

EXHIBIT A

VOLUME II
Master Plan
LAND USE
PLAN

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RARITY BAY ON LAKE TELLICO
A WATERFRONT COUNTRY CLUB
COMMUNITY

BY:
TELLICO LAKE PROPERTIES, L. P.
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GENERAL PARTNER

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May 1, 1994

TABLE OF CONTENTS

VOLUME II

LAND USE PLAN

General Plan

Section I

Phase I

Section II

RARITY BAY ON LAKE TELLICO INTRODUCTION

Tellico Lake Properties, L. P. has a contract with Tellico Reservoir Development Agency to develop a planned unit residential community on the Bat Creek Peninsula on Tellico Lake. Tellico Lake Properties, L. P. has done extensive research to determine the best way for the development to proceed.

As a result of this research, Rarity Bay on Lake Tellico is a waterfront country club community to be developed on the Tellico Lake near Vonore, Tennessee.

The approximately 960 acre Rarity Bay development will be implemented as proposed in this overall development plan.

Mapping of the overall development is included in the jacket at the back of this report.

Projections, estimates, expenditures, numbers, charges and revenues, etc., as contained in this master plan are subject to change without notice.

Tellico Lake Properties, L. P. has enjoyed the opportunity to work with the Tellico Reservoir Development Agency Board of Directors and Staff in developing what we consider an outstanding community concept for the Monroe/Loudon County area.

Rarity Bay will be a development you can look forward to showing the current and future residents of the area with much pride.



RARITY BAY LAND ALLOCATION

	Approximate Acres
PHASE I	103
GOLF COURSE	175
SCHOOL SITE	10
COMMERCIAL	17
EQUESTRIAN	25
FUTURE RESIDENTIAL	<u>630</u>
TOTAL	960

THE CREATION OF VALUE AT RARITY BAY

Through the 1990's and beyond, real estate values will be a reflection of the cohesive and well-integrated design planned into a community. A well thought out community is not composed of large, undefined housing structures and inconsistent forms. Without compatible design, the sense of community is greatly reduced and any identification with streets, neighborhoods and housing types becomes nonexistent.

The objective of the Rarity Bay Design Guideline is to magnify the perception of an exclusive country elegance and create a cohesive community which is made up of well defined (yet connected) subcommunities or neighborhoods. Design elements such as landscaped parkways, prominent entry monumentation, traditional architectural forms, and abundant view corridors afford the Rarity Bay resident a quality of life heretofore unsurpassed in the Eastern Tennessee marketplace. To further enhance the "life rewarding" experience of living at Rarity Bay, an extensive trail system has been planned throughout the site to create a "pedestrian friendly" atmosphere for the walker and jogger. This recreational amenity, when shared by the residents, creates yet another vehicle to reinforce value.

The intent of the Rarity Bay Design Guideline is to provide a viable framework from which individual builders, homeowners and architects can create their own design within neighborhoods. These guidelines form a conceptual model based upon proven architectural and planning precedents aimed at providing a living environment which will only improve with age. It is this "improving with age" which is the goal of the development team at Rarity Bay.

In today's marketplace, value is interpreted as more than an immediate economic reward. It is now, more than ever, influenced by our perceptions of the future. In the real estate world, this translates to "In ten years, will I be able to sell my home for more than I paid for it?" or "If I have several choices of communities to choose from, which one has the greatest potential for success in the future?" At Rarity Bay, we've strived to take the guesswork out of these questions by creating an environment that will be predictable in the future as to its future appearance and "user-friendliness". And it is this predictability that equates to value today. At Rarity Bay, because of the design guideline, a homeowner knows (through graphic representations of neighborhood images) that the architectural palette of their neighborhood will be eminently suited to them and the rest of the architectural environment in their own neighborhood and the community as a whole.

In the design of the neighborhoods at Rarity Bay, we have created a balance of security and privacy. Many of the buyers at Rarity Bay will be coming out of urban centers in the mid-west, and as such, will be concerned about any intrusion that might encroach on their lifestyles. At Rarity Bay, we have planned an environment that will eliminate these intrusions as much as possible by creating a balance between perceived security which is very friendly and actual security which could (but won't be) translated into a "sentry guard" mentality.

Beginning with the use of our entry gate and 24 hour manned security system, Rarity Bay will engender a confidence in its homeowners that will be bolstered by the small size, friendliness and cohesiveness of its individual neighborhoods. We have planned social privacy into our neighborhoods which effectively blend the interrelationship of people and space. Our buyers will not be made to feel they are one of "8 homes to the acre". Our architecturally guided homes and individual neighborhood entries will create small, friendly environments. As these environments mature, they will be visually stimulating and will fashion neighborhoods that seem private while at the same time are a cohesive part of the whole.

