

**TEHALEH
DEVELOPMENT AGREEMENT**

TABLE OF CONTENTS

RECITALS 1

AGREEMENT 3

I. DESCRIPTION OF PROJECT 3

 1.1 Overall Conceptual Plan..... 3

 1.2 Phase I Conceptual Plan 4

 1.3 Public Facilities and Infrastructure..... 6

 1.4 Transportation Systems 7

 1.5 Financing of Public Services and Infrastructure 7

 1.6 Phasing 8

 1.7 Affordable Housing 9

 1.8 Minimum and Maximum Number of Residential Units..... 9

 1.9 Mitigation Measures, Development Conditions And Other Requirements Under Chapter 43.21C RCW 9

2. GENERAL OBLIGATIONS..... 9

 2.1 Obligations of County 9

 2.2 Obligations of NASH 9

3. ALLOWED USES..... 9

 3.1 Uses Allowed Outright 10

 3.2 Administrative Uses 10

 3.3 Conditional Uses 10

 3.4 Excluded Uses 10

 3.5 Unlisted Uses..... 10

 3.6 Exempted, Temporary and Accessory Uses 10

 3.7 Home Occupation Businesses 10

 3.8 Day-Care Facilities..... 12

 3.9 Accessory Dwelling Unit 12

 3.10 Agricultural Uses and Animals Development..... 12

 3.11 Nonconforming Development 12

 3.12 Telecommunication Towers and Wireless Facilities..... 12

4. DEVELOPMENT STANDARDS..... 13

 4.1 Infrastructure 13

 4.2 Land Use..... 25

 4.3 Critical Areas..... 35

 4.4 Traffic Mitigation Plan 37

5.	PROCESS AND PROCEDURES	40
5.1	Submittal Standards for Phase I Developments and Permits	40
5.2	Administrative Use Permits.....	40
5.3	Conditional Use Permits.....	41
5.4	Subdivisions	41
5.5	Binding Site Plans	41
5.6	SEPA	42
5.7	Impact Fees, Reimbursement Provisions, Financial Contributions, Inspection Fees and Dedications	42
6.	VESTING AND APPLICABLE LAW	43
6.1	Applicable Law	43
6.2	Project Approval.....	44
6.3	Subsequent Approvals	44
7	BINDING ON SUCCESSORS; ASSIGNMENT	45
7.1	Successors.....	45
7.2	Assignment of Specific NASH Rights and Obligations.....	45
8.	MODIFICATIONS, AMENDMENTS AND REVOCATION.....	46
8.1	Modifications and Amendments - General.....	46
8.2	Modifications and Amendments – Approvals Required	47
8.3	Revocation.....	48
9.	GENERAL PROVISIONS	48
9.1	Recording	48
9.2	Interpretation; Severability	48
9.3	Authority.....	49
9.4	Exhibits.....	49
9.5	Headings	49
9.6	Time is of the Essence	49
9.7	Effect and Integration	49
9.8	Disputes; Default and Remedies	49
9.9	Term	50
9.10	Five-year Review.....	50
9.11	Estoppel Certificate	51
9.12	No Third Party Benefit	52
9.13	Interpretation	52
9.14	Notice	52
9.15	Cooperation	53
9.16	Delays	53

EXHIBIT "A"	Tehaleh Project Map.....	1
EXHIBIT "A-1"	Overall Tehaleh Legal Description	1
EXHIBIT "A-2"	Tehaleh Phase 1 Legal Description (NASH Ownership)	2
EXHIBIT "A-3"	Tehaleh Phase 1 Boundary Map (NASH Ownership).....	3
EXHIBIT "B"	Tehaleh Overall Conceptual Plan	1
EXHIBIT "C"	Tehaleh Phase 1 Conceptual Plan.....	1
EXHIBIT "D"	Tehaleh Phase 1 Land Use Table	1
EXHIBIT "E-1 – E-4"	Tehaleh Phase 1 Master Park and Trail Plans	1
EXHIBIT "F"	Water Availability Letter.....	1
EXHIBIT "G"	Tehaleh Phase 1 Housing Affordability Program	1
EXHIBIT "H"	Conditions of Approval	1
EXHIBIT "I"	Tehaleh Phase 1 Use Description, Table and Map.....	1
EXHIBIT "J"	Purposely Omitted	2
EXHIBIT "K"	Water Quantity Monitoring	3
EXHIBIT "K-3"	Water Quality Monitoring at Orting Lake and Stormwater Facilities R4 and CC-9	1
EXHIBIT "L"	Timing of Traffic Mitigation Improvements	1
EXHIBIT "L-1"	Locations of Proposed Traffic Mitigation, Phase 1	1
EXHIBIT "M"	Infrastructure and Public Facilities and Services Plan Elements	1
EXHIBIT "N"	PIERCE COUNTY CODE 18A	1
EXHIBIT "O"	Tehaleh Sign Regulations.....	2

TEHALEH DEVELOPMENT AGREEMENT

This Development Agreement (the "Tehaleh Development Agreement") is made by the COUNTY OF PIERCE, a political subdivision of the state of Washington ("Pierce County"), and NASH Cascadia Verde, LLC, a limited liability company ("NASH").

RECITALS

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the legislature of the state of Washington enacted RCW 36.70B.170 through 36.70B.210 (the "Development Agreement Statute"), which authorizes a local government to enter into a development agreement with the owner of real property regarding the development of such property and establishing certain development rights.

B. Pierce County has adopted Planned Unit Development ("PUD") provisions in its development regulations (Pierce County Code (PCC) 18A.75.080) which include the requirement for a Development Agreement consistent with the Development Agreement statute. This Development Agreement has been processed, considered and executed in accordance with those County and State requirements.

C. One type of PUD allowed by PCC 18A.75.080 is an Employment-Based Planned Community ("EBPC") which provides a range of employment, residential and recreational uses.

D. NASH is the owner of certain real property consisting of approximate 4,209 acres located in the County Urban Growth Area, as diagrammed in Exhibit "A" [Map] and more particularly described in Exhibit "A-1" (the "Tehaleh Site"). NASH is developing the Tehaleh Site as the community of "Tehaleh".

E. NASH is the successor to Cascadia Development Corporation ("CDC"), which owned the Tehaleh Site and additional property, all of which totaled 4,719 acres (the "Cascadia Site"). CDC obtained County and other approvals for an EBPC then known as Cascadia on the Cascadia Site. The Cascadia EBPC was approved at a programmatic level for the entire Cascadia Site.

As part of the Cascadia EBPC approval, CDC and the County executed a development agreement in 1999 (the "Cascadia Development Agreement"). The Cascadia Development Agreement incorporated various conditions imposed on CDC by the County.

To be clear as to the specific lands and approvals discussed in the Tehaleh Development Agreement, the following terms are used:

“Cascadia Site” or “Project Site” refers to the entire 4,719 acres owned by CDC and subject to the Cascadia Development Agreement.

“Project” refers to the entire Cascadia EBPC as approved by Pierce County in the Project Approval (4,719 acres).

“Project Approval” is defined in 6.2 below and refers to the County approval of the Cascadia EBPC as modified by subsequent actions referred in Paragraph G below.

“Project Phase 1” refers to Phase 1 of the Project as approved by Pierce County in the Project Approval (1,948 acres).

“Tehaleh Phase 1” refers to the portion of Project Phase 1 owned by NASH.

F. Since the Project Approval, portions of the Cascadia Site were sold to others for construction of homes, schools and other uses. Among those transactions was the transfer of Parcel O to Cascadia Resort Communities (“CRC”). CRC is not a party to this Tehaleh Development Agreement and this agreement does not apply to Parcel O.

G. After the Cascadia Development Agreement was approved, its terms and other terms of the Project Approval were modified through a variety of actions including: Minor Amendment No. 1 (Approved April 4, 2006); Minor Amendment No. 2 (Approved July 11, 2007); An appeal of Minor Amendment No. 2 by Bonney Lake (resulting in a Hearing Examiner Decision dated October 12, 2007); a Five-Year Review Decision dated August 14, 2007; Minor Modification No. 1 (Approved June 2, 2008); a Five-Year Review Decision dated April 25, 2012; Minor Modification No. 2 (Approved September 12, 2013); and subdivision approval decisions for Columbia Vista at Cascadia (August 29, 2006), Whitman at Cascadia (January 15, 2013), Liberty Ridge at Cascadia (August 29, 2006), Winthrop at Cascadia (August 29, 2006), Trilogy at Cascadia (October 22, 2013), Inspiration Ridge at Cascadia (October 22, 2013). The terms of the County Approval were also modified as to the Tehaleh Site, but not as to Parcel O, through the Major Amendment requested by NASH and approved by the Hearing Examiner on April 7, 2014, as modified by the Reconsideration/Clarification on April 23, 2014.

H. The Cascadia EBPC was the subject of a draft and final Environmental Impact Statement (EIS) prepared at the time of the Project Approval. Additional environmental review has occurred since, most recently through an EIS Addendum issued by Pierce County in connection with the 2014 Major Modification. These analyses are referred to collectively as the “Project EIS.”

I. Pierce County has determined that a modified development agreement for the Tehaleh Site is appropriate, and desires to enter into this Tehaleh Development Agreement. This Agreement will, among other things, eliminate uncertainty in long-term planning, provide for the orderly development of Tehaleh on a comprehensive basis consistent with the

County's current Comprehensive Plan, mitigate significant environmental impacts, provide for all services appropriate for the development, encourage an employment base with diversity of jobs, improve Pierce County's jobs-housing balance, ensure effective utilization of resources within the County at the lowest possible economic cost to its citizens and otherwise achieve the goals and purposes for which the Development Agreement Statute was enacted.

