

Your New Landings at Trillium

Voting Document

3/18/2024

Trillium Members,

It has been a busy nine months since The Landings burned on the night of June 9th, 2023. Since that day, your Trillium team has been working diligently to rebuild Trillium's crown jewel. The overwhelming support we have received from members has been incredible, and we cannot wait to see the great things in this club's future.

We began this process by systematically setting out to understand what members wanted. First, we reviewed over 12 years of annual club surveys, complaints, and compliments regarding The Landings. Then, we had over a hundred one-on-one conversations with members, sent out a specific rebuild survey with 199 member responses, held Q&A sessions, held multiple roundtable discussions with members and the Architect team, and had countless brainstorming sessions with the Advisory Board and Trillium Staff. After gathering the information, the overwhelming answer was clear: we need to rebuild what The Old Landings was; however, we need to improve the design and make it more functional!

What we had was a 100+ person restaurant with flexible event space for another 100+ people, a Lakefront Office, and a Kids' Club. For us to improve the facility, updates were required, including a larger indoor/outdoor bar, *entirely alfresco seating and all under roof*, ADA access, expanding parking per code, sprinklers, and adding the new commercial pieces every successful restaurant requires (storage, server stations, larger kitchen, prep areas, and walk-in refrigeration). This document and website outline our conceptual rebuilding plan for your new and improved Landings.

***Your Trillium Team is proud of how well this conceptual plan accomplishes
all the goals our team set out to meet.***

A quick note regarding the new pool: during the conceptual planning process and after value engineering the entire project, we discovered that building a new pool at The Landings costs roughly the same as redoing our current pool with limited F&B. Furthermore, not having to operate a third F&B location at the current pool will lead to considerable operational savings. *Given this, we decided that members would benefit most if we built the only pool on Lake Glenville!* As we plan to keep our existing pool, two pools are better than one. The great news is that in focus groups with members, realtors, and key community members, everyone had a similar response...they were beyond excited about what this new lakeside pool would do for the club and for property values within Trillium.

During my conversations with members, the same question arose: "Why can't we wait until we know what insurance will be before moving forward?" ***The short answer is that we cannot simultaneously rebuild quickly and wait.*** Unfortunately, total loss commercial claims are long and difficult...sometimes, like with the CCSV fire, it could span 7+ years! Thankfully, we have a Replacement Value and Blanket policy and are fully insured for this tragedy. Remember, insurance pays for what you had, not what you want, and we will likely not have a clearer picture of what our claim will be for many

months. Most importantly, waiting is not guaranteed to change anything; it will not increase the insurance claim amount, decrease the total cost to build, decrease interest rates, etc. Rather, waiting will simply clarify the variables. **However, waiting is guaranteed to cause an additional 1-2 years of delay.** We do not think clarity is worth this delay, so we are voting now for Capital Dues so that we can rebuild ASAP.

If we wait, we will miss our current window as we have been waiting in line with Builders and Architects for seven months and are currently at the front of the line. These vendors are awaiting a YES vote to start on this project, but they cannot wait forever as they have many other projects behind us. If we miss our window, the sad fact is that we will have to move to the back of the line. Your Trillium Team and the Advisory Board agree that we need to get The Landings back up and running as soon as possible! We are not pleased with the nature of these outside constraints, but that does not change the fact that they are outside our control, and as a Club, we must plan around them.

The current VOTE on Capital Dues outlined here and on the website will allow for as much speed as possible and provide adequate cash flow to finance the costliest likely scenario for members of the club...what we call the "worst-case scenario." Remember, as time progresses and construction costs and other variables become clear, the costs will only lessen for members. However, we are required by the Bank to assume this "worst-case scenario" if we want to move as quickly as possible and get funding with the many unclear variables outstanding.

Membership has a commitment from management that 100% of insurance funds will go towards The New Landings per this plan. Membership also has a commitment that management will fight for the maximum contractual value of our insurance claim so that the cost of this rebuilding project is lessened by every additional dollar we get from insurance (over the current amount assumed in our "worst-case scenario" outlined below). I have faith in our team, in the experts we have assembled to help us, in our club, and in our membership support that we will come out of this process overjoyed with how efficiently, effectively, and inexpensively our club was able to finance and **build the MOST DESIRABLE AMENITY OF ANY CLUB ON THE PLATEAU. However, to do it quickly, we must band together, VOTE YES, plan for the most expensive likely option, and prepare for the best as a Club.**

This Voting Document contains the information required to vote on Capital Dues and the "The New Landings Rebuild Project". Within this document, you will find an outline of the conceptual plan, the budget goalposts based on our preconstruction estimate from JDAVIS, the construction timeline, an insurance update, details regarding the proposed Capital Dues required for financing, and voting specifics. Also included in this document is an outline of financing, the Bank's commitment letter, and forecast contribution levels from the Developer/TLV (in the scenario outlined, this would amount to an estimated ~\$3.5M toward the project during the life of the note). This Developer contribution will cover the Capital Dues cash flow shortfalls of construction costs in the "worst-case scenario."