Rarity Bay is a large community. Almost 2,000 homes will be built over the next 8 to 10 years. No one wants to be one of 4,000 to 5,000 faces in a crowd! Nor does one even want to meet that many people! For these reasons, all of the design and marketing focus at Rarity Bay will be aimed at the presentation of a small, friendly, private (secure) land plan.

We will be presenting our neighborhoods in socially acceptable and comfortable sizes to protect the human need to associate with small numbers of people and places. Although all of our residents will be a part of the Rarity Bay Community, they will also be aware that they can withdraw to their own small part of the world. All of this equates to a comfortable and friendly lifestyle today and a home that becomes ever more valuable in the future.

ENVIRONMENTAL REQUIREMENTS

These measures, as per the environmental assessment¹ conducted by Tennessee Valley Authority, are designed to maintain navigation safety; better protect water quality; promote aesthetic quality; and protect recreational quality, wetlands, and sensitive wildlife habitat.

Specifically, the following requirements would apply to the selected upland areas (i.e., property above the 820-foot [249.9-m] contour).

Where applicable, potential adverse effects on historic properties will be taken into account in accordance with the requirements of Section 106 of the National Historic Preservation Act and the Regulations of the Advisory Council on Historic Preservation. The developer will reduce the effects to non-adverse levels in accordance with the requirements of Section 106 of the National Historic Preservation Act.

A wildlife movement corridor along the shoreline from the SR 72 bridge to Bat Creek Mile 2.2 will be established. This shoreline corridor will have a minimum width of 100 feet (30m) and will be accomplished by means of deed restrictions. Pedestrian access to private or community docking facilities will be permitted at specified locations within this corridor. However, no more than two access paths will be permitted within any 240-foot (73-m) segment. Hiking trails, golf cart paths, or trails will be permitted, provided they are routed to minimize potential impacts to wildlife populations utilizing the corridors. Removal of canopy and understory vegetation will be kept to a minimum and, where permitted, vegetation removal shall be consistent with current TVA guidelines.

Two additional permanent wildlife movement corridors will be established. These corridors will have a minimum width of 150 feet (45.7m). These will be included as a plat restriction.

The following requirements would apply to areas below the 820 foot contour.

General Section 26a approval and recreation easements will be issued to the developer. These requests would be subject to existing policy as well as the following requirements and conditions.

Along the shoreline protected for navigation, boardwalks will be permitted along the shoreline except within 50 feet (15.2m) of navigation aids or safety landings. No docks or permanent boat mooring will be permitted in these areas.

Where permitted by TVA, shoreline stabilization will be accomplished by riprap and/or shoreline vegetation plantings with native vegetation (willows, buttonbush, etc.); retaining walls are prohibited.

Existing shoreline vegetation will be preserved below the 820-foot (249.9-m) contour. Mowing or lawn maintenance below that elevation contour is prohibited unless approved in writing by TVA.

TVA shoreline properties will be managed to maintain and develop a vegetated zone which will (1) provide a visually pleasing shoreline, (2) protect water quality by filtering runoff from adjacent developed areas, and (3) provide habitat for wildlife. Pathways may be permitted across this zone to access private or communal docking facilities. Cleared corridor access to individual private docks will not exceed 6 feet (1.8m) in width. Cleared access to communal docks will not exceed 10 feet (3m) in width. Vegetation management on TVA shoreline properties will be done in compliance with TVA shoreline management policy.

Docks may not be recessed into the shoreline (i.e., excavated into the bank).

No nonwater-use or access facilities below the 820-foot (249.9-m) contour will be permitted.

