



Tellico Village Strategic Land Acquisition Initiative

INVESTING IN OUR FUTURE TO
CONTROL OUR DESTINY

SEPTEMBER 24, 2021

Overview

At Tellico Village, our destiny is no longer a matter of chance. It is a matter of choice. Information you'll find in this document includes:

- Why Tellico Village POA is investing in a strategic land acquisition and what it will mean to Villagers
- Location of land parcels included
- Current and potential uses for the property
- How this investment will allow us to control our destiny
- Potential consequences of doing nothing
- The financial impact on property owners and the village
- How you can help





COOPER COMMUNITY INCORPORATED BACKGROUND

Cooper Community Incorporated (CCI) is the developer of Tellico Village and still owns the rights to The Declaration of Covenants, Conditions, and Restrictions, commonly known as the CC&Rs. Therefore, CCI has complete control of the remaining acreage and boundary lines, dictating whether land is added to the Village, and what may be built on the remaining acreage they own.

Cooper Community Incorporated (CCI) has been a family-owned and operated company since 1954 and has an excellent reputation. CCI is widely recognized as one of the most fiscally responsible developers of planned communities in the nation. Tellico Village is one of nine communities in the CCI portfolio, and the company maintains ownership of over 200 acres within the Village.

CCI is a values-based company with a firm commitment to the environment and aesthetic integrity of their communities. As often happens in family run companies, they are experiencing a generational transition of their business model. The result is that CCI has offered to us first right of refusal on 216 acres along with developer rights. We are fortunate to have this opportunity, and the POA is pursuing the land acquisition.





Land Acquisition and Developer Rights Overview

INVESTING IN THE FUTURE OF TELLICO VILLAGE

As Tellico Village property owners, you have chosen one of the country's premier communities. To maintain this high standard, your Property Owners Association [POA] must deliver great value, managed growth, and the continued quality of life you know and enjoy.

For the first time in 35 years of continued development, we have been given the opportunity to acquire developer rights and 206 additional acres within the Village from Cooper Community Inc. (CCI), the original developers of Tellico Village. The longstanding positive relationship of Tellico Village POA staff and property owners with CCI has resulted in an agreement to transfer ownership of 54 parcels of land, many of which are already in use by the POA. Additionally, the land acquisition agreement provides first right of refusal on the 10 remaining Chatuga Point acres owned by CCI. They may decide to develop it in the future, but under the new agreement, approval and permitting by the POA will be required for anything constructed on the parcel.

Acquisition of this property will allow us to invest in our own community, safeguard property values, and retain the Tellico Village culture. It will ensure the highest and best use of the land and fulfill the needs of current and future property owners first. This could be in the form of additional green space, villa communities, boat slips, and more.



Why Now?



If we do not acquire the property with developer rights, CCI will sell to outside developers. This critical investment in protecting our community from outside developers ensures peace-of-mind for the future of Tellico Village.

There are specific reasons why it is vitally important that we act now. If the POA does not acquire the property with developer rights, CCI has informed us that they will sell to outside developers. These developers will purchase the land (in full or in part), take over developer rights, and have the ability to make decisions over which we have absolutely no control.

This could easily result in undesirable commercial and retail establishments, building of timeshare communities, high rise boat storage in undesignated locations, and more. The list of unfavorable possibilities is endless. Purchase of this property now guarantees that we will continue to control the destiny of Tellico Village development.

Even with the many potential benefits, we understand that our property owners may have concerns about cost implications and impact to the village. The good news is that this investment will result in multiple revenue generating opportunities including dock, commercial lease, and land sale revenues. This land acquisition will require no additional cost to you, and will not change the allocation of assessments in the current 10-year budget as approved in 2020 by the Board of Directors.



What We Are Acquiring

NOTE: PARCELS TO BE ACQUIRED ARE IN **RED**.
VACANT LOTS ARE NOT MARKED ON MAP.




POSSIBLE USES INCLUDE:
mountain bike trails,
recreational expansions,
additional RV & trailer
storage, water sport
access, &
hiking trails

NOTE: To view a larger map [Click Here](#)