J. This Tehaleh Development Agreement: (1) incorporates all of the revisions approved in the decisions and approvals listed above; and (2) except as noted in Section 9.7, completely replaces and supersedes the Cascadia Development Agreement, except as to Parcel O, which remains subject to that agreement.

K. Applications for subsequent land use approvals, entitlements, and permits necessary or desirable for the development of Tehaleh will be made by NASH. The Subsequent Approvals are defined below. The Subsequent Approvals shall be subject to review and approval consistent with Applicable Law by the governmental entities with specific jurisdiction.

AGREEMENT

NOW, THEREFORE, in consideration of the promises, covenants, and provisions set forth in this Agreement, the parties agree as follows:

1. DESCRIPTION OF PROJECT

PCC Section 18.A.75.080.N identifies the required elements of a PUD Development Agreement. This section is intended to describe how those elements have been met.

1.1 Overall Conceptual Plan

The Project Approval includes a mix of land uses intended to provide for a range of employment, residential and recreational opportunities. The approved Tehaleh Overall Conceptual Master Plan is attached as Exhibit "B", the approved Tehaleh Phase 1 Conceptual Plan is attached as Exhibit "C" and the approved Tehaleh Phase 1 Land Use Table are attached as Exhibit "D". These Exhibits depict Parcel O as it has been previously approved and the Parcel O approvals are not modified by this Tehaleh Development Agreement. Land uses within the Project will be linked by a system of streets, trails and alleés (open space/trail corridors). A range of housing types and densities will be included to provide for flexible responses to changing market needs and desires, and to facilitate a wide range of pricing choices.

The Overall Conceptual Plan and specifically the amount, pattern and density of proposed development within individual parcels represent a

blueprint for future development based on the applicant's current understanding of market conditions. The Plan is not intended to fix precise building patterns, areas of use by square footage, exact residential densities or final locations of open space and trail corridors. The Plan is intended to be flexible, forming the broad concept against which each specific application for development will be measured. Actual amounts, pattern and densities of development within each parcel may vary in response to market conditions as long as they are consistent with the overall EBPC concept and the provisions of this Tehaleh Development Agreement. To the extent any rights or obligations overlap or otherwise are not expressly allocated by the Cascadia Development Agreement and the Tehaleh Development Agreement as between NASH, its successors and assigns, and the owner of Parcel O, its successors and assigns, then such rights and obligations shall be resolved by mutual agreement of such parties, or using any other applicable dispute resolution mechanisms.

1.2 Phase I Conceptual Plan

The Phase I Conceptual Plan (Exhibit "C"), illustrates the layout of proposed land uses for Phase I. Phase I would occupy approximately 1,948 acres in the northern portion of the site. The Parcel O acreage is included in Phase I, but the allowed uses and other provisions of this Tehaleh Development Agreement do not apply to Parcel O, and Parcel O remains subject to the Cascadia Development Agreement. Phase I land use types, densities, areas, and other data are summarized in the Phase I Land Use Table (Exhibit "D"). An Employment Center must be developed within the first phase of the Tehaleh Employment Based Planned Community in order to demonstrate consistency with the Pierce County Comprehensive Plan, mitigate certain development related impacts such as traffic and to provide a public benefit. Residential development will not be accepted as the exclusive use of the initial phases of an EBPC.

1.2.1 Location and Density of Residential Development

The Tehaleh Phase 1 Land Use Table (Exhibit "D") lists the types, numbers and acreages of land uses within Phase 1. Exhibit "D" includes Parcel O as presently approved only to illustrate the existing approval on that Parcel. A range of residential types and densities are proposed in Phase I of the Project, including: single-family dwelling units covering a variety of types (including Age Qualified / Restricted) and densities (1 to 10 dwelling units or "du") per gross acre depending on the housing type); and, multifamily dwelling units with densities ranging from 10 to 25 du per gross acre depending on specific design. The actual amounts and densities of development within each parcel will vary in response to market conditions, however, the Phase I maximum unit count will not exceed 2,586 unless otherwise approved by Pierce County. Phase I could be developed at higher densities than currently depicted in Exhibits "C" and "D", thereby consuming less land area.

In this event “surplus” Phase 1 land area would be developed when additional dwelling units are permitted as part of later Phases.

For purposes of this Agreement, gross density is dwelling units divided by total acreage (of the Phase, project or subdivision). Net density is dwelling units divided by total acreage minus acreage not part of residential lot area.

Accessory dwelling units (“ADUs”) shall not be counted for purposes of calculating Phase I residential density, however, ADUs shall be counted with respect to calculating the total number of dwelling units served by utility systems.

1.2.2 Location, Type and Timing of Employment

Phase I employment opportunities will be focused within the proposed 93.2-acre business park, and community center, located in Parcels V1 and V2. Employment will also be provided in the 7.3 acre neighborhood center located on the two NC parcels, in civic uses such as schools and a fire station, and in the project’s residential marketing center (located adjacent to the neighborhood center). Convenience retail and service businesses will develop in the neighborhood center as the residential population reaches levels that will support such uses. A minimum of 10 percent of the total gross acreage of an EBPC site must be developed in employment uses under PCC Section 18A.75.080.H.2.a. Major infrastructure that is necessary to sell or lease properties designated for employment use in Phase I shall be constructed and available to service individual employment users prior to non-infrastructure development permit approval or infrastructure related construction in Phase II.

1.2.3 Open Space and Recreational Facilities

The requirements for open space areas, parks, recreational facilities and community facilities in Phase I are met by:

- (a) The Tehaleh Phase I Master Park Plan, Exhibit “E-1”;
- (b) The Park details on Exhibits “E-2” and “E-3”;
- (c) The Master Trail Plan, Exhibit “E-4”; and
- (d) The Phase I Conceptual Plan, Exhibit “C”, depicting the location of open space areas (alleés, perimeter buffers, parks, critical areas, etc.).

The Parcel O open space and trail development shown on Exhibits E-1 and E-4 are intended to reflect the improvements shown on the Cascadia Phase I Master Park and Trail Schedule and Trails and Park Phasing Plan, dated September 15, 2006 required per Condition C of the August 14, 2007 First Periodic Five Year Review decision. Exhibits E-1 through E-4 are not intended to modify any previously approved development rights for Parcel O. Anything

shown in Exhibits E-1 through E-4 with respect to parcel O that does not reflect the approved development rights for Parcel O is void and non-binding as to Parcel O.

1.3 Public Facilities and Infrastructure

1.3.1 Sewer Facilities

The Project Site is within the service area of Pierce County Public Works & Utilities in accordance with the Pierce County Unified Sewer Plan as approved by the Pierce County Council and Washington State Department of Ecology. Sewer service will be provided by a public sewer system owned and operated by Pierce County Public Works and Utilities, which will connect into an onsite Wastewater Treatment Plant constructed by NASH and owned/operated by Pierce County. The phasing of the onsite WWTP, and interim treatment systems, is described in more detail in Section 4.1.3.

1.3.2 Stormwater Facilities

Stormwater facilities will conform to the “Cascadia Master Drainage Plan (1998)”, and the update to the Master Drainage Plan provided in Appendix F of the SEPA EIS Addendum for Amended Phase 1 (August 2013) which calls for a system of regional infiltration facilities, detention ponds and a master system of overflow/bypass pipes and channels.

1.3.3 Domestic Water Facilities

Domestic water supply will be provided by Tacoma Public Utilities. Tacoma has issued a letter of water availability for the Project Site (Exhibit "F"). All water system facilities will be designed in accordance with Tacoma Public Utilities standards and specifications. Required reservoir storage will be phased, with initial supply from the existing Prairie Ridge reservoir located adjacent to the site. Fire flow will be provided to meet Pierce County and Tacoma criteria. The on-site permanent WWTP will be designed to produce Class “A” treated effluent for use as a landscape irrigation source when warranted. The timing of constructing facilities at the WWTP to produce reclaimed water is dependent on the volume of available flow at the WWTP, negotiation of agreements with Pierce County Public Works & Utilities and Tacoma Public Utilities, approval of reclaimed water plans and permits by appropriate state agencies and the financial feasibility of reclaimed water production. Until reclaimed water is available, water from the Tacoma Public Utilities system will be used for irrigation.

1.3.4 Schools

The majority of the Phase I area is within the boundaries of the Sumner School District, and a limited area in the eastern and western portion of Phase I is within Orting School District. The Sumner School District has constructed an elementary school in Phase I

(Donald Eismann Elementary). NASH will cooperate with both districts in siting school facilities in their respective districts. NASH has cooperated with the Sumner School District in identifying a second school site in Phase I (the "Second School Site"). In the event that NASH and Sumner School district do not reach agreement on the conveyance of the Second School Site in Phase I, NASH shall have the right to make application to modify the land use plan in the future. NASH agrees to continue to cooperate with Sumner School District in evaluating specific locations for school sites and in evaluating impacts upon Sumner School District associated with conveyance of such school sites. The Overall Conceptual Plan shows additional potential school sites.

1.3.5 Fire Protection

The Project Site is within East Pierce Fire District (EPFD). NASH will dedicate a site for a fire station and will cooperate with EPFD in evaluating the specific location of a fire station site and the timing of station construction, in relation to the specific development stages of the project. In addition, NASH will provide for fire impact mitigation in accordance with the Hearing Examiner's approval.

1.3.6 Other Public Facilities and Infrastructure

Phase I will obtain electrical and natural gas service from Puget Sound Energy, telephone service from CenturyLink and cable television service from Comcast. If and when available, other utilities could provide services during the life of the project (such as internet service, wireless communication, alternate energy sources, etc.).