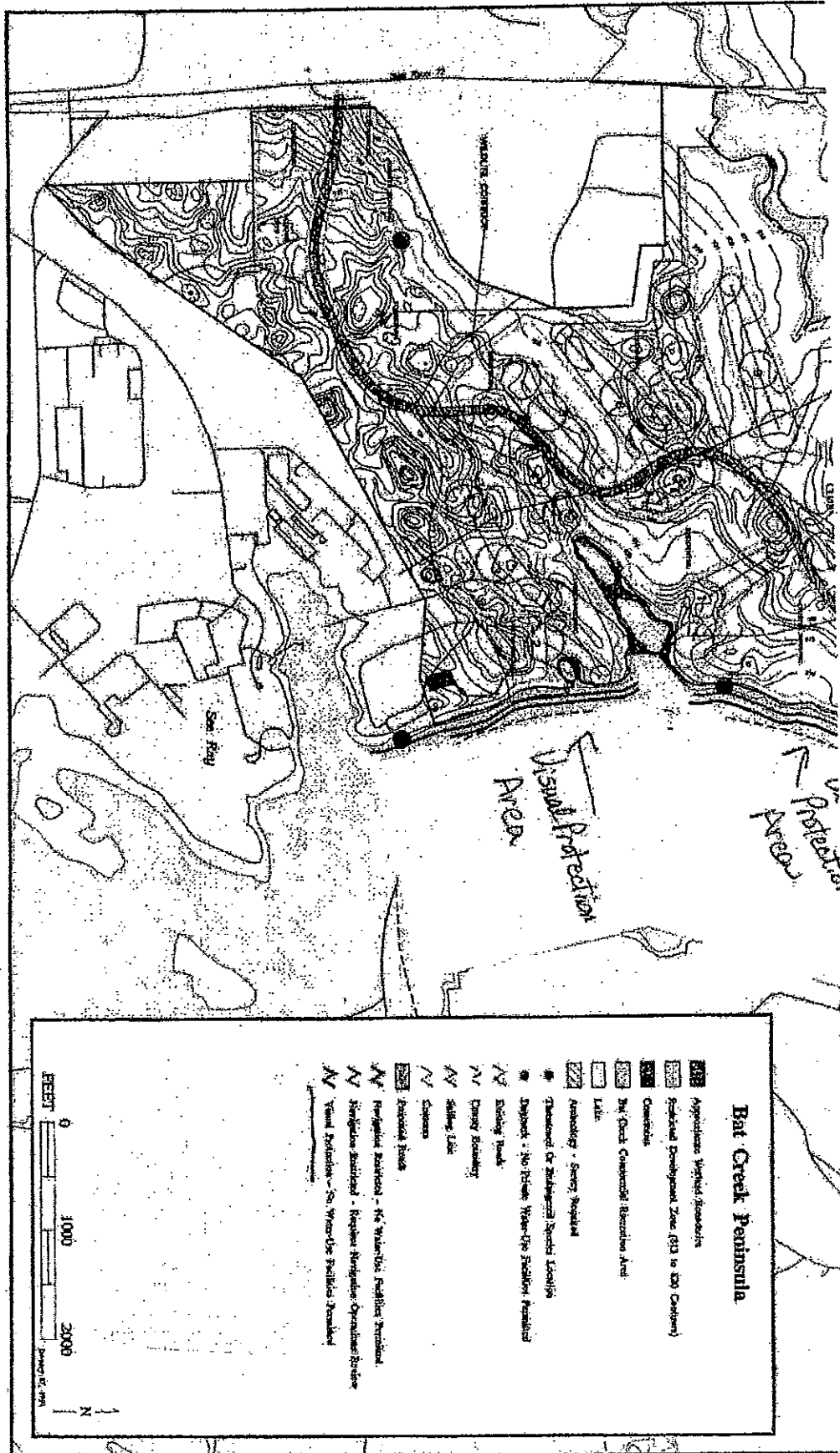
A maximum of 400 wet or dry community storage spaces will be permitted; however, amenities typically provided at commercial marinas are prohibited. Community dock facilities in the Bat Creek embayment are limited to a maximum of 150. Recommended locations for these docks are shown on accompanying map.

Dredging is discouraged but may be considered in some areas (consistent with any state, TVA, and/or USACE requirements) if no other practical alternative for access is available.

The developer will have a drainage and sediment control plan. This plan will address measures to control water runoff from construction activities, golf course and other potential sources of water.

1. CHANGE IN LAND USE DESIGNATION TO ALLOW RESIDENTIAL DEVELOPMENT OF THE BAT CREEK PENINSULA, FINAL ENVIRONMENTAL EASEMENT TVA/RG/EM-94/2, TENNESSEE VALLEY AUTHORITY, MARCH 7, 1994.





PROCEDURES, RULES AND RESTRICTIONS

Proposed for Inclusion In Development Plan and Contract Document for the

RARITY BAY ON LAKE TELLICO

Development:

A. Private Docks will be permitted on shoreline with the following conditions:

Docks will be allowed to within 50 feet of navigation aids or safety landings (shown as Daymark on map).

Docks may extend no more than five feet from the 813' contour over the water surface at the Red Line Areas (see map).

Docks in the Green Line Areas (see map), require a site-specific inspection by TVA Navigation Staff.

No docks will be permitted in the Visual Protection Areas (dark blue lines on map), i.e., the sections of limestone bluff along the main channel beginning at the Mastercraft Boat Company property corner (river mile 16.1) and proceeding downstream approximately 4000 feet, and a 500-foot shoreline section at river mile 14.6 is restricted from development of docks or other facilities from the water to the crest of the bluff.