Land Purchase Benefits & Consequences of Not Purchasing

Results of Purchasing 

Results of **Not** Purchasing 

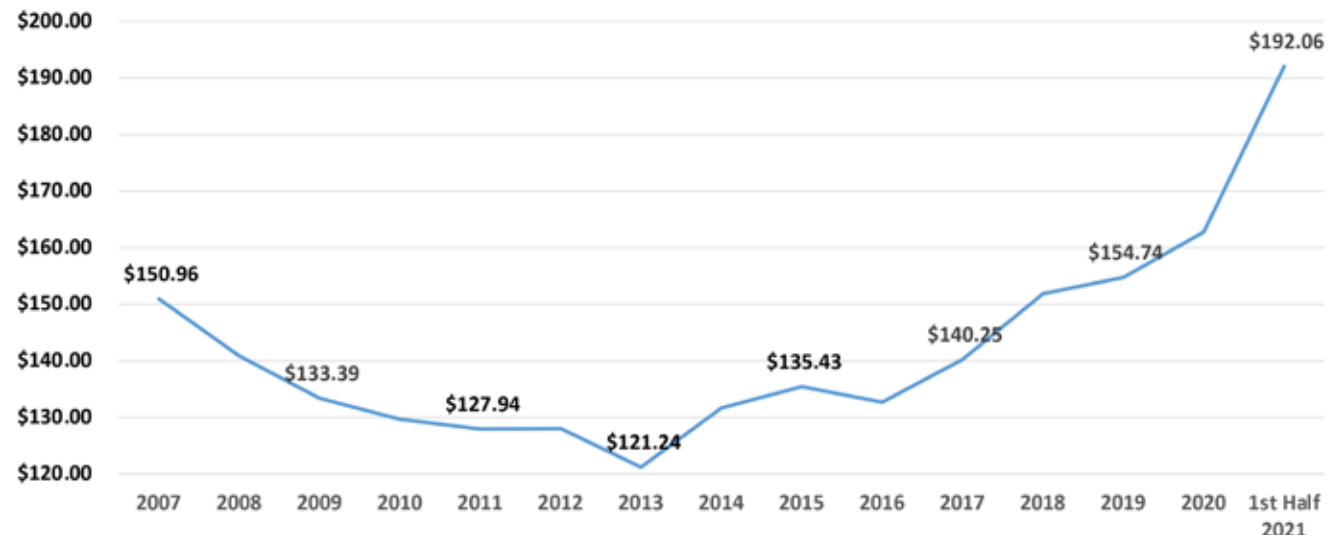


Other Benefits

PROPERTY VALUES

By acquiring the additional acreage, and, most importantly, the developer rights, we can work to ensure that property values continue to increase. **Since 2013, property values have risen 63%.**

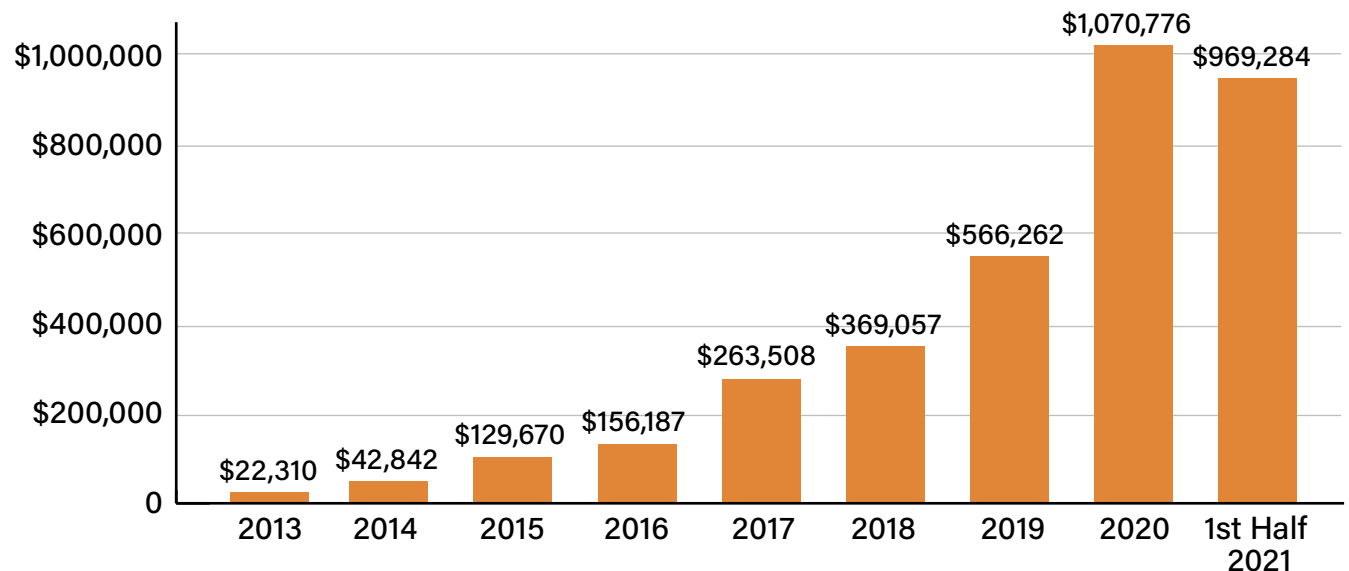
Tellico Village Residential Property Values Average Sales Price/Square foot



POA TRACK RECORD

Since 2013, the POA's proven track record for selling POA owned lots and increasing assessment revenues has soared, providing further validation the land acquisition initiative will be well-managed by internal teams.

