

Hello Members,

I hope this finds you well and enjoying the new spring season. You may recall, at the prior HOA meeting, we discussed creating a survey to solicit input from you, our Members. Thank you for your patience in getting this done. Such survey has been completed.

The Survey primarily addresses your priorities for our community, and includes questions to assist both the Town Council and Firefly Communities/John as the developer. We anticipate using the survey results to help us prioritize HOA projects and Development projects for the coming year(s).

We are asking each of you to take a few moments to take the survey. Click the link below to access it.

[Cloudland Station Member Survey](#)

Additionally, through a number of sources, including HOA meetings and conversations that the Council Members have had with many of you, it is apparent that there are other unanswered questions we feel need to be addressed. As such, the Town Council has created a comprehensive Q&A Summary with the purpose of educating all of you on the inner workings of the HOA, as well as other miscellaneous topics. Note, one important goal of the Q&A Summary is to convey a better understanding of the distinction between HOA decisions and Developer decisions. This distinction is often lost in the complexity of ongoing, intertwined activities and expenditures at Cloudland Station.

The Q&A Summary enables you to read or pass over questions as you choose. We hope you find it both informative and useful for future discussions, including HOA meetings.

The Q&A Summary is organized in three main sections as follows:

- Governance
- Finances
- Ownership

Note, we have done our best to communicate the high points of the By-Laws. Should there be any unintended conflict between this communique and the By-Laws, the By-Laws prevail, of course. Also, the By-Laws and the Covenants are available as a link on Heylo.

In summary, our goal is to better serve you as we grow this wonderful community. Our hope is that both, receiving your input through the survey and providing you with answers to many unanswered questions, will help us all create a better community together.

Thank you for your participation.

Kindest Regards,

John, along with the Members of the Cloudland Station Town Council.

QUESTIONS AND ANSWERS

I. Governance

Q How is the Cloudland Station Town Association structured?

The Cloudland Station Town Association (hereinafter Association) is setup as a nonprofit C-Corporation with a set of By-Laws for managing the affairs of the Association. The By-laws specifically provide governance through the structure of a Town Council.

Q How are Members of the Town Counsel elected?

In summary, there are two Membership Classes, Class A and Class B, who appoint/elect the Members of the Town Council. The Town Council is made up of no less than 3 and no more than 9 Council Members.

Class B is comprised of a single member, the Declarant, John Tatum as developer. The Class B member exists during the development phase of Cloudland Station only. During this period, the Class B Member, acting in its sole discretion, appoints all Town Council Members, who serve at the pleasure of the Class "B" Member.

After the development stage, Class A Members, comprised of the Members of Cloudland Station, elect all the Members of The Town Council. The following excerpt sets forth the process of electing Members of the Counsel:

(a) Nomination of Council Members. Council members elected by the Class "A" Members shall be nominated from the floor at a meeting of the Members and may also be nominated by a nominating committee, if such a committee is established by the Council. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

(b) Election Procedures. Each Member may cast the vote(s) assigned to his or her Lot(s) for each position to be filled. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected.

(c) Term of Office. Council members shall be elected for a term of one (1) year and may be elected to serve any number of consecutive years.

Q How are the Association’s Corporate Officers members appointed?

The following excerpt sets forth the process of appointing corporate officers:

Officers. The officers of the Association shall be a president, secretary, and treasurer. The president and secretary shall be elected from among the members of the Town Council; other officers may, but need not be members of the Town Council. The Council may appoint such other officers, including one (1) or more vice presidents, assistant secretaries, and assistant treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Council prescribes. Any two (2) or more offices may be held by the same person, except the offices of president and secretary.

Election and Term of Office. The Council shall elect the officers of the Association at the first meeting of the Council following each election of new Council members. Such officers shall serve until their successors are elected.

Q What is the current makeup of the Town Council?

The Declarant appointed 5 Members to the Town Council. Three of the The Town Council Members are also officers. The current members and officers are as follows:

- Jim Campbell
- Bill Harrell - Treasurer
- Diana Shoemaker
- Angie Tatum - Secretary
- John Tatum - President

Q What are the duties of the Town Council?