1.4 Transportation Systems

Primary vehicular access to and from Phase I will be from the north via the existing 198th Avenue E. corridor, as improved in accordance with the conditions of approval and this Tehaleh Development Agreement. Phase I will include more than 6 miles of on-site arterial/feeder roadways to accommodate internal project access and circulation needs. The main internal roadway in Phase I, "Cascadia Boulevard," will begin an interconnected arterial road system to be completed in later phases of development. All new roadways will be constructed to the proposed road development standards described in 4.1.1. below.

1.5 Financing of Public Services and Infrastructure

Public services and infrastructure shall be financed by a combination of public and private funds, including latecomer agreements and fair share payments as described in the Infrastructure and Public Facilities and Services Plan, Exhibit "M".

1.6 Phasing

1.6.1 Build Out Plan

The Project consists of residential, employment, open space, recreational and community land uses to be developed over an approximately 20-year period. Development will occur in phases with multiple divisions as depicted in the Overall Conceptual Plan (see Section 1.2 above).

1.6.2 Phase I

Phase I is planned to occupy approximately 1,948 gross acres in the north central and northeastern portions of the Project Site. Approved land uses, acreages and numbers of units are shown on the approved Tehaleh Phase I Conceptual Plan (Exhibit "C") and the approved Tehaleh Phase I Land Use Table (Exhibit "D"). Exhibit "D" does not apply to Parcel O. Development of Parcel O will be per prior approvals, including the August 11, 2005 dated Land Use Table and January 13, 2006 dated Phase I Conceptual Plan approved through the April 5, 2006 First Minor Amendment approval to the Cascadia EBPC and as further refined through the May 19, 2008 dated Phase I Conceptual Plan approved through the June 2, 2008 First Minor Modification approval to the Cascadia EBPC. Anything provided in this Agreement that does not reflect the approved development rights for Parcel O is void and non-binding as to Parcel O.

1.6.3 Phases II & III

Phases II & III are planned to occupy approximately 2,771 gross acres in the northern, western and southern portions of the Project Site. The approved Tehaleh Overall Conceptual Master Plan is attached as Exhibit "B".

County Council approval of a separate Development Agreement shall be required for Phase II prior to any non-infrastructure development activity in Phase II (i.e. construction of homes and businesses shall not be permitted outside of the area included in Phase I of the Tehaleh Employment Based Planned Community (EBPC) Planned Unit Development (PUD) as approved in the Hearing Examiner's April 7, 2014, Major Amendment Decision until such time as Council approves a Development Agreement for Phase II).

1.7 Affordable Housing

Housing options for a range of income levels will be provided through a mix of lot sizes, housing types, favorable development conditions, proximity to utilities and services and suitable infrastructure and amenities. The Project Housing Affordability Program is attached to this agreement as Exhibit "G".

1.8 Minimum and Maximum Number of Residential Units

The minimum average residential density is four dwelling units per acre for the overall Project. The minimum number of residential units will be fixed by the Examiner for each Phase. The maximum number of residential units for the overall Project is 6,500.

1.9 Mitigation Measures, Development Conditions And Other Requirements Under Chapter 43.21C RCW

The mitigation measures imposed under the authority of SEPA and made conditions of the Project Approval in the Examiner's decisions are set forth more fully in Exhibit "H" Conditions of Approval.

2. GENERAL OBLIGATIONS

2.1 Obligations of County

Pierce County shall comply with the Project Approval (as defined in 6.2) and Subsequent Approvals (as defined in 6.3), and shall consider for approval and cooperate with processing and reviewing all applications for the Subsequent Approvals as provided in this Agreement.

2.2 Obligations of NASH

NASH shall comply with the Project Approval and Subsequent Approvals, including, without limitation, those conditions relating to the provision of traffic, sanitary sewer, water, stormwater and other infrastructure.

3. ALLOWED USES

Requests for development permits or approvals in Tehaleh Phase I shall be processed and approved under Section 6 of this Agreement. Land uses within the development areas of Tehaleh Phase I shall either be allowed outright, allowed with approval of an Administrative Use Permit, allowed with approval of a Conditional Use Permit or not allowed as described in Exhibit "I" (Phase I Use Description, Table and Map). Exhibit "I" does not apply to Parcel O.

3.1 Uses Allowed Outright

Uses that are allowed outright as defined in Exhibit "I" shall be processed by the County in the same manner as other uses allowed outright in other zones throughout the County except as noted in this agreement.

3.2 Administrative Uses

Uses that are allowed with the approval of an Administrative Use Permit as defined in Exhibit "I" shall be processed by the County pursuant to Section 5.2 of this Agreement and in the same manner as other administrative uses in other zones throughout the County with the exception of SEPA, public notice, and required findings, all of which are discussed below.

3.3 Conditional Uses

Uses that are allowed with the approval of a Conditional Use Permit as defined in Exhibit "I" shall be processed by the County pursuant to Section 5.3 of this Agreement and in the same manner as other conditional uses in other zones throughout the County with the exception of SEPA, public notice, and required findings, all of which are discussed below.

3.4 Excluded Uses

Uses that are not allowed outright or through the approval of an Administrative Use Permit or a Conditional Use Permit are allowed only if a Major Amendment is approved through the process outlined in PCC Section 18A.75.080.P.4 and this Agreement.

3.5 Unlisted Uses

Where there is a question regarding the inclusion of a particular proposed use within a particular use category or use type, NASH will make a determination. That determination will be forwarded in writing to the Director of the Department of Planning and Land Services who will have 14 days to notify NASH of any disagreement with NASH's determination. In cases of disagreement, the matter will be forwarded to the Hearing Examiner who will have the final authority. The Hearing Examiner will either decide the matter and notify parties in writing or schedule the matter for public hearing.

3.6 Exempted, Temporary and Accessory Uses

Exempted and Temporary uses are allowed pursuant to the provisions of Exhibit "I" of this Tehaleh Development Agreement.

3.7 Home Occupation Businesses

3.7.1 Applicability

Home Occupation Businesses are only permitted as an accessory use in conjunction with a residence and as outlined in Exhibit "F".

3.7.2 Exemptions

Home Occupation Day Care activities are exempt from these rules.

3.7.3 Performance Standards.

The following performance standards apply to Home Occupation Businesses:

- A. The activity is clearly incidental and secondary to the use of the property for residential purposes and shall not change the residential character of the dwelling or neighborhood;
- B. External alteration inconsistent with the residential character of the structure is prohibited;
- C. Use of hazardous materials or equipment must comply with the requirements of the Uniform Building and Fire Codes;
- D. The activity does not create noticeable glare, noise, odor, vibration, smoke, dust, or heat at or beyond the property lines;
- E. Use of electrical or mechanical equipment which creates visible or audible interference in radio or television receivers or fluctuations in line voltage at or beyond the property line is prohibited;
- F. Manufacturing shall be limited to the small-scale assembly of already manufactured parts but does not preclude production of small, individually hand-crafted items as long as the activity meets the other standards of these rules;
- G. Customers or clients are prohibited on the premises prior to 8:00 a.m. and after 5:00 p.m. unless approved otherwise by Tehaleh Owners Association;
- H. Sales in connection with the activity are limited to merchandise handcrafted on site or items accessory to a service (i.e., hair care products for a beauty salon);
- I. One non-freestanding business identification sign is permitted as described in Exhibit "O", Table O.30.020-1; subject to review by Tehaleh Owners Association and consistent with covenants, conditions and restrictions;

J. In addition to the single-family parking requirements, off-street parking associated with the activity may include one additional space;

3.7.4 Permitted Activities

Activities which comply with the following standards are permitted outright:

- A. Two non-resident employees are permitted;
- B. The activity is limited to 1,000 square feet or a size equivalent to 50 percent of total floor area of the living space within the residence, whichever is less;
- C. One vehicle, up to 10,000 gross vehicle weight, is permitted in connection with the activity;
- D. The activity shall be performed completely inside the residence, an accessory structure, or a combination of the two; and
- E. There shall be no outside display or storage of materials, merchandise, or equipment.

3.8 Day-Care Facilities

Day-Care Facilities are allowed pursuant to PCC 18A.35.070 (Exhibit "N")

3.9 Accessory Dwelling Unit

Accessory Dwelling Units are allowed pursuant to PCC 18A.35.080.C. (Exhibit "N")

3.10 Agricultural Uses and Animals Development

Agricultural Uses and Animals Development are allowed pursuant to PCC 18A.35.090 (Exhibit "N")

3.11 Nonconforming Development

Nonconforming Development is governed by PCC 18A.35.130 (Exhibit "N")

3.12 Telecommunication Towers and Wireless Facilities

Telecommunication towers or wireless facilities are allowed within the various land use categories as provided in Exhibit "I". Development Standards within PCC 18A.35.140 (Exhibit "N") shall apply, except C.3., D, E and F.

4. DEVELOPMENT STANDARDS

The following standards apply to the development of Phase I, except as noted. These standards do not apply to Parcel O.

4.1 Infrastructure

4.1.1 Roads and Non-Motorized Facilities

All on-site and off-site public road improvements shall comply with Pierce County Ordinance 2010-70S, Titles 17A and 17B with the following approved exceptions:

- The master trail/walkway system can be located either within or adjacent to road right-of-way (ROW). If within ROW, trail ownership and maintenance shall be in accordance with the License for the Use of County Rights-of-Way within Tehaleh for the Installation of Certain Improvements (the "License Agreement"). Pedestrian facilities adjacent to arterial roads can be considered walkways for design purposes.
- Pedestrian facilities adjacent to arterial roads will not be considered shared use paths for design purposes, unless specifically designated as such on a County-wide Plan
- The following road sections may be used.
 - Asphalt Concrete Barrier Curb in those areas where the proposed densities will result in more of a rural setting than typically found in urban areas. These curb types may only be used with prior approval of the County Engineer.
 - Cement Concrete Traffic Curb and Gutter (for all road classifications)
 - Cement Concrete Rolled Curb (for all Local Road classifications)
 - Open drainage road section (ditch or swale) (for Arterial Roadways and low density residential)
- Landscaping, landscaping features, irrigation, signage, lighting, electrical and telemetry control systems, and other approved improvements are allowed within public ROW in accordance with the License Agreement.
- The design speed for Cascadia Boulevard through the limits of Phase I and for 198th Ave East accessing the Project Site shall be 40 mph.