POA LOT SALES SINCE 2013



Financial Information

Appraisals and Due Diligence

Tellico Village management has invested in obtaining professional property appraisals and conducting due diligence on the properties under consideration in the strategic land acquisition. We have taken the necessary measures to ensure that all material facts and potential defects about the properties were examined by both third-party and in-house inspections. As a result, we are confident that the purchase is an excellent acquisition at a fair price that will benefit Villagers for generations to come.

Actions and Results

APPRAISALS

A commercial property appraiser inspected the three largest tracts of land – P1, P4, and P38 in addition to Village Square, Tanasi Coves, Tanasi Lagoon, and Chota Landing Docks. Each of the appraisals were valued higher than the agreed upon purchase price.

THIRD-PARTY INSPECTIONS

Tellico Village hired National Property Inspections to examine the commercial buildings included in the strategic land acquisition. Minimal minor issues were reported, and are the responsibility of current lessees.

IN-HOUSE INSPECTIONS

Tellico Village management has diligently inspected every parcel and commercial unit, and all docks. The examination team determined that some areas require updating, including upgrading docks to the same quality as those currently owned by Tellico Village.

In addition, we reviewed the financials of the past three years, current commercial leases, and dock leases. Finally, we audited three years of maintenance records and reviewed short and long-term maintenance needs. No major improvements were deemed necessary.

CONCLUSION

Based on the comprehensive results of the appraisals and inspections, we can move forward with the strategic land acquisition with full confidence.



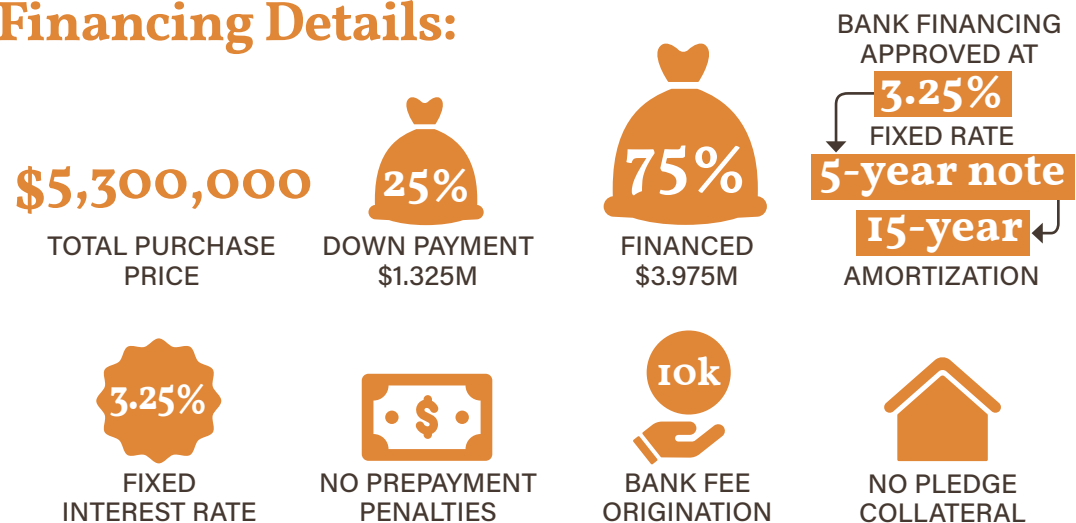
Financial Information

FINANCIAL COMPONENTS

Five Key Components of Purchase

- **Developer Rights** will allow for control of land use and future expansion beyond existing Tellico Village borders
- **Common Area Land** will provide opportunities for POA expansion of green space and amenities
- **Dock** opportunity will increase the number of POA owned docks (currently fully leased)
- **Retail** opportunity includes existing building and tenants with multi-year leases
- **Land Development** parcels will provide gain on sale of land and future assessment reserve

Financing Details:



BANK FINANCING

Consistent with Previous POA Debt

- Debt load on the POA in the future is light and consistent with other POA Debt
 - Wellness Center debt paid off last year (\$218K/year)
 - Toqua Clubhouse debt paid off September 2021 (\$118K/year)
 - Projected debt service for Acquisition (\$335K/year)
 - Monthly P/I payment of \$27,931
- The debt will be paid down with proceeds from land development sales



Financial Information

PURCHASE DETAILS

The initial master plan for Tellico Village included 6,800 homesites, and currently the Village has approximately 4,700 homes built. We anticipate the land acquisition to potentially open up about 215 additional homesites.

What Do We Get From This Purchase?