The following excerpt sets forth the powers and duties of the Town Council:

C. Powers and Duties.

The Town Council shall have all of the powers and duties necessary for the administration of the Association’s affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents and as provided by law. The Town Council may do or cause to be done all acts and things which the Governing Documents or Georgia law do not direct to be done and exercised exclusively by the membership generally.

Duties. The duties of the Town Council shall include, without limitation:

- (a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner’s share of the Common Expenses;
- (b) levying and collecting such assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility;
- (d) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation

- of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on behalf of the Association in a bank depository which it shall approve and using such funds to operate the Association, provided any reserve funds may be deposited, in the Council members' best business judgment, in depositories other than banks;
 - (f) making and amending rules in accordance with the Declaration;
 - (g) opening of bank accounts on behalf of the Association and designating the signatories required;
 - (h) contracting for repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents;
 - (i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association in accordance with the Governing Documents;
 - (j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;
 - (k) paying the costs of all services rendered to the Association;
 - (l) keeping books with detailed accounts of the receipts and expenditures of the Association;
 - (m) making available to any Owner, and the holders, insurers, and guarantors of any Mortgage on any Lot, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 6.4;
 - (n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties; and
 - (o) indemnifying a Council member, officer or ARB or committee member, or former Council member, officer or ARB or committee member of the Association to the extent such indemnity is required or permitted under Georgia law or the Governing Documents.

Q How does the current Town Counsel operate with Committees?

The By-Laws specifically provide the Town Council with the ability to create Committees. Currently, the 5 members of the Town Counsel have organized themselves into two sub-committees: finance and operations. These groups, each consisting of three members, are chaired by John Tatum, who serves on both subcommittees. This setup ensures a manageable size for each team to function effectively. When a consensus is achieved within these sub-committees on a particular topic, it is then presented to the entire Town Council for final approval.

Also, 5 additional task force/committees have been established to serve the Town Counsel. These committees along with their respective Chairpersons are as follows:

Amenities and Trails - Les Lambert

Buildings and Infrastructure - Christel Kennedy

Landscaping - Chris Hollingsworth

Pool and Swimming Hole - Zach Walley

Wildlife and Flora - Ruth Pearl

Communications - Ted King and Gary Payton

Q Why are there additional task forces?

The purpose of having these Task Forces is to gain broader input into the ongoing decisions that impact the lifestyle of Members. The belief is that involvement by those potentially impacted always results in better decisions.

Q What are the powers of the Declarant?

While the developer retains the power to make all decisions related to the “development”, the duties as Declarant include overseeing the governance of the Association. The most important role is selecting the Members of the Town Council who make thoughtful and good decisions for the community of Cloudland Station as a whole.

Q Why does the Declarant retain its power to appoint Members?

The Declarant holds these powers to ensure that the vision of Cloudland Station is complied with until complete and to protect the developer’s investment. This approach is a universally applied standard in HOAs.

Q How long does the Declarant serve?

The Declarant serves in this capacity throughout the development stages. Commonly this ends when 95% of the lots have been sold and amenities are complete. Currently, we have sold 75 lots. The goal is to sell about 300 lots. This will give the community a healthy HOA, and with the extra property that has been purchased through the years, this will result in an even lighter footprint across our beautiful landscape.

Q Given the Declarant Powers, does the Town Counsel have any authority while the Declarant is in control?

Once the Town Council Members were appointed, it began operating and making decisions as though the Members were elected; and it will continue to do so.

Q How can community Members have more say or get their ideas heard?

All Town Council members are available to Members. We encourage you to reach out. Please use Direct Messaging on Heylo.

Q What is the purpose of the Declaration of Covenants

The covenants are the established rules that define the aesthetic of Cloudland Station as well as the rules for everyday life at Cloudland Station. It also provides for a means to establish new rules as the community evolves.

An example of the latter was the recent creation of the pool rules, created by the Town Council through the input of a number of Members solicited by the Pool and Swimming Hole Task force lead by Zach Walley.

Finance

Q When are Financials presented?

Financials, including both the Budget for the current year and the year-end financials for the prior year, are presented at the annual HOA Meeting of Members.