Capturing everyone's VOTE is very important; if you do not VOTE, it is considered a "NO VOTE" per our Club rules. Therefore, we will all need to remind our fellow members to vote and continue the substantial momentum this club has built over the years. Please visit **The New Landings Rebuild Website** to vote electronically or print and turn in your vote to the Admin Office. As always, between now and the close of the polls, we have numerous ways for you to get your questions answered. Please feel free to email us, join one of our many Zoom Q&A sessions, sign up for a one-on-one discussion, or reach out to an Advisory Board member with questions as you decide on this upcoming vote.

Fortunately, we currently have a narrow window regarding our chosen vendor, KDC, and at least one builder so that we can build The New Landings in record time. **However, if the Vote does not pass, we will move to the back of the line and, as stated earlier, doing so will likely add at least another 1-2 years to the timeline outlined below.**

We are up for this challenge. We have a rare opportunity to rebuild The New Landings and keep our Club the most active, fastest-growing, and best Club on the Cashiers/Highlands Plateau. On behalf of the entire Trillium Family, your Trillium Team, your Advisory Board, and our many member volunteers, let's band together and take advantage of this great opportunity!

Regards,

THE NEW LANDINGS REBUILD SCHEDULE*

March through April, 2024 – Unveiling, Information Review, Q&A, Discussions, and CLUB VOTE

IF SUCCESSFUL, WE WILL REBUILD. IF NOT, WE WILL GO BACK TO THE DRAWING BOARD

April, 2024 – Contract with KDC to create the Design Documents for The New Landings.

April through August, 2024 – Creation of Detailed Construction Design Documents by our Architect Firm, KDC

March through September, 2024 – The Club will negotiate and secure financing for the project. Three banks have shown interest in financing this project, and our current bank, First Citizens, wishes to fund the project and has provided a term sheet to assure members that the financing is there. First Citizens claims they can provide us with the best financing.

September, 2024 – Design documents will be completed. Begin the Construction Request for Bid (RFB) process with contractors J DAVIS and at least two other contractors who will review and submit bids on the rebuilding project.

September through October, 2024 – RFB review, choose construction vendor, negotiate GMP contract.

October, 2024 – Signed Construction Agreement. Construction Mobilization

November, 2024 – Construction Begins

December 2024 through May 2026 – Construction of The New Landings

Memorial Day, 2026 – Grand Opening Party at The New Landings

**This current Rebuilding Plan is subject to change, but this is our current summary timeline*

POOL SUMMARY

During the conceptual planning process, and after value engineering the project, we found that building a new pool at the Landings would cost roughly the same as redoing our current pool and adding limited F&B. Having two pools will allow the club to be flexible and provide the most value to members. **We plan to make the Landings Pool a locked "members-only pool" accessed by RFID keys only.** Every Member will be given an RFID key for pool access. Unaccompanied Member Guests, Houseguests, Bluegreen owners, and other guests will not have an RFID key to access this pool. Furthermore, as we will keep our existing pool, we will have plenty of overflow usage for guests, as two pools are better than one!

INSURANCE UPDATE AND COMMITMENT SUMMARY

As discussed in many of the Q&A sessions and outlined on the website, we must plan for the costliest likely scenario, or as we call it, the "worst-case scenario." In this scenario, we assume we will receive the minimum possible from insurance for the Landings Claim of \$3.5M (when all is said and done). The Insurance Company's "lowball opening offer" started the claim process and negotiation in this scenario. A lowball offer is par for the course from insurance, but it is a starting point from which we can work and what we use today as our "worst-case scenario." Know that the club has Replacement Value and Full Blanket Coverage...so we are appropriately insured and well-positioned to get the full value of the replacement cost per our insurance contract.

Please see below for more info on insurance and timing estimates. As stated previously, the club will put 100% of insurance payments towards The New Landings. Due to the sporadic and late timing of the insurance payments, the amount of the payments, as well as the "loss of revenue" calculations (you must lose the revenue and then prove the loss before it is repaid by insurance), we will not know how much the final insurance amount will be until after we open and have an entire season of operating revenue again at The New Landings.