Dredging may be permitted with review by property authority.

An electrical disconnect switch must be provided above elevation 820 for any electrical equipment and fixture located below this elevation.

B. Community Dock Facilities:

The Bat Creek embayment shall be limited to a maximum capacity of 200 boat slips at community docks. The location for these docks as designated by TVA are shown on the map (red anchors).

Dry Storage facilities will be located on the main channel side of the property.

Access to community docks shall be through a ten (10) foot maximum pathway. Clearing of growth less than 3 inches in diameter will be permitted at a distance of 25 feet on each side of the pathway. View corridors can be established by tree trimming.

C. Scenic Protection and Enhancement of the shoreline where docks ARE permitted:

Shoreline stabilization by riprap only - no seawalls.

Preserve existing shoreline vegetation below the 820-foot contour. If approved by TVA, the addition or substitution of appropriate plant materials may be used.

Access to individual private docks shall be through a six (6) foot maximum pathway. Clearing of growth less than 3 inches in diameter will be permitted at a distance of 25 feet on each side of the pathway. View corridors can be established by tree trimming.

Docks may not be excavated into the shoreline.

No non-water use facilities below the 820-foot contour shall be permitted unless approved by TVA.

D. Golf Course:

All golf course construction activity will be above the 820-foot contour.

E. Drainage:

Surface run-off from the development will be in accordance with the Development Standards for the Tellico Project and Storm Water Detention Resolution.

F. Wildlife Habitat will be provided for as follows:

A minimum width (100 foot) wildlife movement corridor along Bat Creek (Wildlife Buffer Area on map) will be reserved. Consistent with guidelines previously prescribed, access to private or community docking facilities will be permitted at locations within this corridor for each adjoining lot.

The 150 foot wide wildlife movement corridors (see map) will be reserved.

G. Wetlands Areas shown on the map in blue will be buffered from development as agreed to between the developer and appropriate authority.

H. Archaeological investigations shall be conducted as required per Contract #TV-60000A between TVA and TRDA.

Tellico Lake Properties, L.P. understands that in regard to property below elevation 820:

1. The Placement of fill within the limits of the 100-year floodplain, elevation 815, is subject to Executive Order 11988 compliance.

2. Executive Order 11988 requires the applicant and the initiating TVA organization to evaluate alternatives to floodplain siting which would support and document a determination of "no practicable alternative" to siting within the 100-year floodplain. If this determination can be made, adverse floodplain impacts would need to be minimized during design of the project.

3. Any fill material placed between elevations 807 and 813 would be subject to a charge for lost power storage, and any fill material placed between 807 and 820 would be subject to a charge for lost flood control storage.

4. Any items or equipment subject to flood damage must be located above the 100-year floodplain or flood proofed to the TVA Structure profile 820 elevation.

5. Sedimentation, drainage control, and other water resource protection measures may be required to prevent substantial degradation of sports fish populations.

RESIDENTIAL

Rarity Bay Residential Community will be made up by a group of neighborhoods, each designed to be individual in character to reflect the desired effect of the resident who decides to live in that neighborhood. All neighborhoods are a part of Rarity Bay, but also are separate in character and residential type.

Rarity Bay on Lake Tellico is a planned residential community with amenities both recreational and commercial designed to support the overall residential user.

Many types of residential product will be offered at Rarity Bay. The neighborhood concept of keeping like product types in an area will be employed. The different residential products are discussed in the Master Plan and are as follows:

1. Residential Detached Custom Homes
2. Residential Detached Production Homes
3. Residential Attached Production Homes
4. Residential Attached Multi-Family Homes

Rarity Bay Residential Community will be made up by a group of neighborhoods, each designed to be individual in character to reflect the desired effect of the resident who decides to live in that neighborhood. All neighborhoods are a part of Rarity Bay, but also are separate in character and residential type.

AMENITIES

GOLF COURSE - *Approximately 175 Acres*
Time Frame: Within 30 months after closing
Projected Investment: \$1,200,000.00

The golf course at Rarity Bay will be designed by D. J. DeVictor, a well known golf course architect from Roswell, Georgia. A resume of Mr. DeVictor and a listing of his various projects may be found in this report. The golf course at Rarity Bay will be built throughout the residential community and will accommodate homesites with golf course frontage. The golf course will be designed primarily with the retirement and pre-retirement golfer in mind. A challenge golf course but also a fair golf course where a good player can score well and an intermediate and beginning player can have an enjoyable experience. The golf course will be operated independently and receive revenues exclusively from user fees, etc. The golf course will not be a burden on the Property Owners Association and nonusers of the facility.