Q How are shortfalls addressed and when are they expected to end?

John and Angie have covered shortfalls every year since inception. These shortfalls have been covered through dollars they contribute directly, and through Firefly Communities and Candlelight Forest.

Shortfalls are expected to end once we attain about 40-50 more members. At such time, the current maintenance and ongoing expenses, including additional property tax and lawn maintenance expenses being paid (vs bartered) should be at a breakeven, given the HOA fees it receives going forward with some small adjustments. Our hope would be to accomplish this over the next two to three years.

Q Are the amounts that have been contributed to cover shortfalls, an obligation by the HOA to John and Angie?

No. While it is often the norm for HOA to provide payback for shortfalls that occur after a certain point, John and Angie have not sought repayment for any shortfalls that have occurred to date.

Q Who sets the Budget for the Association?

The Finance Subcommittee of the Town Counsel (comprised of Bill, Jim and John) performs the analysis and puts together the budget for the upcoming year. This Budget is then presented to the full Town Counsel for discussion, adjustments, and final approval.

Q What have been the spending priorities for the Association to date?

The first priorities have been largely lawn maintenance, general maintenance, utilities, and any other expenses required to sustain operations of Cloudland Station. Second, are small repair jobs. No capital improvements have been prioritized because additional funds have not been available.

Property Taxes are still paid by John and Angie, but will become an expense of the HOA in the future. The property includes all the eased property and community property that is controlled/

owned by John Tatum that is part of Cloudland Station. Property taxes will add approximately \$20,000 to the costs at the point this property is added to Cloudland Station.

Just this year, we have put our eligible large tracts into a state easement called CUVA (Conservation Use Valuation Assessment). This is a 10 year restriction on land use that gives us on average about 50% tax deduction for acreage put into CUVA, which is reflected in the \$20,000. This can be done again in 10 years, assuming it continues. It was enacted in 1992.

Q What larger repairs are a current priority?

The two repairs getting attention currently are:

Repairing the entrance road

Repairing the fence around the pool

Q What happens when the Association revenue exceeds the expenses?

If there is ever a surplus of revenue over expenses, then the Town Counsel (with Member input through the Task Forces) would decide how to use these funds, perhaps reserving them for future capital repairs, using them for an improvement for the common enjoyment, or even reducing the HOA fees.

Note, when a surplus is enjoyed by the Association, that surplus has to stay in the Association, and can only be used for approved purposes or used to reduce the future HOA fee.

Q What is the current lawn maintenance strategy going forward?

The lawn expense is worthy of understanding given that it is a large portion of the budget. A recent history up through today is helpful to understanding our approach to managing lawn maintenance. Specifically, our maintenance has gone through 2 phases and we would like to move into a the 3rd phase, as follows:

Phase 1 (In-sourced): 2007 - 2017 Use of our team of contractors and our own equipment. However, we could not keep up with the grass cutting requirements.

Phase 2 (Catch-up Repair): 2018 - 2023 Contracted a 3rd party landscaping firm (Legacy) by bartering a homesite for 3 years of service. Specifically, the last 3 years, John has contributed and bartered a Cloudland Station homesite with the owner of Legacy Landscape to help cover the lawn cutting costs for 2021, 2022, and 2023. Also, complemented these services with additional bush-hog services twice a year in lower priority areas. Note:

Phase 3: (Hybrid Phase): 2024 - Future Continue to contract with 3rd party landscaping firm (Legacy) and use certain members and our own equipment in lower priority areas.

Q Are HOA funds used for anything other than for Cloudland Station?

No. The Association can only use funds for Cloudland Station. At no time has any of the HOA funds ever been used for anything other than costs related to the common property.

Q What items does the Developer pay vs the Association pay?

The Association has control of the of money received from the Association's annual dues. This money is spent consistent with the Town Council's budget, approved and presented annually to the Members. To date, the annual dues are the only form of Association revenue other than a very small amount of money paid for guests at the pool. This is not to say there could be other forms of revenue it would enjoy in the future.

The Developer pays for capital improvements such as new amenities and new infrastructure, including roads and utilities to new lots.