Assuming the "worst-case scenario," we expect the following payment schedule from insurance (subject to change):

~\$1M Upfront before construction starts (**Note: This is already received**)

~\$500K in a few installments during construction as milestones are reached (*Dec 2024- May 2026*)

~\$1M in depreciation payments as soon as The Landings is completed (*already committed in the opening "offer" from insurance*)

~\$1M +/- at some point in 2026-2027 for the rest of the claim (final cleanup: landscaping, business interruption, loss of revenue, "tee-to-green" Club blanket coverage, and other insurance line items)

We expect our claim to remain open until the end of 2027. NOTE: Sapphire Valley Country Club settled their claim last month from their Clubhouse fire and explosion in 2017...so it took them seven full years to settle their claim. Seven years is likely the longest it will possibly take for our claim. Three years is the shortest. While we hope our claim proceeds promptly and does not have the issues CCSV did, we have contingency plans if our insurance claim does not go as planned.

FINAL INSURANCE NOTE: We are leveraging the experience of many members and have a team of experts helping us every step of the way. We will likely receive more money than the "worst-case scenario" outlined here, but we **do not know if it will be \$1 more, \$1,000,000 more, or \$2,000,000+ more.** Further, the Bank requires us to use the costliest possible amount for financing. So, we must plan for the worst and prepare for the best to get going on this project as quickly as possible.

THE NEW LANDINGS CONSTRUCTION BUDGET SUMMARY

As the website outlines, KDC and JDAVIS estimate The New Landings (site work, expanded parking, pool, and contingency plug) will cost **\$12,844,811**. The summary detail of this conceptual construction budget can be found on the website. This total includes assumptions for all the project's soft costs, furniture, fixtures, etc., **and a \$2.5M contingency to account for inflation or other unknown costs that might occur during construction.** We are confident we can keep the overall budget under this number. As outlined above, we already have \$1M in hand from insurance and plan to use cash on hand to get this construction going. But, per the "worst-case scenario", we need **to plan to finance the full \$9M for this construction project if we want to start immediately.** As the cash from insurance will be both large amounts and sporadic, we need to plan to finance this full amount, and once we receive insurance funds, payments will all go towards The New Landings. These payments from insurance will reduce the cost and/or the duration of the financing and will lower everyone's cost from the "worst-case scenario".

As mentioned in the Financing Summary below and elsewhere in this document, we based our Capital Dues on the "worst-case scenario" regarding insurance funds received, interest rates, etc. As the Capital Dues outlined below are insufficient to cover the full cost of the financing in this scenario, the Developer/TLV plans to cover the initial shortfall, as well as any cash flow gaps throughout the financing of the note (~\$3.5M total over 15 years) if our assumptions in this scenario come to pass. This would amount to a yearly average of ~\$230K contribution, though the contribution will not be the same each year. Both the Bank and the Developer are comfortable with the fact that if the "worst-case scenario" unfolds, the business can cover these gaps with minimal risk. If insurance payments exceed current outlined expectations, if the club grows, if interest rates decrease, or if any of these factors change for the better...the overall financing cost will only go down for everyone, costing every Member less than the worst-case scenario outlined.

THE NEW LANDINGS FINANCING SUMMARY

First, a general note on financing. Thankfully, our club is vibrant and healthy, and we can take on an aspirational project like this one if we choose to. Due to this fact, we already have financing approved by our current Bank, First Citizens, dependent on a YES VOTE from members regarding Capital Dues. We also have two other banks interested in providing financing besides our existing Bank, so we will have some leverage when negotiating the actual loan later this year.

Furthermore, we are fortunate to have insurance money helping us as well. As outlined above and for our estimates below, we used the "worst-case scenario" of insurance reimbursement. As we will not need financing until the end of 2024 at the earliest, we will not know the exact financing details for many months. However, we have many financing options available. Based on information today, we based Capital Dues on the following scenario to lessen Member and overall risk.

WORST-CASE FINANCING SCENARIO:**

We lock in a straight construction loan ASAP. This currently would be a 6.25% APR fixed rate 15-year mortgage with a 5-year balloon for a \$9M Loan (typical amortization schedule). Members would pay \$3,500 annually for up to 15 years in Capital Dues (or until the loan is repaid, whichever comes sooner). All insurance proceeds would go towards The New Landings, lowering everyone's cost/duration. The Developer/TLV would cover any shortfalls in construction costs.