EQUESTRIAN - *Approximately 25 Acres*
Time Frame: Complete November 1996

A large equestrian park is planned at the entrance to the Rarity Bay Community. This park will help create the feel of Rarity Bay. The calumnet fencing, the tree lined entrance way and the country elegance design of the stables is all part of the Rarity Bay ambiance.

The equestrian park will feature a cross-country jumping course. Benches and picnic areas will be available for Rarity Bay Residences and their guests. The equestrian facility will be operated in the same manner as the golf club at Rarity Bay.

CLUBHOUSE - *Included in Golf Course Acreage*
Time Frame: Within 30 months of closing
Projected Investment: \$400,000.00

The clubhouse at Rarity Bay will be designed to incorporate the country elegant feeling of the community into the facility.

The clubhouse will feature a pro shop to accommodate the needs of the golfer and tennis player as well as a restaurant grill area to serve food and refreshments.

Golf cart storage will be located in the lower level of the clubhouse.

SWIMMING POOL - *Included in Golf Course Acreage*
Time Frame: Within 18 months after closing
Projected Investment (with Tennis): \$60,000.00

The swimming pool will be located near the clubhouse but will have separate bathrooms and changing facilities. Designed with a maximum depth of 5 feet and an area for children, there will be no diving board provided. A large deck area for sunbathing will accommodate the users. A swimming pool usage will be paid by the user. The Property Owners Association will not be responsible for operation and maintenance of the swimming facility.

TENNIS - *Included in Golf Course Acreage*
Time Frame: Within 18 months after closing
Projected Investment (with Swimming Pool): \$60,000.00

The tennis courts facility will be located near the clubhouse. The facility will be designed for use by the retirement and pre-retirement user. A tennis use fee will be paid by the user. The Property Owners Association will not be responsible for operations and maintenance of the tennis facility.

COMMUNITY BOAT DOCKS - *TVA Easement Area*
Time Frame: Initial Phase Complete August 1996

Community boat docks to accommodate approximately 250 boats will be available at Rarity Bay. These will be available to Rarity Bay Property Owners who do not have a private boat dock on their homesite. The docks will be located at sites shown on the community boat dock plan map and built to specifications as provided in this document. A user fee will be paid by the community boat dock user and not operated and maintained by the Property Owners Association. These facilities shall be available only to property owners and residents at Rarity Bay.

BOAT DRY STORAGE - *Time Frame: Initial Phase Complete October 1996*

Boat dry storage to accommodate approximately 150 boats will be available at Rarity Bay. This storage will be available to Rarity Bay property owners who do not have private boat dock storage on their homesite. The dry storage will be located at the site shown on the Master Plan of the community, and built to specifications as provided in this document. A use fee will be paid by the dry storage user and not operated and maintained by the Property Owners Association.

NEIGHBORHOOD PARKS - *Approximately Fifteen 1-Acre Sites Included in Residential Acreage*
Time Frame: Initial Parks Complete December 1994
Projected Investment (all parks): \$250,000.00

Neighborhood parks will be located throughout the Rarity Bay Community. These parks will be readily accessible and within walking distance of all Rarity Bay neighborhoods. A trail system will be incorporated into the Rarity Bay community, which will link all Rarity Bay neighborhoods to the neighborhood parks as well as the golf course clubhouse.

Neighborhood parks will have areas for benches, picnic tables, playground areas and other athletic features designed to enhance the livability of Rarity Bay

Neighborhood parks in Phase I of the development are located on the map of the community. Neighborhood parks will be operated and maintained by the Property Owners Association.

SCHOOL SITE - *Ten Acres, Site Reserved for Ten (10) Years from closing date.*

If not used per agreement, this acreage converts to commercial or residential use at developers option.

COMMUNITY PARK - *Approximately Ten Acres Included in Residential Acreage*
Time Frame: Complete October 1999
Projected Investment: (all parks) \$250,000.00

A large community park is planned for the Rarity Bay Community. This park will be located as shown on the Master Plan of the development. This park will feature a large playground area with swings, see saws, climbing bars, etc. Large picnic areas will accommodate a large group outing and park benches will be available at several locations within the park. A baseball / softball field would be a part of this large community park. Basketball boards and hoops would also be available. A large open field area would be used for football, soccer, etc. This large community park would become a gathering area for the entire community. The trail system would also extend to this area to connect all neighborhoods for walkers, runners, etc. The large community park would be operated and maintained by the Property Owners Association.