While spending priorities determined annually by the Town Counsel are influenced by the Task Forces, members, and soon, the results of the attached survey; the spending priorities of the developer are influenced by both the current members and future members of Cloudland Station.

Q What are the Developer spending priorities at this stage?

The primary spending priorities of the developer are as follows:

- to assist in the shortfall of the HOA
- to create utilities and infrastructure to new Homesites
- to add smaller capital improvements/amenities to benefit both existing and new Members

Q Where do Candlelight Forest Profits?

To date, all the profits of Candlelight Forest are transferred to Firefly Communities to assist Firefly Communities in funding all shortfalls of the Cloudland Station Town Association.

Ownership

This section discusses the ownership and the assets of the following entities:

Firefly Communities, LLC

Candlelight forest (The Stationaires Club, LLC)

Cloudland Station, Inc

Firefly Operations, LLC

Q What succession plan is in place if John passes.

Angie has a group of pre-selected trusted individuals that will form a committee/board to ensure a smooth transition. This committee's responsibility will include, foremost, hiring an individual to take on the John's CEO responsibilities. Angie will take on John's Chairperson responsibilities and serve as Declarant.

Firefly Communities

Q Who owns the development company, Firefly Communities?

Angie and John Tatum own Firefly Communities.

Q Who owns the amenities and common areas?

Firefly Communities owns the amenities and common areas. However, several partnerships, that include other investors, controlled by John, own the Conservation areas.

Q How many easements exist?

We have created six conservation easements across the property preventing any future development in those areas.

Q Will Firefly Communities always own the amenities and community areas?

No. It has always been the intention that Firefly Communities will eventually make a contribution of all this to Cloudland Station. The timing of this is a tax-based decision.

Candlelight Forest

Q Who owns Candlelight Forest

Angie and John own Candlelight Forest. The actual legal name is The Stationaires Club, LLC with Candlelight Forest as its DBA (doing business as) name. This entity includes both wedding venues, the This Old House cottage, the two treehouses, and includes The Bellewood Lodge, though Angie and I own Bellewood directly.

Q Why was Candlelight Forest created?

Candlelight Forest was created as a diversification strategy to augment the development revenue of Firefly Communities with additional dollars while the community was ramping up and to help support Cloudland Station.

Q How do Cloudland Station Members benefit from Candlelight Forest?

Specifically, throughout Candlelight Forest there are several types of amenities that Member can enjoy that are a direct by-product of having an adjoining resort:

- **Expansive Trails.** New trails were created through the years and can be enjoyed by those of us who don't want to track up a mountain as much as we did in the early days. These trails are in lower lands with significantly less steep topography to endure.
- **Agri-hood.** While our gardens and livestock are in an early stage, we believe the goal of a thriving agri-hood at Cloudland Station is realistically attainable. In the long term, Candlelight Forest guests help make this more affordable to operate until we get more Owners.
- **The Venues.** The Homestead is an asset you already enjoy. Without the Celebration Barn, there was never a place in the masterplan envisioned for such a large gathering as the whole community. With The Homestead Venue, we have community wide annual traditions including the Independence Day Potluck Dessert, our Firefly Ball and smaller events. RidgeRose has been used for Queens of Cloudland.

In summary, through Candlelight Forest, there are portions of the property that have been opened up that create a whole new experience for you at Cloudland Station. Furthermore, with the Farmstand, the wedding venues, and overnight accommodations, Candlelight Forest is essentially, albeit a very limited, quasi-public area at the front of Cloudland Station. We have a great community, and we believe this is a good way to allow the public to have some limited access. We believe it is important that we aren't viewed as closed to people outside of our gates but instead, a group of people that are interested in being good neighbors and contributors to the broader community of the Chattanooga Valley.

Q What is the long term intention of John and Angie in regard to Candlelight Forest?

Currently, John and Angie have no other plans other than to operate Candlelight Forest indefinitely.

Cloudland Station

Q Who owns Cloudland Station?

Angie and John own Cloudland Station, which was set up with an election of non-profit status to run the affairs of the HOA .

Firefly Operations

Q Who owns Firefly Operations?

Angie and John own Firefly Operations, which serves at the construction company for Firefly Communities.