*****Remember, this is the most expensive financing option possible. In this scenario, this Developer/TLV contribution would be roughly \$3.5M of the total cost of the rebuild.***

In this worst-case forecast, Capital Dues alone are insufficient to cover the total cost of the rebuild. However, if this scenario plays out, the Developer/TLV plans to make up the difference and contribute to help rebuild The New Landings. For some additional detail on our assumptions, as this is a worst-case forecast, we anticipate decreasing from 300 paid member assessments (current) to 260 paid Capital Dues payments in 2025, eventually growing back to 285 paid member assessments during the life of the loan. **This is the member stress test that the Bank requires and is much worse than anything we would expect.** Therefore, yearly Capital Dues receipts are forecasted to vary between ~\$900k and ~\$1M annually. The Developer/TLV is comfortable covering the roughly \$3.5M in reconstruction cash flow gaps, as they appear, over the next 15 years, as outlined herein. The Bank, Management, and the Advisory Board are all comfortable with the exposure in the bank's "worst-case scenario," as it is much worse than we would assume our worst-case to be, and are excited about what this project is going to do for our club, as well as for property values within Trillium.

A Note from your Advisory Board: *As reflected in the bank commitment letter, to obtain the best possible loan terms, in addition to the pledge of the capital assessments of the members, the Bank will require a first lien or security interest in all the assets of the club, as well as other assets owned by TLV not related to the club. This requirement will provide a measure of risk protection from certain entities 100% owned by the Developer, which in the past made substantial loans to the Developer ("legacy debt") and have long-standing security interests in the Club assets. While the Developer considers this legacy debt owed to itself a minimal risk to members as compared to true bank debt, the Bank will require the legacy debt holders to subordinate their security interests to the bank financing during the term of the loan. As a result, any risks associated with the legacy debt will be eliminated until the bank loan is paid in full. For those members interested in learning more about the legacy debt, please contact Jared Zimmer or any members of the Advisory Board.*

YEARLY CAPITAL DUES PAYMENT PLAN SUMMARY

Given current membership levels and expectations in the banks "worst-case scenario," a yearly Capital Dues payment of \$3,500, for up to but not exceeding the next 15 years, starting in 2025, is required to move forward quickly with the construction of The New Landings. We cannot rebuild The

Landings quickly without Capital Dues. 100% of Capital Dues will go towards financing The New Landings and capital improvements of the club. Capital Dues will go into a separate account, and the Advisory Board will oversee the disbursement of 100% of Capital Dues so members can rest assured these funds are used as planned.

Capital Dues Schedule:

January 2025: \$3,500 Capital Dues per membership due

January 2026-2039 (or until the note is repaid, whichever is sooner): \$3,500 Capital Dues per year per membership due

These Capital Dues will go into a separate bank account and are a line item on our Income Statement and Balance Sheet. They will repay both principal and interest of the financing for the Landings and other mutually agreed upon capital improvements of the club. These Capital Dues payments will be billed when Annual Dues are billed and will be due in January of 2025 and will continue to be due every January for up to the following 15 years, or until The New Landings financing is repaid, whichever comes first.

The club will bill Capital Dues yearly when it bills Annual Dues. All members must pay Capital Dues if they are members when the January billing occurs. These Capital Dues will follow the same rules as other dues and fees of the club. The club will communicate these Capital Dues in all communications and Membership Agreements so existing and incoming members will be appropriately informed.

MEMBER VOTE - TIMELINE SUMMARY

Today, voting is open to all Voting Members (as defined in the Plan for Offering). Every Voting Member is allowed one vote. For this vote to pass, 60% of all Voting Members **must VOTE YES** in favor of The New Landings Rebuild Plan and the Capital Dues Payment Plan.

Voting by every Member is essential. If you do not vote, the Plan for Offering considers abstaining a "NO" vote. If you do not vote, you will likely receive a phone call from the Advisory Board or Management reminding you to Vote.

The easiest way to vote is to visit The New Landings website and vote electronically with just a few clicks. You can also print and turn in the Voting Page to Member Services at the end of this document to ensure your voice is heard. We will also accept email and mail votes. All votes will be filed, and members will receive an email confirmation for two-way records. This Vote will be 100% transparent, and your Advisory Board will be involved during the entire process.

The #1 question members have asked us is, "What happens if this vote doesn't pass?". This is a critical question. If this Vote does not pass, we must move to the back of the line. This likely means

that the timeline for rebuilding The New Landings will be pushed back by 1-2 years as we rework plans.