COMMON PROPERTY - *Included in Residential Acreage.*

Roadways, Neighborhood and Community Parks, Community Center, Wildlife Corridors, Pedestrian Trail System, Security Station and other areas designated as commons per the development plan.

COMMUNITY CENTER - *Included in Commercial Acreage*

Time Frame: Complete within 18 months of closing

Projected Investment: \$400,000.00

The community center will be located at the entrance to the Rarity Bay Community and will be designed to reflect the country elegance of the entire development. The community center will be constructed in Phase I of the development and used as a sales center until the development has been sold out and later converted to community use, a place for Property Owners Association meetings and other community activities. Once the community center is converted it will be maintained and operated by the Property Owners Association. The community center will be available for use by the general community on an as needed basis prior to the community being sold out.

WILDLIFE CORRIDORS - *Included in Residential Acreage*

Wildlife corridors have been reserved in the Rarity Bay Community to allow the linkage of wildlife movement across the Rarity Bay Peninsula. These areas, as designated on the Master Plan of the Development, are to be left in a natural state of growth to provide cover for the wildlife movement. All maintenance of these areas will be by the Property Owners Association in cooperation with Tellico Reservoir Development Agency, Tennessee Valley Authority and Tennessee Wildlife Resource Agency.

PEDESTRIAN TRAIL SYSTEM - *Included in Residential Acreage*

Time Frame: Completed as Each Phase of Residential Development Proceeds

(A Wood Chipped Pathway linking with Residential Sidewalks)

The neighborhoods and parks are interlinked by an extensive pedestrian trail system. The trail system provides several functions within the community of Rarity Bay. The trails provide for convenient and safe "short cut" connections for residents between neighborhoods and local parks. For use by residents, these trails migrate down hillsides, bringing people to enjoy the shorelines of Lake Tellico and the peninsula's environmentally rich nature preserve. The trail system also helps to emphasize the sense of community at Rarity Bay.

COMMERCIAL FACILITIES

Approximately 17 Acres

Landsites for commercial development have been reserved in the Rarity Bay Community. These areas will be primarily used for commercial support of the residential community in the future.

The following are permitted uses:

Convenience sales and services, including the retail sale from the premises of food items, drugs and other frequently needed small personal convenience items, such as toiletries, tobacco, and magazines, as well as the provision of personal convenience services which are typically needed frequently or recurrently, such as barber and beauty care; and including shoe shining and the operation of self-service laundrymats and laundry or dry cleaning pickup stations but excluding other apparel cleaning and repair services.

Financial, consulting, and administrative activities: Includes the provision of financial, insurance, legal, and real estate brokerage services, as well as the provision of advice, designs, information, or consultations of a learned professional nature. Also includes the executive, management, and administrative activities of private, profit-oriented firms, other than public utility firms.

Food service activities: Includes the retail sale of prepared foods or beverages primarily for on-premises consumption on the same lot but not to be consumed within a parked car.

Medical services: Includes the provision of therapeutic, preventive, or corrective personal treatment services by physicians, dentists, and other practitioners as well as provision for medical testing and analysis services.

RARITY BAY ON LAKE TELLICO

Overall Project Budget Construction Improvements

Infrastructure	
2000 Lots	\$ 7,300,000.00
Neighborhood and Community Parks	\$ 250,000.00
Swimming Pool and Tennis Courts	\$ 60,000.00
Community Center	<u>\$ 400,000.00</u>
	\$ 8,010,000.00
Golf Course and Clubhouse	\$ 1,600,000.00
Equestrian Facilities	\$ 150,000.00
Dry Boat Storage	\$ 175,000.00
Community Boat Docks	<u>\$ 200,000.00</u>
Total Direct Construction Costs	\$10,135,000.00

Construction Time Table

Phase I and Future Phases

	<u>BEGIN CONSTRUCTION</u>	<u>COMPLETE CONSTRUCTION</u>
GOLF COURSE	September 1995	November 1996
CLUBHOUSE	April 1996	November 1996
200+ HOMESITES	July 1994	November 1994
100 HOMESITES	October 1995	April 1996
100 HOMESITES	April 1996	October 1996
100 HOMESITES	October 1996	April 1997
100 HOMESITES	April 1997	October 1997
100 HOMESITES	October 1997	April 1998
100 HOMESITES	April 1998	October 1998
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100 HOMESITES	April 1999	October 1999
100 HOMESITES	October 1999	April 2000
100 HOMESITES	April 2000	October 2000
100 HOMESITES	October 2000	April 2001
100 HOMESITES	April 2001	October 2001
100 HOMESITES	October 2001	April 2002
100 HOMESITES	April 2002	October 2002
100 HOMESITES	October 2002	April 2003
100 HOMESITES	April 2003	October 2003
100 HOMESITES	October 2003	April 2004
100 HOMESITES	April 2004	October 2004
NEIGHBORHOOD PARKS will be built in conjunction with new homesite construction per the above schedule		
SWIMMING POOL / TENNIS	November 1994	April 1995
COMMUNITY PARK	April 1999	October 1999
EQUESTRIAN FACILITIES	June 1996	November 1996
DRY BOAT STORAGE	May 1996	October 1996
COMMUNITY DOCKS	April 1996	August 1996