- Street parking may be permitted along feeder roads, in areas adjacent to alley loaded lots that front the feeder road and other public facilities (such as parks) only with the prior approval of the County Engineer. If approved by the County Engineer, a formal deviation to the road standards will not be required. Specific location and configuration of street parking will be reviewed during the processing of development permits.
- The ROW width within preliminary plat neighborhoods can be reduced to a minimum of 0.5 ft. behind back of sidewalk where a buffer strip is proposed between the back of curb and the sidewalk and where a utility easement is provided behind the sidewalk to provide access and maintenance.
- Connectivity (Pierce County Road Standards 2-1.5) – At the discretion of the County Engineer, deviations to the connectivity standards may be granted without going through the formal deviation process.
- Local access roads serving each proposed development area may be developed as private roads. For purposes of this paragraph, a local access road is defined as a road with an average daily traffic (ADT) of less than 2,000. Changes to the requirements of this ordinance must be approved through the variance procedure contained therein.

B. Local Feeder Road Plan

A local feeder road plan shall be prepared and submitted for approval by the County with each residential preliminary plat and/or commercial binding site plan application. This plan shall demonstrate that adequate provision has been made in the design of the preliminary plat or site plan to accommodate future needs for vehicular access to adjacent undeveloped parcels within the Project Site.

4.1.2 Stormwater Design and Construction Standards

The following provisions apply to storm drainage in Phase I and to areas outside of Phase I that drain to the facilities in Phase I. These provisions do not apply to Parcel O. The Phase I facilities are vested to the rules in place when they were constructed and may be used as constructed for the areas they serve outside of Phase I, even if the County stormwater regulations change before those areas are developed.

A. General Requirements

Drainage plans and analysis shall comply with Pierce County Ordinance 2008-59S (2012 Storm & Site Development Manual or the

“Manual”), Title 17A and 17B, and Title 18E - Critical Areas in effect on July 16, 2012, except as modified below and herein:

- Drainage control, location and design of drainage facilities are governed by the Cascadia Master Drainage Plan, as amended in July, 2013 as part of the First Major Amendment (MDP).
- The entire project boundary and Project Site as defined above is also the “project site” for purposes of performance control, basin boundaries, release points, etc. under the Manual. Drainage Diversions. Internal drainage diversions between and within sub-basins, within the project site are expressly permitted, provided that the performance criteria outlined in the Project MDP is met.
- Storm drainage overflow, discharge and bypass pipelines are permitted to be constructed within wetland buffers as conveyance systems with the approval of the Director of Public Works and Utilities and the Department of Planning and Land Services.
- Closed depressions / pot holes located entirely within the Project Site and not identified as wetlands or other critical areas, are permitted to be filled, drained, eliminated, or otherwise removed from service provided that the infiltration functions of the closed depressions which are removed from service are compensated for within the project's system of infiltration facilities.
- Because all runoff within the Project Site is infiltrated, no limits shall be placed on the amount of impervious surfaces or impervious coverage on individual lots, tracts or parcels, provided that drainage facilities are sized to accept, or are enlarged to accept, the amount of impervious surfaces proposed within the affected tributary area.

B. Master Drainage Plan

Drainage plans shall be prepared in accordance with the MDP dated January 1998, Amended July 2013 (as part of the First Major Amendment), or subsequent updates, and the requirements of this section. Stormwater retention / detention facilities and water quality designs, as required in the MDP, shall be included in the final drainage plans for each applicable division.

Drainage facility locations are intended to be consistent with Project MDP. However, NASH reserves the right to revise and/or relocate facilities based on future detailed design studies. This may include increasing or decreasing the total number of facilities as well as altering their location. Revisions to the facility configuration shown in the Project MDP will require the approval of Pierce County.

1) Project Site

The Project Site is defined as the boundary of the entire Cascadia Site for stormwater management purposes.

2) Phasing

Construction of the Project storm drainage system will be phased. Phasing may include the phased construction of individual facilities and/or the construction of facilities for interim service (such as temporary drainage channels in lieu of permanent pipes, temporary infiltration facilities, etc.). Phasing plans will be subject to Pierce County approval prior to construction. The Project drainage system will at all times meet the performance standards outlined in the Project MDP and the Applicable Law.

3) Wetlands / Wetland Buffers

Storm drainage overflow, discharge and bypass pipelines may be constructed within wetland buffers as conveyance systems when approved by the Director of Public Works and Utilities. The Department of Planning and Land Services shall also have the opportunity to review any such facilities prior to construction within wetland buffers. Refer to Section 4.3.1 below for additional wetland development standards.

Small isolated wetlands may receive runoff from rear lot areas and roof drains where feasible and appropriate to minimize the expected reduction in effective tributary area caused by development. Runoff from these areas may be discharged to these smaller wetlands by infiltration into the buffer soils. During engineering design phase, each area shall be analyzed in context with the surrounding development to determine the appropriate amount of roof drainage, if any, to direct to a given wetland to maintain its pre-development hydrology.

4) Closed Depressions

Closed depressions / pot holes located entirely within the Project Site, not identified as wetlands or other critical areas, may be filled, drained, eliminated, or otherwise removed from service provided that the infiltration functions of the closed depressions which are removed from service are compensated for within the overall system of infiltration facilities. Direct compensation for, or replacement of, lost storage volume is not required; however, lost storage volume will be accounted for by the design methodology for the regional stormwater control facilities. The infiltration functions of removed closed depressions shall be deemed to be compensated for if the

system of infiltration facilities recharge all runoff from the developed site area and no surface discharge occurs (except for sub-basin CC-9), as determined using the design storms and hydrologic methods outlined in section 4.1.2.B.6). However, filling, grading and/or storm drainage improvements must be designed and constructed in a manner so that flood hazards, water velocities, or flood elevations on neighboring properties or the exception parcels will not exceed pre-development conditions for the design storm event.

Post development drainage rates and volumes into retained closed depressions may be increased provided the closed depressions are located entirely within the Project Site and the resulting post-development water elevation does not increase flood hazards, water velocities or flood elevations above pre-development conditions on neighboring properties or exception parcels for the design storm event. Infiltration and/or detention prior to discharge into onsite closed depressions is not required.

For those closed depressions, or portions of closed depressions, which are retained after grading and drainage improvements are complete, the 100-year floodplain will be determined for the design storm event. This 100-year floodplain will be shown on the appropriate final plat documents. No structures or road improvements will be permitted within the 100-year floodplain so designated. Storm drainage facilities will be permitted within the 100-year floodplain of retained closed depressions.

Onsite closed depressions / pot holes filled or eliminated under this section are not subject to the provisions of PCC Ch. 17A. or I8E.70.

5) Water Quality Treatment

Water quality treatment facilities will be provided prior to infiltration facilities or discharge of polluted stormwater into wetlands. Water quality treatment facilities will be designed in accordance with the requirements of the Manual. The use of large wet ponds, designed in accordance with the Manual, as the sole means of water quality treatment is expressly permitted in the Project.

6) Hydrologic Modeling

As allowed by the Manual, the Western Washington Hydrology Model (WWHM)), or alternately a site specific HSPF model can be used, at the option of NASH.

7) Infiltration

Infiltration of all runoff from the developed site area (except for sub-basin CC-9) was a fundamental assumption for evaluating on- and off-site impacts to ground and surface water. Therefore, should the systems not perform as designed, either during construction or as determined by post-development monitoring, NASH will be responsible for enlarging the infiltration facilities, siting new infiltration facilities in addition to those shown in the plan, or otherwise redesigning the MDP infiltration facilities to achieve the goal of infiltrating the basins proposed in the plan. Land area near each proposed infiltration facility will be held in reserve for expansion of the facilities by plat conditions approved by Pierce County, until the initial two years of monitoring is completed for each facility and the monitoring shows that each facility is functioning as planned. If a facility is performing as expected at the end of the monitoring period as specified above, the land set aside shall be released for that facility.

Infiltration facilities shall be designed in accordance with the performance criteria outlined in the Project MDP. This criteria specifies that infiltration facilities will be designed to accommodate total rainfall / runoff from the design storm event(s). Safety factors may be applied to the sizing of infiltration facilities. The magnitude of safety factors, if any, will be determined on a case by case basis for each facility. Safety factors will be based on design hydrologic methodology, tributary area, density of development, potential for downstream damage resulting from overflow and risk of overflow in relation to potential damage. Safety factors, at a minimum, shall meet the requirements of the Manual.

Infiltration testing and the determination of design infiltration rates will be in accordance with the requirements of the Manual, unless otherwise approved by Pierce County. Infiltration is a key mitigation measure for both ground and surface water. Should the infiltration of all runoff directed to the proposed infiltration facilities fail to meet the design goals, the facilities shall be enlarged through the land set-asides provided above.

