neighbors –

Our community suffered unanticipated and catastrophic damage in Hurricane Florence. Many of us experienced significant damage to our homes and personal property. As a community, we also experienced extraordinary damage to the common areas that are owned, maintained, or operated by the Landfall Council of Associations, Inc. (the "Council").

The Council, our staff, and our contractors have worked tirelessly over the last three weeks to prepare for, and respond to the impact of this natural disaster. We will continue to do so until the work is done.

As a community, we have already incurred significant expenses associated with those extraordinary repairs, over **\$1,243,000** to date, and the work is far from complete. We anticipate a total disaster response, cleanup, and infrastructure restoration cost of **\$3,825,000**. Much of the visible work to the roadsides, that is most impactful to our residents, will be completed by the end of October. However, the much less visible work to our roads, infrastructure, common areas, etc. will not be complete until March 2019.

The Board of the Council has evaluated the disaster response expenses and the anticipated total costs of repairs to Landfall's community improvements. We have discussed and considered this matter carefully, and reached the difficult, but necessary, conclusion to levy a special assessment to cover the cost of the damages caused by this exceptional act of nature.

The special assessment is **\$1,895.00** per full share member assessment, and an invoice regarding the same is enclosed. An explanation of the work performed and to be performed, and the anticipated total cost of the same is also attached. We responded to this disaster on an emergency basis, which means that significant costs have already been incurred. Therefore, your prompt contribution is both needed and greatly appreciated.

The vast majority of the damage caused to our roads, storm water facilities and other common areas by the hurricane is not, and cannot be, covered by insurance. We carry multiple insurance policies to protect the physical property on the common areas in Landfall. Unfortunately, the things that were so significantly damaged in this storm – the roads, sidewalks, storm water and drainage facilities, and underground improvements are not insurable regardless of the carrier. The hard reality is that the lion's share of the cost of these immediately necessary repairs must be borne by all of us, the owners in this community.

The expenses incurred already, and those that will be incurred to complete this disaster response, are much greater than we can absorb in our operating budget. We have a long range capital improvement reserve fund which the Board has worked hard for the past several years to build. That fund is meant to cover anticipated and required future maintenance of our shared common area infrastructure. That reserve fund is not intended for disaster response. Even if we

were to sacrifice some of that fund to complete the storm debris removal and repairs needed in response to the hurricane, it would not be anywhere close to adequate. Again, disaster response and extraordinary reconstruction is not the intended purpose of that reserve fund. To adapt it for that purpose would require a significant increase in the annual assessments.

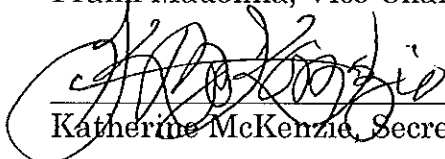
The Council has endeavored to do all that we can to reduce the financial burden of this catastrophe. We will continue to do so. We are relying on our own staff as is reasonable, selecting contractors carefully and diligently, and monitoring the repair efforts closely. We will continue to pursue recovery from our insurance (though, please understand that this will be very limited), FEMA, and assistance from the City of Wilmington. In the unlikely event that this special assessment results in a disaster response fund that is greater than needed, the overage will be transferred to our long term reserve fund.

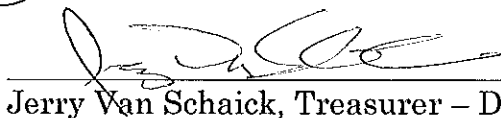
Our community is built on the strength of character of our owners. We have all been in awe of the response of our neighbors over the last three weeks. The acts of kindness, selfless generosity, and care for others in the community demonstrates what each of us should already know: Landfall will not simply survive this storm, we will emerge from the disaster a stronger community.

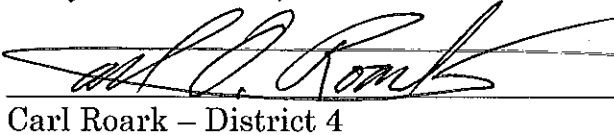
With Sincere Regards,

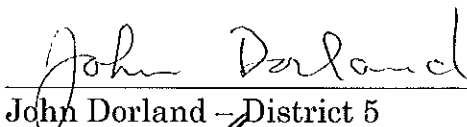

Mary McKenna, Chair – District 1

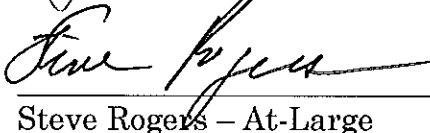

Frank Madonna, Vice Chair – District 2


Katherine McKenzie, Secretary – At-Large


Jerry Van Schaick, Treasurer – District 3


Carl Roark – District 4


John Dorland – District 5


Steve Rogers – At-Large

Hurricane Florence Damages

Estimated Total Expenses

Tree and other Debris Removal \$1,700,000

Removal and processing of debris displaced and created by the hurricane from the common areas, including 29 miles of roads and rights of way (including road sides), conservations areas, fence lines, and other common areas managed by the Council of Associations. This work commenced immediately after the storm, and is ongoing. We have incurred about \$643,000 of expenses on this work already, including \$375,000 with third party contractors and \$268,000 in direct expenses.

Road Repairs \$1,300,000

Our roads suffered significant damage in the hurricane. Two common area bulkheads failed resulting in significant structural damage to the roads. Washouts over the roads caused significant pavement and road base damage in several locations as well. Each of the areas is being repaired via full depth restoration to prevent collapse. We have incurred about \$425,000 in expenses for this work already, all with third party contractors.

Stormwater Management and Drainage Repairs \$500,000

Our stormwater management and drainage systems suffered significant damage as a result of the debris scattered by the high winds in the storm and the record rainfall we experienced in the 3 days during and after the storm. Restoration and repair of these facilities includes pipe lining to seal pipes that separated and failed, unclogging of substantial dams of debris that resulted from the storm, and structural reconstruction of an earthen dam that failed during the storm. We have incurred about \$175,000 in expenses for this work already, all with third party contractors.

Street Lights **\$120,000**

Repair and replacement of 82 primary lights, 82 LED lights and 10 poles that were destroyed by the hurricane.

Fence Repairs **\$ 100,000**

Winds and falling debris destroyed and damaged over 3,000 linear feet of our shared common area fence. Repairs to the same are already underway.

Landscape/Irrigation Repairs **\$ 100,000**

Restoration, repair and replacement for the substantially damaged landscaping in the common areas, including trees and plant replacement, re-sodding, replacement of destroyed hardscapes, and necessary repairs and replacements to the irrigation systems.

Uninsured Building Repair Costs **\$ 5,000**

Although not nearly as severe as the damage to our "horizontal" common areas, we also suffered damage to the shared common area buildings. Repairs will include roof repairs, interior finish repairs and replacement of insulation that was destroyed due to water intrusion.

ESTIMATED TOTAL UNINSURED LOSS:	\$3,825,000
<u>ESTIMATED INSURED LOSS:</u>	<u>\$45,000</u>
ESTIMATED TOTAL LOSS:	\$3,870,000