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PRELIMINARY MASTER PLAN
RARITY BAY ON LAKE TELlico
A WATERFRONT COUNTRY CLUB COMMUNITY TELlico LAKE PROPERTIES L.P.

DEVELOPMENT SUMMARY
MASTER LAND USE PLAN



PHASE I
RARITY BAY LAND USE PLAN
18 Months

Approximately 103 Acres

Phase I of the Rarity Bay Community includes development of all infrastructure to approximately 200+ residential homesites, as well as construction of the community center building, four neighborhood parks, swimming pool and tennis courts.

Infrastructure to the homesites in Phase I, Rarity Bay will be installed per the time table provided in this report and include installation to the homesite of public water, sewer, natural gas, electricity, telephone, cable television and paved roadways.

Detailed mapping of Phase I are included in the jacket at the back of this report.

RARITY BAY ON LAKE TELLICO
 Vonore, Tennessee
 Phase I Project Budget

Description:

Subdivision Infrastructure/Roadways

Grading	\$ 65,000.00
Roadway	\$ 356,067.00
Water	\$ 116,300.00
Sewer	\$ 90,000.00

Community Center

Construction	\$ 200,000.00
Entrance	\$ 40,000.00
Primary Electrical	\$ 250,000.00

Swimming Pool, Tennis Court, Parks \$ 65,000.00

Soft Costs

Design, Engineering	
Interest, Closing Costs and	
Contingency	<u>\$ 132,633.00</u>

\$1,315,000.00

RARITY BAY PHASE I DEVELOPMENT

Phase I will consist of:

	Projected Completion Date
1. 200 + Homesites (fully improved)	November 1994
2. Swimming Pool	April 1995
3. Tennis Courts	April 1995
4. Community Center	April 1995
5. Four Neighborhood Parks	April 1995
6. Pedestrian Trails	April 1995

The completion schedule for the above is also included elsewhere in this report.

NEIGHBORHOODS

Phase I of the development as identified by POD identification and product type is as follows:

POD B: Neighborhood B consists of 14 off-golf homesites. These homesites will be priced at an average of \$18,000 and will measure 80' x 110'. This neighborhood has been designated as a "standard production" neighborhood and will be sold to a builder who should consider finishing these homes in a less expensive fashion than the luxury product being developed elsewhere on the site. These homes will range in size from 1600 to 2400 square feet and will be priced from \$132,000 to \$200,000. Three to 4 models with 10 to 12 production homes, depending on presales should be an appropriate release size.

POD D: Neighborhood D is 53 "production luxury", 90' x 120', golf frontage homesites overlooking the 5th, 6th and 9th holes. Several of these homesites will boast water and mountain views. The average sales price for these sites is \$32,000 with a premium for the better view sites. It is anticipated that the retail value of the homes in this neighborhood will range from \$220,000 to \$285,000. These homes will range in size from approximately 2200 to 3000 square feet. This neighborhood will be sold to a high-end production builder who could build three or four models and begin a production phase of a dozen or so homes depending on presale activity generated.

POD E: Neighborhood E overlooks the 6th, 7th and 8th holes and also consists of 34 homesites and should contain several water view homes as well (perhaps as many as ten). These homesites will measure 100' x 120' in size and will sell at an average of \$35,000 for the non-view and \$50,000 for the view sites. These homesites will be sold to custom home builders and to consumers who will utilize one of the members of the Rarity Bay Builder Congress or their own builder to build their home.

POD F/ G: Neighborhoods F and G consist of 43 lakefront homesites that will be priced at an average of \$125,000, 33 lakeview sites at \$40,000, 14 homesites fronting on the 9th fairway at \$35,000 and 26 non-golf, non-view sites at \$20,000. All of the sites will measure 120' x 140'. It is anticipated that 17 of the neighborhood F and G lakefront homesites will be released at once. The non-golf, non-view sites, will be released in smaller numbers to stimulate their demand. Releasing one cul-d-sac in neighborhood F at a time might be an appropriate way to stage these releases.