- Developer rights not valued separately in analysis but worth millions!
- The land acquisition represents the potential of about 215 additional home sites. The initial master plan for Tellico Village included 6,800 home sites, and there now approximately 4,700 homes completed.
- Additional assets in good condition requiring minimal maintenance to freshen the look
- Positive EBITA (earnings before income taxes and depreciation allowances)
 - Cash flow of \$400K the first year (due to one-time expenses related to maintenance noted above)
 - Additional \$1M net income after first year
 - Retail lease revenue in excess of \$200K/year
 - Dock Revenue in excess of \$70K/year
 - Expected \$900K gain on sale of land in years 2022-2024
 - Approximately \$200K/year in assessment revenue from lot development beginning in 2023
- 71% expected return on invested capital

DOWN PAYMENT & SOURCE OF FUNDS

Impact

- \$1,325,000 required cash for purchase
 - Significant positive financial performance over last several years allows for minimal impact to other priorities (i.e. Reserves)
 - Currently have funds available in Operating Cash so Reserves remain untouched
 - Will not impact any planned maintenance or other future capital required to manage the Village



Summary

Key Benefits of Land and Developer Rights Acquisition

DEVELOPER RIGHTS

If we do not acquire the property with developer rights, CCI will sell to outside developers. This could easily result in unwanted commercial development, undesirable retail, building of time share communities, and more.

COMPLETE CONTROL OF NEW DEVELOPMENT

The acquisition of the land and developer rights affords us complete control over any new development within the Village. We will ensure the highest and best use of the land – this could be in the form of additional green space, villa communities, boat slips, and more.

OWN ENTIRE BOUNDARY OF TELLICO VILLAGE

The acquisition of the land and developer rights also gives us ownership of the entire boundary of Tellico Village, ensuring our ability to acquire additional property and enforce potential encroachments and have the peace-of-mind that we are in control of our own community.

REVENUE

The acquisition provides sizeable annual income through additional assessments, commercial lease revenue, dock revenue, and land sales.



How Can You Help?



As your Board President, I enthusiastically support this agreement to acquire all of CCI's developer rights as well as undeveloped Village lands which I am confident will put the future of Tellico Village squarely in the hands of its Property Owners. This is a one-time opportunity to control our destiny as a community which your Board and POA staff have labored to bring to fruition. I couldn't be happier with the result.

-Rick Blough, Tellico Village
POA Board President



Official Facts



We value the confidence of every Tellico Village property owner, and we ask for your support of this investment decision. The TVPOA staff and board of directors are committed to remaining exceptional financial stewards for the Village. We will continue our work to deserve your trust in our leadership to make the best decisions for our property owners and the future of our community.

At Tellico Village, our destiny is no longer a matter of chance. It is a matter of choice.

We simply cannot stand by and risk leaving our community in the hands of unknown and potentially undesirable outside developers.

This investment opportunity allows us to choose the best possible future for Tellico Village.

Thank you for your support.

Please ensure accurate information by referring to this document or the TVPOA website for factual information and data. If you need additional information or have questions, please contact:

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865-458-7095
tellicovillage.org/ThePlan



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This agreement with Cooper represents an outstanding opportunity for the local business community and, most importantly, for Village property owners. By acquiring the commercial rights to Village Square, it provides a sizable, new revenue stream to the POA in the short-term. Long-term it gives control of the Square to the POA allowing it to improve the property and attract new businesses to the community.

-Joe Bogardus and Fred Toettcher,
Co-Administrators
Tellico Village Business Alliance

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This land acquisition allows us to control and plan our growth for the future. It will allow the Long-Range Planning Committee to add additional amenities, villas and homes that are needed in the future to insure that Tellico Village remains the top quality community it is today.

-Ed Grollemond
Chairman of the Long-Range Planning Committee

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As a POA Member for over 20 years I have seen many investments by our Board designed to improve the value of our village. Those decisions have always been fiscally responsible and managed effectively, i.e. Wellness Center, medical center, new golf clubhouses, community center and infrastructure designed to keep the village competitive. This plan has been well thought out, researched and is not only fiscally wise, but just as important it is a strategic decision to protect our village for the future. I endorse this plan.

-Ken Thoreson, Resident

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I wholeheartedly support the land acquisition and believe it is in the best interest of all landowners. Our POA has worked tirelessly to ensure that we maintain control of our beautiful community, own developer rights, and guide future development decisions that impact all of us.

-Bruce Johnson, Board Member
Tellico Village POA

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I urge property owners to take advantage of the POA Town Hall Meetings and website information to learn more about this strategic initiative and the potential impact it can have on the future of Tellico Village.

-Ken Litke, President
Home Owners Association of Tellico Village (HOA)

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This plan represents countless hours of research, review, and negotiation by our POA Administration, led by CEO Winston Blazer and the Board. Because of excellent fiscal management, we are in position to take advantage of this once-in-a-lifetime opportunity for Tellico Village. We simply cannot afford to pass it up; our future depends on it! I fully support this land acquisition, and am confident that my fellow property owners will, too.

-Carla Johnson
POA Board of Directors

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