8) Detention Facilities / Wetland Fluctuation Control

The primary purpose of detention facilities on the Project Site is to meter runoff into on- and off-site wetlands to control post-development wetland water level fluctuations. All detention facilities on the Project Site shall be designed to meet the wetland fluctuation criteria outlined below:

Water Level Fluctuations (WLF) -- limit mean monthly spring (February 1 through May 31) WLF to ≤ 0.7 ft (20 cm), if mean pre-development WLF is less than that, or limit increase in WLF to ≤ 2 in. (5 cm) if it is greater than that, where:

$WLF = \text{crest stage} - [(\text{stage at beginning interval} + \text{stage at end interval})/2]$

(as estimated by hydrologic modeling using a monthly interval)

Detention facilities shall be designed using the methods and performance criteria described in the MDP. Detention facility design may include the diversion of runoff away from wetlands to meet wetland fluctuation criteria. Detention facilities need not be designed to the release rate criteria contained in the Manual or to meet “natural flowrates or volumes”. Specific release rate criteria will be developed for each facility on a case by case basis, at the time of development application. The basis for determining release rate criteria will be meeting the wetland water level fluctuation criteria noted above. (However, the release rate criteria for detention facility D-5 (sub-basin CC-9) will not exceed the release rate criteria specified in the Manual.) Wetland fluctuations will be determined using the modeling method(s) as noted herein. Safety factors may be applied to the sizing of detention facilities. The magnitude of safety factors, if any, will be determined on a case by case basis for each facility. Safety factors will be based on design hydrologic methodology, tributary area, density of development, potential for downstream damage resulting from overflow and risk of overflow in relation to potential damage. Safety factors, at a minimum shall meet the requirements of the Manual.

9) Drainage Diversions

The Project Site is defined as the boundary of the entire Cascadia Site for stormwater management purposes. Internal drainage diversions between and within sub-basins, within the Project Site are expressly permitted, provided that the performance criteria outlined in the Project MDP for infiltration facilities, detention facilities and wetland fluctuations are met.

10) Constructed Conveyance System Standards

All constructed conveyance systems shall be designed to the standards contained in the Manual. Those conveyance facilities draining tributary areas greater than 100 acres may be sized using the HSPF Method, or other alternate proposed methods approved by Pierce County.

11) Stormwater Overflow Facilities

Stormwater overflow facilities shall be designed for the 100-year developed undetained flow, or as otherwise approved by Pierce County based on further design analysis.

12) Flow Control Adjustability

All flow control structures for ponds and wetlands shall be designed to provide for retrofit with new controls should monitoring indicate that adjustment is necessary. For example, orifice and weir plates shall bolt on to allow for replacement or reworking. Other designs may be proposed for approval during engineering plan review.

13) Use of Infiltration Facilities During Construction

The infiltration facilities to be constructed on the Project Site are regional in nature and will serve a mixture of on-site residential, commercial and institutional land uses to be constructed over an extended time period. The infiltration facilities are hereby permitted to be constructed, placed in service and utilized before and during the development of their respective tributary areas. Pierce County may require interim facility configurations. NASH will be responsible for facility maintenance during the interim service period.

14) Ownership and Maintenance

The ownership of retention / detention and conveyance facilities, or portions of retention / detention and conveyance facilities (such as control structures, overflows, dikes, channels, etc.), will be determined on a case by case basis at the time of individual development application review and approval. In general it is envisioned that most facilities located outside of public ROW will remain in private ownership. Maintenance of those facilities, or portions of facilities, which remain in private ownership will be the responsibility of the Owners' Association, or other legal entity, as approved by Pierce County.

Facilities to remain in private ownership may be multi-use facilities incorporating parks, recreation and/or natural open space into the surface water management function of the facility. The design of those facilities, or portions of facilities, to remain in private ownership may deviate from the requirements of the Manual as necessary to accommodate their multi-use purpose, provided that at all times the facilities shall be designed, constructed and operated to meet the performance criteria outlined in this Development Agreement and the MDP. Design deviations necessary to accommodate private multi-use facilities will be subject to Pierce County approval, but such approval will not be unreasonably withheld. In the event that NASH and Pierce County cannot reach agreement on the appropriateness of specific design deviations. Disputes regarding technical issues will be resolved by the technical equivalency procedures outlined in the Manual. Disputes regarding permitted land use

within facilities, landscaping, aesthetics, etc. will be resolved by the Pierce County Hearing Examiner.

Maintenance responsibilities for facilities with public ROW will be subject to the provisions of the License Agreement.

15) Impervious Surface Limits

Because all runoff within the Project Site is infiltrated, no limits shall be placed on the amount of impervious surfaces or impervious coverage on individual lots, tracts or parcels within the Project Site, provided that drainage facilities are sized to accept, or are enlarged to accept, the amount of impervious surfaces proposed within the affected tributary area.

16) Existing Storm Water Facilities

Detention Facilities D-3 and D-4, Retention Facility R-4, and the Phase 1A Master Drainage Conveyance system connecting these facilities were approved by Pierce County and constructed in 2005 thru 2008 under the provisions of the 1997 Pierce County Stormwater Management and Site Development Manual. These facilities, including their tributary areas that are still under development, are vested to the code provisions that existed when they were originally approved and no upgrades or revisions to bring them into compliance with new codes will be required. New developments, after the date of this Tehaleh Development Agreement and not within the tributary area of existing facilities, shall comply with the Manual.

17) Low Impact Development (LID)

The use of LID methods and facilities as outlined in the Manual is at the sole discretion of NASH. LID features can be implemented on portions, divisions or phases of the Project Site separately, without requiring LID on the project as a whole. If LID is used on any division or phase of the Project Site, NASH is eligible for the credits outlined in the Manual for such use.

C. Monitoring Plan

NASH will monitor water quality and quantity to verify the adequacy of system designs and mitigating measures. Monitoring plan details are provided in Exhibit "K" (Water Quantity Monitoring), Exhibit "K-1" (Nitrate-Nitrogen Monitoring and Canyonfalls Creek), Exhibit "K-2" (Nitrate-Nitrogen Monitoring and Victor Falls Springs), and Exhibit "K-3" (Water Quality Monitoring at Orting Lake and Cascadia Stormwater Facilities R4 and CC-9).

4.1.3 Sewer Service

Wastewater treatment and Sanitary Sewer Service will be provided by Pierce County Department of Public Works and Utilities in accordance with the Pierce County Unified Sewer Plan (approved 2010), Development Agreement for the Cascadia Wastewater Treatment Plant at Tehaleh - 4/17/13 (the "Sewer Agreement"); Pierce County Title 13 (Sewer Code), the Cascadia Master Sewer Plan (2013, and as may be amended and approved by Pierce County) and applicable Pierce County standards and specifications for the construction of sewer facilities: Wastewater Treatment will be provided in an onsite permanent wastewater treatment plant (WWTP) located on Parcel KK in future Phase 2. The WWTP will be constructed during Phase 1 and expanded in stages over time as needed to meet growth demands in accordance with plans approved by Pierce County, Washington, Department of Ecology and other applicable regulatory agencies.

B. Wastewater Collection and Conveyance.

Wastewater collection service will require the construction of onsite infrastructure improvements including trunk/interceptor sewer lines, pump stations, etc. The exact size, location and characteristics of these facilities will be determined by NASH, subject to approval by Pierce County, in accordance with its adopted standards. The location of major sewer infrastructure facilities is intended to be consistent with the Cascadia Master Sewer Plan (2013, and as may be amended and approved by Pierce County). However, the right to revise and relocate facilities as necessary to provide the most efficient and cost effective service is reserved to NASH, subject to the approval of Pierce County.

The cost of all sewer infrastructure serving Tehaleh will be the responsibility of NASH (or its assigns). However, NASH may use latecomer fees, credits, offsets or other financing provisions to the extent allowed by law and approved by Pierce County.

Sewer collection service is subject to the following:

- a) Approval by the Washington State Departments of Ecology and Health of sewer system plans and reports.
- b) Approval by Pierce County to use County rights-of-way, as required to construct sewer improvements and provide the service authorized by this permit.
- c) Acquisition of all necessary easements across private property.

- d) Issuance by all local, State and Federal agencies of all required permits and approval needed to construct the major onsite and offsite improvements for the project.

4.1.4 Water Service

Water service will be provided by Tacoma Public Utilities (TPU). The following has been agreed between TPU and NASH.

A. The Project Site is within the regulatory service area of TPU and TPU has agreed to serve the Project Site with water. See letter of water availability, (Exhibit "F").

B. Water service to the Project requires construction of onsite and offsite improvements, including storage tanks, booster pump stations, transmission mains, distribution mains and supply connections to the TPU system. The exact size, location and characteristics of these facilities will be determined by TPU. TPU will prepare all necessary water system reports, water comprehensive plan amendments and water system design drawings and secure all required regulatory approvals.

C. The location of major water infrastructure facilities will be consistent with TPU's system plan for the Project. However, TPU reserves the right to revise and/or relocate facilities within the Project Site, as necessary to provide the most efficient and cost effective service.

D. In general, storage tanks, pump stations and any required offsite water supply improvements will be constructed by TPU. TPU will recover the cost of these improvements via collection of System Development Charges (SDC's) in accordance with adopted rate structures and policies.

In general, transmission and distribution water mains will be constructed and paid for by NASH, and/or its assigns, or parcel developers, as appropriate. However, NASH, and/or its assigns, or parcel developers, as appropriate, may use latecomer fees, credits, offsets or other financing provisions to the extent allowed by law and approved by TPU.

E. Construction of the water system will be phased as deemed appropriate by NASH and TPU. The water system will at all times provide safe and adequate water service and will comply with all regulatory requirements.

F. NASH, and/or its assigns, or parcel developers, as appropriate, will enter into utility extension agreements with TPU in accordance with TPU

policy. NASH, and/or its assigns, or parcel developers, as appropriate, will comply with all terms and conditions of these agreements.

I. Except for individual water service lines, TPU will own and maintain all water service facilities within the Project.

J. Water service is subject to the following approvals.

1) Approval by the Washington State Department of Health of water system plans and reports.

2) Approval by Pierce County to use County rights-of-way, as required to construct water improvements and deliver the service authorized by this permit.

3) Customary issuance by local, State and Federal agencies of permits and approvals needed to construct the major onsite and offsite improvements.

