



TELL-E-GRAM

SPECIAL EDITION

NOVEMBER 10, 2017



**TELLICO VILLAGE PROPERTY OWNERS ASSOCIATION AGENDA
WEDNESDAY, NOVEMBER 15, 2017**

1:30 P.M.

TELLICO VILLAGE YACHT CLUB

	Outcome	Responsible
I. President Announcements	Call to Order	Bruce Johnson
II. Minutes (October 18, 2017)	Approve	Bruce Johnson
III. 2018 & 5- Year Budget	Approve	Parker Owen
IV. Advisory Committee/Liaison Reports		
• HOA- Update		John Bordelon
• ACC		Steve Trudnak
• Public Works		Bud Murray
• Golf		Jim West
• Recreation		Simon Bradbury
• Finance Report		Kendra Forsythe/ Parker Owen
V. 990 Filing	Update	Alan Hart
VI. Other/ Member Comments- Discussion		

FAC MEETING HIGHLIGHTS

Capital & Major Maintenance Funding Request: 1. Tanasi Golf Maintenance: Irrigation pump rebuild, budgeted at \$15,000 and requested amount \$16,388 from unrestricted operating cash. No approval needed
2. Toqua Pro Shop: Toqua golf club replacement of range mats, budgeted amount \$9,000, requested amount \$9,265 from unrestricted operating cash. No approval needed

2017/2018 Maintenance Project Funding Request-Public Works: Right of Way Mowing contract. Received 3 bid and the lowest bid was a new company called Millsaps Mowing Service. They have been fully vetted by PW staff and a contract has been negotiated for 3 years. Asking for project approval of \$80,960 with funding from unrestricted operating cash. FAC voted to approve the contract. It will go before the board at next weeks board meeting.

Reviewed Budget Status for 2018 budget.

Reviewed FAC Recommendations for the 2018 budget:

1. The TVPOA must maintain a balanced budget with positive net income and fully fund reserves.
 2. The 2017 maintenance study makes a strong case for increasing expenses by 4% per year just to preserve the quality of our existing amenities, roads, and water/sewer systems.
 3. An updated long-range plan, clear budgeting directives from the POA Board combined with rigorous efforts by the management team to contain costs with input from all advisory committees, should result in continuous improvement to the budgeting process. An ongoing effort needs to be made to educate all villagers on the POA budgeting and planning processes with as much transparency as possible.
 4. Building up our reserve funds is critical so that future capital projects can be funded as much as possible with cash to minimize the amount of money that may need to be borrowed. This will be more important than ever in what appears to be a rising interest rate environment that could make borrowing money more expensive and less available.
 5. The FAC liaison to each committee should take a more proactive role throughout the year to help committees identify and implement ways to reduce expenses and generate new revenue instead of trying to solve these issues during annual budget meetings.
 6. We must trust that our managers, supported by their respective advisory committees and supervisors, are capable of making educated decisions about their areas of responsibility in respect to sales growth and cost reduction opportunities.
 7. Positive net income each year and meaningful long-range planning are both necessary to attract new villagers and increase property values in Tellico Village.
- 8. The FAC recommends a 4% increase in the assessment rate for 2018 with 1% being fully allocated to reserves. It is practical to use the same number for budgeting purposes for the following years but we all know that each year will have to be studied under a microscope to determine the actual assessment requirement as we get closer to locking in the budget for that given year.**

Risk associated with reducing from 4% to 3% assessment fee

- 1.) We have essentially transferred 2 assessment points from assessment fee revenue to revenue being generated by new homebuilders. This is a good plan however it is a less predictable revenue stream because when we have another housing market slowdown or when growth slows more, our maintenance and amenity cost would have to be covered from another source of revenue.
- 2.) There are uncertainties involving the future maintenance of our roads. It is yet to be determined if the HA5 will work as planned here in this environment and in turn reduce the frequency for milling and paving.
- 3.) Based on our history, the final quotes for the Toqua and Kahite projects will be significantly higher than currently planned due to changes in scope that always occur as we get closer to final definition, and due to the improving economy, that will result in general contractors being less aggressive in quoting.

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- 4.) Interest rates could rise more making it less appealing to raise capital through debt instruments.
 - 5.) Certain items management eliminated from 2018 will need to be completed in a later budget year. Deferring things now until times when capital could be strained is not prudent monetary management. i.e. Tanasi parking problem.
 - 6.) Once we drop the assessment, the revenue for that given year is lost forever.

Thank you for allowing us to work in conjunction with the management team and board to devise recommendations that are, what we believe to be, in the best interest of all Tellico Village Property Owners.

FAC 2017

VOTE!

As of November 10th, 1,495 total votes have been cast for the 2017 Election. Don't forget to vote before the election closes!

The election opened on October 29th and will remain open until November 16th. You are able to vote by paper ballot or online. To cast your vote online, visit this link: www.votepoa.org

An election packet was mailed to all property owners on October 26th with usernames and passwords that are needed to vote. You will not use the username/password combination that you use to access the POA website to vote. You will use the username/password combination that is in your election packet.

Should you need assistance, stop by the POA office Monday-Friday from 8 a.m. - 5 p.m. or contact Election Administrator, Jessica Johnson, at 865-458-7081. If you have questions and haven't read the ElectionGram, please click this link:

<http://www.tellicovillagepoa.org/images/tellico/gram2017/2017electiongram.pdf>