POD H: Neighborhood H is a production neighborhood with a first release consisting of 15 homesites measuring 65' x 110'. Since these sites are located so close to the clubhouse and swim/tennis center, it is perfectly suited for the construction of maintenance-free golf "villas" style of home in the 1400 to 1900 square foot size ranging in price from \$135,000 to \$165,000. It is anticipated that these homes will have a water view. The production builder purchasing these homesites should release the balance of 42 homesites as demand dictates in accordance with the releasing philosophy stated above.

It is anticipated that the first phase of development at Rarity Bay will include the three production builders mentioned above in neighborhoods B, D and H. The make-up of the custom builder team will be a combination of the production builders already in place (if they want to also participate in a custom program) and 5 other members of the Rarity Bay Custom Builder Congress. Purchasers of custom homesites may select from any of the designated members of our builder congress or bring their own builder in to build a custom home for them at Rarity Bay.

RARITY BAY ON LAKE TELLICO PLANNED UNIT DEVELOPMENT

Tellico Reservoir Development Agency Standards for residential development require a 75 foot minimum lot width. Rarity Bay is a planned unit development and is being developed under the Tellico Reservoir Development Agency Standards for a planned unit development and as such there are no minimum lot widths required, however, we are requesting a variance, if necessary, to allow lot widths, lot sizes and side set backs for the Rarity Bay Development to accommodate the Phase I Plan, as submitted.

The planned unit development standards require a bicycle trail system. We are requesting a variance to allow the pedestrian only trail system that is proposed for the Rarity Bay Development.

RARITY BAY ON LAKE TELLICO INITIAL ACCESS

Phase I of the Rarity Bay development will use Presley Road as its primary access to the development during the first twelve to eighteen months of construction. The main gatehouse is proposed in the next phase of residential construction and the main entry roadway into the Rarity Bay development will also be constructed in the next phase of residential development.

The main gatehouse and entry road will be available to provide access and security to the development at the same time.

After the main entry roadway is constructed, the Presley Road access to the Rarity Bay Community will be closed.

RARITY BAY ON TELLICO LAKE NEIGHBORHOOD PARKS

The development contract with Tellico Reservoir Development Agency calls for five 1-acre parks and two waterfront park and playgrounds (total - 20 acres) to service the Bat Creek Peninsula Development. Based on research, Tellico Lake Properties, L. P. has determined that a more useful and marketable approach would be to incorporate many more community parks into the plan and have one large waterfront park/playground at a location near the end of the peninsula.

Tellico Lake Properties, L. P. would commit to the same area for the parks system (25 acres total) but the plan would allow smaller, more neighborhood orientated parks. These parks would be much easier to access by the trail system because there would be a community park readily accessible to almost every individual neighborhood. A very user friendly trail and park system would mean more use and enjoyment to the Rarity Bay residence. Tellico Lake Properties, L. P. is requesting Tellico Reservoir Development Agency to consider this change in the development contract to allow what we hope you agree will make for a better community.

RARITY BAY ON LAKE TELLICO DEVELOPMENT PROCEDURE

Based on recommendations from the developers and Tellico Reservoir Development Agency engineers, Tellico Lake Properties, L. P. is planning to install the binder surface on the Rarity Bay roadways in each phase of development and install the final surface mix once substantially all of the construction is completed at Rarity Bay.

RARITY BAY ON LAKE TELLICO
PLAT APPROVAL REQUEST

Tellico Lake Properties, L. P. will be furnishing Tellico Reservoir Development Agency with a letter of credit to guarantee construction of all Phase I improvements per our development contract.

Tellico Lake Properties, L. P. is requesting that plats for subdivision lots in Rarity Bay, Phase I, be approved for recording in the Monroe County, Tennessee, Register of Deeds Office, because all improvements that are required have been guaranteed by the letter of credit.

Construction Time Table

Phase I

	BEGIN CONSTRUCTION	COMPLETE CONSTRUCTION
ROADWAY		
Rough Grading	July 1994 (or earlier)	
Finish Subgrading	October 1994	
Rock / Binder / Surface Mix	October 1994	November 1994
UTILITIES		
Electrical	August 1994	
Sewer	September 1994	
Telephone	October 1994	
Cable	October 1994	
Water	August 1994	
Natural Gas	September 1994	November 1994
COMMUNITY CENTER		
Highway Entrance	July 1994	
Building	August 1994	
Access Road	August 1994	
Parking Lot	November 1994	April 1995
SWIMMING POOL	October 1994	April 1995
TENNIS COURTS	October 1994	April 1995
NEIGHBORHOOD PARKS	October 1994	April 1995