4.1.5 Parks and Recreation Facilities

Parks and recreation facilities for the Project will be provided: as commercial enterprises available on a public fee and/or private membership basis; as amenities provided by NASH and owned, operated and maintained by the Tehaleh Owners Association and/or other resident associations for the use of Project residents and workers to the extent that is practically feasible; or as joint-use playground and field sports facilities developed cooperatively with the Sumner and/or Orting School Districts.

A. Community Parks and Recreation Facilities

To serve Phase I, the parks and recreation facilities (depicted on Exhibits "E-1" through "E-4") (Tehaleh Phase 1 Master Park Plans, 7-24-14) shall be developed and dedicated to the Owners Association and/or other applicable resident associations. Some recreation facilities may be developed in cooperation with the Sumner and/or Orting School Districts. Any transfer of title to a school district shall contain a special exception providing that jointly-developed park and recreation facilities shall be available for use by the general public on nights and weekends.

B. Trails

Trails shall also be constructed in accordance with Exhibit "E-4" [Tehaleh Phase 1 Master Trail Plan, 7-24-14). The specific design of trails will be evaluated as part of preliminary plat-level design and review.

4.2 Land Use

4.2.1 Density and Dimensions

Density and dimension development standards for Tehaleh Phase I are as set forth below:

A. Density

The densities for Phase I shall be as described in Section 1.2.1 and in the approved Tehaleh Phase I Land Use Table (Exhibit “D”).

B. Dimensional Standards

The following dimensional standards apply generally to the development. However, the Tehaleh Design Manual may establish different dimensional standards for certain structures, uses or other elements within the Project, and also may establish a simplified design review process through which specified dimensional standards may be established or modified for the Project. The Tehaleh Design Manual, approved by PALS on June 18, 2013, includes a Dimensional Standards Modification Process. The Process may be used as described below, but shall not be used to modify dimensional standards for uses that are permitted only with administrative or hearing examiner approval. Any modifications to dimensional standards for such uses shall require the normal Pierce County process.

The Tehaleh Design Manual Dimensional Standards Modification Process may be used to modify: the setback and height standards on the following table; the accessory structure and building projections standards of Section 18A.35.020.D.7, 8, and 10; the height standard exceptions of Section 18A.35.020 E.2; the pipestem lot and fence height standards of Section 18A.35.020.F.5 and 6; and, the Tehaleh Design Manual.

DIMENSION (1)	EMPLOYMENT CLASSIFICATIONS	RESIDENTIAL AND OTHER CLASSIFICATIONS (2)
Setback, Major Arterials	0'	25'
Setback, Other Roads	0'	15'

Setback, Rear	0'	10'
Setback, Interior	0'	5'
Height	No Height Limit	35' (Single Family) 60' (Multi-Family)

- (1) Tehaleh Phase I zone classification use tables are located in Exhibit "I-2".
- (2) Other classifications include Public Facilities, Buffers and Alleés and Natural Open Space and Critical Areas.

1) Setback Standards

Setback standards shall be as set forth in Exhibit "N", (except Sections B. and C., which shall not apply. However, different standards for setbacks may be established by the Tehaleh Design Manual.

2) Height Standards

Height standards shall be determined pursuant to Exhibit "N" unless circumstances arise where height standards specific to the Project Site are desirable and are articulated in the Tehaleh Design Manual.

3) General Development Standards

General development standards shall be determined pursuant to 18A.35.020(F) (except item 4 which shall not apply). However, different standards may be established by the Tehaleh Design Manual.

4.2.2 Design Concepts and Principles

A. Purpose

The purpose of the design concepts and principles is to provide the framework for the development of Tehaleh. The intent is to enhance the visual character, quality and diversity of the community, contribute to the health and safety of residents and employees, and provide certainty and protected property values for residents, landowners and business entities. The concepts and principles are to be implemented by the guidelines and standards in the Tehaleh Design Manual. The Design Manual shall provide specific direction where required but also the needed

flexibility to ensure continuing success as market conditions, architectural styles, and building products expand and/or change over time.

B. Tehaleh Design Manual

The first edition of the Tehaleh Design Manual has been approved by Pierce County Planning and Land Use Services (PALS). The Design Manual includes five chapters: Introduction, laying out the community vision and planning principles; Single Family Residential, providing design direction for homes in buildings with one or two units; Landscaping, providing standards related to landscape hierarchies, planting guidelines and lighting; Site Planning, dealing with open space, parks and trails and street circulation and treatment; and Implementation, outlining the community Design Review Process.

The Design Manual Implementation Chapter also includes the Dimensional Standards Modification Process, which allows for flexibility as to setback and height standards for primary buildings and accessory structures. Future chapters will include Multifamily Residential, including homes in building with three or more units; Neighborhood Center; Community Center and Business Park. Other subjects may be added as development proceeds.

C. Design Review and Approval

NASH is responsible for implementing the Tehaleh Design Manual. An Architectural Review Committee (ARC) has been established to review all development proposals by builders and significant architectural modification proposals by residents. No building permits may be submitted for review and approval by PALS without the necessary written approval of the ARC. Once a home is constructed, an ARC member completes an inspection to ensure design conditions are met. Resident and commercial property owner architectural review committees may be established by NASH or the Tehaleh Owner's Association in the future to review and approve modifications to existing homes and commercial buildings.

D. The Vision and Landscape Concept

Elements of the Tehaleh vision and landscape concept are described in several chapters of the Tehaleh Design Manual. The vision promotes a safe, healthy and welcoming community through the preservation of the natural environment and the introduction of complementary landscape features and building designs. The following elements are reflected in the Design Manual.

1. Design Principles

Land planning shall preserve significant portions of the natural environment including forest, meadow, lake, and wetland ecologies and integrate these features with a diversity of parks and a vast trail system.

The community's landscape system shall take advantage of the close proximity to Mt. Rainier and present the Mountain view as a focal point as opportunities allow. NASH will encourage residents and employees to experience the outdoors and relish the grandeur of Mt. Rainier through the careful placement of trails, trail heads, parks, viewpoints, and community gathering places.

The natural areas shall be integrated with the built environment by saving natural edges, enhancing preserved open space, providing access by a series of low impact trails and using natural materials in parks and in building designs when possible and appropriate. Protective rules, quality maintenance, appropriate signage and resident and employee educational programs shall provide for lasting stewardship of the land.

Natural and built landscape and hardscape features shall be used to identify the different community cores, neighborhoods, and gathering places as well as public, semi-public, semi-private and private space. The natural topography and hydrology shall be utilized whenever possible to ensure more effective and efficient land development and water management.

1. Design Guidelines and Standards

The Design Manual includes a combination of design guidelines and standards that support the design principles listed above. The guidelines are general and provide direction related to community wide landscape features as well as specific neighborhood and lot features.

The landscape standards are prescriptive and provide specific rules that focus on the height, width, mass, location and material of landscape and hardscape features such as trees, shrubs, hedges, fences, arbors, walls, and walkways in neighborhoods and on lots.

E. Single Family Residential

The Tehaleh Design Manual's residential chapter covers the development of single family attached and detached homes in the general residential and age restricted neighborhoods of the community. Single family attached includes buildings with up to two (2) units.

1. Design Principles

The single family neighborhoods and homes shall be designed to reduce monotony, mitigate the visual impact of the automobile on the streetscape, and facilitate social interaction and a strong community identity. Particular attention shall be paid to variety in lot sizes, architectural styles and authenticity, and site planning features that de-emphasize garages.

A combination of public, semi-public, semi-private and private outdoor spaces shall be planned and developed to both encourage resident interaction and protect resident privacy. Innovative design concepts for the location, design, and use of semi-private and private outdoor space shall be planned in concert with the homes to be placed on the lots.

2. Design Guidelines and Standards

The Design Manual includes a combination of design guidelines and standards associated with single family development. The guidelines are general and provide direction related to site planning, building massing and scale, and architectural styles common to the Northwest.

The standards are prescriptive and provide specific rules related to: a) the placement of floor plans and architectural styles within a neighborhood; b) building height and setbacks, roof pitch, porch and courtyard size, and garage setbacks on front load and alley homes; c) accessory structure height and setbacks; and, d) design features required for homes on corner lots and elevations adjacent to public space. Modifications to primary building and accessory structure height and/or setback standards shall be reviewed under the Dimensional Standards Modification Process included in the Tehaleh Design Manual.

F. Multifamily Residential

Multifamily housing will contribute to the diverse character of the community, ensure a variety of options for meeting housing affordability goals and provide housing choices for residents who are not interest in the maintenance responsibilities of single family homes and/or homeownership in general.

1. Design Principles

Multifamily neighborhoods shall include architectural designs that enhance the diversity of the community, add interest to the streetscape and complement single family neighborhoods. Where practical, a mix of building types such as townhouse and multifamily will be encouraged within the same parcel.

Building designs shall pay particular attention to semi-private and private outdoor spaces in order to both encourage resident interaction and protect resident privacy.

Site designs in multifamily areas shall limit the visual impact of the automobile as much as possible and enhance the pedestrian character of the community.

2. Design Guidelines and Standards

The Multifamily Chapter of the Tehaleh Design Manual has not yet been prepared. Attention will be given to guidelines and standards that implement the Design Principles provided above.

G. Neighborhood Centers

Neighborhood Centers are intended to provide opportunities for retail and service businesses and community facilities designed to meet the everyday needs of residents. Architecture in the Centers may include single use buildings and/or mixed use buildings with retail, office, commercial and/or service uses at street level and residential units, commercial and/or office space above.

1. Design Principles

Neighborhood Centers shall include architectural designs that complement the community, provide interest to and activate the streetscape, incorporate pedestrian features and where practical, limit the visual impact of the automobile. Building orientation and site designs should take advantage of views and amenities whenever possible.