ADVISORY BOARD'S ROLE

Your Advisory Board has worked with Club Management and has provided advice regarding The New Landings Rebuild Plan. Your Advisory Board will continue working with management throughout this project and will be along every step of the way as outlined in this Voting Document. Once all the arrangements with Vendors are complete and final budgets are in place, your Advisory Board will continue monitoring the Capital Dues bank account and oversight during construction to ensure everything is completed and paid as planned. Per this Voting Document, every penny of these Capital Dues will be spent as planned.

The club cannot wait to partner with our many member volunteers, vendors, and the Advisory Board to complete this project. Management has agreed to provide complete transparency to the Advisory Board on this project, and we will work together to implement The New Landings Rebuild Plan.

VOTING FORM

On the next page is a form you can complete and turn in to Member Services at the Admin Office. This form can also be found online on The New Landings website if you prefer to vote electronically. This website is the easiest way for members to vote; it should only take a minute to complete it electronically. Only dues-paying Voting Members are allowed to vote, and each dues-paying membership is allowed one vote. Every vote will be counted, and each Member will be emailed a confirmation of their Vote for their records. Once voting is complete, we will notify the membership of the results.

Capital Dues Vote For The New Landings Rebuild

First Name: _____ Last Name: _____

Member Number: _____

Phone: _____

Email: _____

Circle Your Official Vote for the \$3,500 Capital Dues Plan:

FOR

AGAINST

Reasons for Vote & Comments:



Exclusively for Trillium Links and Village, LLC

Summary of Terms and Conditions
March 12, 2024

This summary of terms and conditions is presented on a confidential non-binding basis for discussion purposes only and does *not* represent a commitment to lend. It is not meant to be an attempt to define all of the terms and conditions regarding the proposed credit facility. It is intended to summarize the primary business points around which a credit facility may be presented for approval.

Borrower	Trillium Links and Village, LLC
Lender	First-Citizens Bank & Trust Company
Number of Credit Facilities	<input type="text" value="1"/>
Loan Description	A construction credit facility of up to \$9,000,000
Purpose	Proceeds of the Loan are to be used to construct a lake clubhouse that will include a restaurant, pool, and event space to be located on Lake Glenville.
Repayment Terms	<p>15 year amortization with a balloon payment after 5 years. The amount financed will be subject to review of the member vote and support including agreement of a member assessment as follows:</p> <p>Loan amount up to \$8mm will be supported by a member assessment of at least \$3,000 per member annually</p> <p>Loan amount up to \$9mm will be supported by a member assessment of at least \$3,500 per member annually.</p>
Interest Rate	6.25%
Collateral	First Deed of Trust on all real property and improvements of Trillium Links and Lake Club
Advance Rate	Lender will make advances under the Loan available to Borrower based on the <i>lower</i> of cost or appraised value of the collateral. A maximum Loan-To-Value ratio of 60% will be required.
Loan Fees	1% of loan amount



Exclusively for Trillium Links and Village, LLC

Guarantors	Lender may require certain personal and/or corporate guaranties as provided in a commitment letter and/or definitive loan documents.
Prepayments	The Loan may be voluntarily prepaid, in whole or in part, subject to certain prepayment penalties in accordance with a schedule to be provided in a commitment letter and/or definitive loan documents.
Representations	The Loan documents will contain usual and customary representations and warranties for financings of this type.
Financial and Other Covenants	<p>The Loan documents will contain affirmative, negative and/or financial covenants for financings of this type, including, but not limited to:</p> <ul style="list-style-type: none">• Financial reporting, which may include monthly, quarterly or annual financial statements of Borrower, its affiliates and/or Guarantors.• Minimum cash flow; leverage; and limitations on indebtedness, liens, negative pledges, investments, business combinations, change of control, asset sales, transactions with affiliates, restricted payments, distributions and dividends.• Establishing and maintaining Borrower's and/or Guarantor's depository accounts with Lender.
Conditions Precedent	The conditions precedent to the closing of the Loan will be usual and customary for financings of this type, including, but not limited to the negotiation, execution and delivery of definitive loan documents in form and substance satisfactory to Lender and its counsel.
Due Diligence	Borrower will provide due diligence documents and any other information deemed necessary by Lender to conduct its [credit review process], which if satisfactory to Lender in its sole discretion, Lender may issue a credit approval.
Expiration	This summary of terms and conditions will expire in 15 days from the date stated above.