Site designs shall ensure safe circulation systems for automobiles, trucks and pedestrians and include outdoor spaces designed to promote pedestrian and community activities such as small parks, art work, sidewalks, decorative paving, and appropriate landscape and hardscape features.

Quality landscaping shall be included throughout the Center in the form of sidewalks with planting strips, small parks, trails, and individual building planting areas as appropriate.

On and off street parking to support Neighborhood Center activities shall be included as necessary and shall be designed in such a way as to soften the visual impact on the community.

2. Design Guidelines and Standards

The Neighborhood Center Chapter of the Tehaleh Design Manual has not yet been written. Attention will be given to guidelines and standards that implement the Design Principles provided above.

H. Community Centers

Community Centers shall include opportunities for office, commercial retail and services and civic uses at a scale that is, for the most, more land intensive than uses in the Neighborhood Center. Residential uses such as multifamily housing, nursing homes and senior housing are also anticipated with conditions to be reviewed under administrative or conditional use permits. Some resource and limited industrial uses shall be allowed with restrictions on size. The Community Centers shall provide services to a customer base from within and outside Tehaleh. A more detailed description of uses allowed in Community Centers is included in Exhibit I.

1. Design Principles

Community Centers shall include a mix of architectural styles that contribute to a cohesive yet diverse visual identity and respond to the functional characteristic of the planned use. Attention shall be paid to exterior design features such as building modulation, appropriate roof forms, window detail, variety in building materials and colors, lighting, artwork and other design techniques that add to the visual character of a building.

Developers of commercial uses shall be encouraged to include building amenities appropriate for the type of use and expected customer base as well as the employees. Residential developers shall include buffering from adjacent commercial uses, and convenient pedestrian access to commercial uses and services.

Site designs shall ensure safe and efficient circulation systems for automobiles and trucks, bicycles and pedestrians. High quality landscaping shall be included in the form of buffers, parks, trails and individual building planting areas that enhance the Community Center as a whole as well as its individual parts.

2. Design Guidelines and Standards

The Community Center Chapter of the Tehaleh Design Manual has not yet been written. Attention will be given to guidelines and standards that implement the Design Principles given above.

I. Business Parks

The Business Parks shall include opportunities for light industrial, office, warehouse and distribution, wholesale, manufacturing, extraction of natural resources (for utilization exclusively within the Tehaleh EBPC), and commercial uses that primarily serve Business Park employees and visitors. Certain transportation and utility uses shall be allowed based on appropriate restrictions and in some cases with Administrative Use or Conditional Use permit approval. Land use and design related regulations shall provide flexibility to respond to future market demand. A more detailed description of uses allowed in Business Parks is included in Exhibit "I".

1. Design Principles

Business Parks shall include a mix of architectural styles that contribute to a cohesive yet diverse visual identity and respond to the functional characteristic of the planned use. Attention shall be paid to exterior design features such as building modulation, appropriate roof forms, window detail, variety in building materials and colors, lighting, artwork and other design techniques that add to the visual character of a building.

Developers shall be encouraged to include building amenities appropriate for this type of use, number of employees, and anticipated visitors.

Site designs shall ensure safe and efficient circulation systems for automobiles and trucks, bicycles and pedestrians as well as outdoor areas for employees and visitors. Convenient and safe access to commercial businesses and services located in the Community Center shall be provided for the employees and visitors of the Business Park. High quality landscaping shall be included in the form of buffers, parks, trails and individual building planting areas that enhance the Business Park as a whole as well as its individual parts.

2. Design Guidelines and Standards

The Business Park Chapter of the Tehaleh Design Manual has not yet been written. Attention will be given to guidelines and standards that implement the Design Principles given above.

J. Public Facilities

The primary purpose of the Public Facilities Category is to provide for infrastructure facilities such as utilities, storm drainage, and telecommunication systems as well as civic uses. Examples of civic uses include parks, public safety facilities, community and cultural facilities, schools, and other similar uses. The civic and utility uses are permitted based on certain restrictions and in some cases with Administrative Use or Conditional Use permit approval. A more

detailed description of uses allowed in the Public Facilities category is included in Exhibit I.

1. Design Principles

Parks and drainage facilities shall use the natural features of the land whenever possible to meet functional needs and to create landscape designs consistent with the Tehaleh vision. Mechanical features of public facilities shall be enclosed as appropriate and screened with landscape materials. Civic buildings shall include architectural features complementary to their surroundings and the functional characteristics of the planned use. In the case of buildings located in the Neighborhood Center, Business Park, and/or Community Center, civic buildings shall contribute to the identity of the area including exterior design features that establish a relationship to adjacent buildings. This may include such items as roof forms, window detail, building materials and colors, lighting, artwork and other features that add to the visual character of a building.

Site designs for parks and civic uses shall ensure safe and efficient circulation systems for automobiles, bicycles and pedestrians and when appropriate emergency vehicles. High quality landscaping shall be included as appropriate.

2. Design Guidelines and Standards

The Public Facilities Chapter of the Tehaleh Design Manual has not yet been written. Attention will be given to guidelines and standards that implement the Design Principles given above.

4.2.3 Landscape Standards

Landscaping shall conform to the landscape standards set forth in PCC 18J.15 in effect on June 23, 1997 and the Tehaleh Design Manual. If a conflict exists between the standards described in the PCC and the Design Manual, the Design Manual shall prevail.

4.2.4 Parking Standards

Loading Area and Off-Street Parking Development Standards shall be regulated by PCC Section 18A.35.040 in effect on June 23, 1997, except item H which shall not apply, and by the Tehaleh Design Manual. If a conflict exists between the standards described in the PCC and the Design Manual, the Design Manual shall prevail.

4.2.5 Signage Standards

Signage shall be regulated pursuant to “Exhibit O” of this Tehaleh Development Agreement.

4.2.6 Open Space Development

Open Space development is allowed under PCC Section 18A.35.050 in effect on June 23, 1997. Other land uses are permitted within designated open space, except critical areas as provided in Exhibit “I.” Where PCC Section 18A.35.050 and Exhibit “I” to this Tehaleh Development Agreement conflict, Exhibit “I” will govern.

The alleés serve several functions including providing habitat linkages among the larger natural open spaces retained on the site. The exact location and configuration of alleés shall be determined during the design review of parcel specific development applications, preliminary plats, and building permits. No site development permits or vegetation removal shall be permitted on parcels abutting alleés until the location and configuration of the permanent alleé has been determined by Pierce County Planning and Land Services, unless such site development activity is deemed by Pierce County Planning and Land Services to not preclude reconfiguring the alleé outside the location determined by the Project EIS.

Prior to site development approval adjacent to any identified alleé, the site development plans shall be reviewed by PALS Current Planning and Resource Management to ensure that the impacts within the adjacent alleés are minimized and that, where deemed reasonably unavoidable in order to provide access or to avoid excessively high walls, impacted portions of the alleés are restored with native vegetation, to include ground cover, understory, shrubs and trees. Where the applicant and PALS cannot agree as to what impacts are either minimal or reasonably unavoidable, the matter will be directed to the Hearing Examiner for resolution.

Nothing in this condition is intended to preclude the use of alleés for trail and other purposes described in the Project EIS or to require that areas set aside for such uses be planted as described above.

4.3 Critical Areas

4.3.1 Wetlands

Provisions of PCC Ch. 18E.030 in effect as of June 23, 1997 shall continue to apply except as modified below.

No direct alteration of any identified wetlands is proposed in Phase I, consequently, no compensatory mitigation is required. Storm drainage overflow, discharge and bypass pipelines that provide wetland replenishment water and limit maximum wetland water levels and fluctuations as specified in the MPD shall be permitted within wetland buffers with provision of one to one buffer compensation area (Category I, II, III and IV).

4.3.2 Geologically Hazardous Areas

The provisions of PCC Section 18E.080 (effective July 16, 2012) shall apply except as modified below.

Due to site geologic conditions documented from extensive site-specific study, the 30 percent or steeper slope criterion for landslide hazard area determination in PCC 18E.80 shall be changed to 40 percent as it applies to the Project Site and requirements of the code.

4.3.3 Aquifer Recharge Areas

The provisions of PCC Section 18E.50 in effect on July 16, 2012 do not apply to the Project Site because none of the defining criteria apply. Because all runoff within the Project is infiltrated, no limits shall be placed on the amount of impervious surfaces or impervious coverage on individual lots, tracts or parcels within the Project.

4.3.4 Fish and Wildlife Habitat Areas

Provisions of PCC Section 18E.60 in effect as of June 23, 1997 apply except as modified below.

The Canyonfalls open space is located north and west of Parcel D and D1. The canyon shall remain as native forest and designated permanent open space.

In addition to other functions, the alleés serve the purpose of providing habitat linkages among the larger natural open spaces retained on the site, and are regulated under 4.2.6.

4.3.5 Volcanic Hazard Areas

New PCC Section 18E.60 (effective July 16, 2012) shall apply.

4.3.6 Flood Hazard Areas

New PCC Section 18E.70 (effective July 16, 2012) shall apply. Onsite potholes / closed depressions can be regulated as indicated in Section 4.2.1 of this agreement.

4.3.7 Seismic (Earthquake) Hazard Areas

New PCC Section 18E.90 (effective July 16, 2012) shall apply.

4.3.7 Mine Hazard Areas

New PCC Section 18E.100 (effective July 16, 2012) shall apply.

4.3.7 Erosion Hazard Areas

New PCC Section 18E.110 (effective July 16, 2012) shall apply.

4.4 Traffic Mitigation Plan

4.4.1 Background

The Project EIS identified traffic impacts to City of Bonney Lake streets, Pierce County roads and Washington State Department of Transportation (WSDOT) highways that could result from the Project's Phase I development program. The EIS also described a number of traffic system improvement projects to mitigate these impacts (Table 30). Together, Pierce County and Cascadia determined the cost of constructing these projects and Cascadia's proportionate fair share of the cost in each jurisdiction. In lieu of contributing a small share to a relatively large number of projects, Cascadia proposed, and Pierce County and the Hearings Examiner agreed, that Cascadia would be responsible for completing a smaller number of specific projects (offset/credit methodology) of equal or greater cost. This Traffic Mitigation Plan describes the agreed projects that would satisfy Cascadia's offsite traffic obligations.

4.4.2 Traffic Mitigation Projects (and status of completion)

This Traffic Mitigation Plan allocates Project EIS Table 30 fair share traffic mitigation obligations for each of the three jurisdictions as follows:

A. Bonney Lake

The Project has the following obligation as its fair share for Bonney Lake traffic impact mitigation: 1) payment to Bonney Lake of \$360,000 for mitigation of various internal Bonney Lake road improvements (\$180,000 by the 100th building permit – paid); \$180,000 by the 650th building permit – remaining to be paid), and 2) An obligation to make improvements to the South Prairie Road/199th corridor (per Exhibit "L"). This obligation has been fulfilled by completion of the joint Bonney Lake / Cascadia / Pierce County road project in 2006.

B. Pierce County

The Project is responsible for constructing 100% of the 198th/199th corridor improvements (portions of CRP's 5676, 5675 & 5674 as outlined in Exhibit "L") as its mitigation of Phase I traffic impacts within the County's jurisdiction. The County and CDC entered into an agreement entitled "Agreement between Pierce County and Cascadia Development Corporation Associated with the Implementation of Mitigation of Traffic Impacts from Phase 1 of the Cascadia Employment Based Planned Community by Construction of Improvements along the 198th Avenue E Corridor", June 2005 (the "198th Agreement") which defines the scope of required

improvements and the respective responsibilities of Pierce County and NASH, as the successor to CDC. Timing of the required 198th corridor improvements shall be consistent with the Exhibit "L" mitigation triggers.

Pierce County has reserved the right to require participation in improvements to the Rhodes Lake Rd. corridor if a project is implemented by the County. In accordance with PUD condition of approval No. 133, this requirement to participate must not increase the total amount of the financial obligation for mitigation of Phase 1 traffic impacts to the Pierce County road system. In other words, the total obligation may not exceed the cost of the required improvements to the 198th Ave E. corridor as described in the 198th Agreement.

C. WSDOT's Jurisdiction

The Project will construct 100% of the following improvements as its fair-share mitigation of traffic impacts within WSDOT's jurisdiction in accordance with the timing indicated:

- SR-410/S. Prairie Road Intersection improvements (location #9 on Exhibit "L-1") The Project's obligation to make improvements to the SR 410/South Prairie Road/199th intersections has been fulfilled by completion of the joint Bonney Lake / Cascadia / Pierce County road project in 2006 and no additional mitigation is required to meet Phase 1 obligations at this location.
- SR-162 Pioneer Way Intersection improvements (location #5 on Exhibit "L-1"). This project was constructed and opened in 2004 (approximately) and no additional mitigation is required to meet Phase 1 obligations.
- SR-410/Sumner – Buckley Highway Intersection improvements (location #8 on Exhibit "L-1"). The City of Bonney Lake has a project in its Capital Facilities Plan (Project No. 301.004.595.30.041) that includes all of the required improvements. NASH and Bonney Lake have agreed that NASH will contribute its fair share of the project in accordance with condition of approval 151 (Exhibit "H") as follows:

151. NASH (as successor to CDC) is obligated under paragraph 4.4.3.c. and Exhibit "L-2" of the Cascadia Development Agreement dated September 8, 1999 to make specified improvements ("the Improvements") at the intersection of SR-410 and Sumner-Buckley Highway. Bonney Lake has a project in its Capital Facilities Plan (Project No. 301.004.595.30.041)

that includes the Improvements. Prior to the City putting the project road out to bid, NASH shall contribute to the City of Bonney Lake the estimated cost of the Improvements required to be constructed by NASH at SR 410/Sumner-Buckley Highway (as specified by the PUD approval documents) based upon the then-most recent available cost estimates. If the actual costs of construction exceed the estimates, NASH shall contribute to the City of Bonney Lake the difference within 60 days of receiving a final cost accounting from the City of Bonney Lake. If the actual costs are less than the estimates, Bonney Lake shall refund the difference. Bonney Lake and NASH shall maintain regular communications during the design and construction phases so that NASH is kept informed of cost changes. Such contribution shall satisfy the Decision conditions described above. Any disputes concerning the scope of NASH's obligation under such conditions of approval, as to the amount of the required contribution, or any other matter pertaining to these conditions shall be referred to the Hearing Examiner for resolution. Nothing in this paragraph shall prevent NASH from satisfying such conditions of approval in any other manner permitted by Condition 33 of the Project Approval; and

4.4.3 Re-Evaluation

This Traffic Mitigation Plan, as a part of the Development Agreement, will be subject to review by the Director every five years as provided in Section 9.10 below.

4.4.4 Transit Service

NASH has committed to the County to work cooperatively with Pierce Transit, or other acceptable alternative public transportation providers, to achieve service to the The Project Site at the earliest time feasible. As part of specific applications for Phase II development within the Project, an effective transportation management plan (TMP) shall be devised. NASH will coordinate with the Regional Transit Authority and Pierce Transit to develop a convenient high-frequency bus transit connector route between the Project and the Sumner commuter rail station when demand warrants. This shall include a meaningful park-and-ride lot strategically located in the Project to facilitate an auto-transit mode interface. Transit-oriented site planning and traffic demand management programs shall be implemented as appropriate with all Subsequent Approvals as provided in Section 6.3.

5. PROCESS AND PROCEDURES

5.1 Submittal Standards for Phase I Developments and Permits

Submittal standards for applications for any development or permit within the boundaries of Tehaleh Phase I shall be in accordance with Pierce County Title 18 except that the following shall not be required:

5.1.1 SEPA checklist(s) (see 5.6.1)

5.1.2 Property listings

5.1.3 Property listing maps

5.1.4 Property listing mailing labels

5.1.5 Critical Area & Resource Land checklist (CARLS)

5.1.6 Letter Authorizing Agent

5.2 Administrative Use Permits

Administrative Use Permits within Phase I shall be processed according to section 3.2. of this agreement and this section. Procedures that the County normally uses will not be followed.

5.2.1 Public notice shall be mailed by the County in writing through the U.S. mail to property owners of record within 300' of the exterior boundaries of the property subject to the Administrative Use Permit application.

5.2.2 NASH will provide written notice internal to the EBPC through a form acceptable to the County. NASH will post a small public notice sign on the subject property.

5.2.3 Required findings that must be made by the County shall be as set forth in PCC 18A.75.020.2.a, c and d. Required finding b. shall be:

... the granting of the Administrative Use Permit is consistent and compatible with the intent of the goals, objectives and policies of the Development Agreement and Project EIS.

Goals, objectives and policies are provided in Recitals and Section 1, Description of Project, of this Tehaleh Development Agreement, and Proponent's Objectives in the Draft EIS, pages 2-5.

5.3 Conditional Use Permits

Conditional Use Permits within Phase I shall be processed according to section 3.3 of this agreement and this section. Procedures that the County normally uses will not be followed.

5.3.1 Public notice shall be mailed by the County in writing through the U.S. mail to property owners of record within 300' of the exterior boundaries of the property subject to the Conditional Use Permit application.

5.3.2.3 NASH will provide written notice internal to the EBPC through a form acceptable to the County. NASH will post a small public notice sign on the subject property.

5.3.4 Required findings that must be made by the County shall be as set forth in PCC 18A.75.030.1.a, c, d, e and f. Required finding b shall be:

. . . the granting of the Conditional Use Permit is consistent and compatible with the intent of the goals, objectives and policies of the Development Agreement and Project EIS.

Goals, objectives and policies are provided in Recitals and Section 1, Description of Project, of this Tehaleh Development Agreement, and Proponent's Objectives in the Draft EIS, page 2-5.

5.4 Subdivisions

Any property within Tehaleh Phase I may be divided through the review of a preliminary plat and recordation of a final plat, short plat or large lot division. No SEPA review is required for Tehaleh Phase I subdivisions (except as provided in 5.6.1). Land division will be administered in accordance with Pierce County Title 18F, except that the time limitations for preliminary plat approvals shall continue to be processed in accordance with Title 16, Section 16.08.040, in effect at the time of initial project approval (1997).

5.5 Binding Site Plans

The provisions of PCC Section 18F.60 in effect as of the effective date of this Tehaleh Development Agreement shall apply to Tehaleh Phase I except as modified below. If the parties cannot agree, the matter will be referred to the Hearing Examiner for resolution.

Property within the Community Center and Neighborhood Center classifications as approved by the Hearing Examiner may be divided through the recordation of a Binding Site Plan. There are no limitations on the number of parcels that can be created or their size, configuration or shape. In addition, Binding Site Plans can create vacant parcels to be used consistent with this Tehaleh Development Agreement. Only the PALS Director, Assessor-

Treasurer, Auditor, and those with ownership interest in the subject property shall have signature blocks on the face of the Binding Site Plan. Binding Site Plans within Tehaleh Phase I are exempt from further SEPA review. The decision on a Binding Site Plan may be appealed to the Hearing Examiner.

5.6 SEPA

5.6.1 Phase I

Environmental review is complete for Phase I. The Project EIS (including the SEPA Addendum) analyzed development of Phase I at the project level. Pierce County and NASH intend that the Project EIS satisfy SEPA requirements for implementing Subsequent Approvals and permits for all other anticipated actions. The Phase I impacts analyzed in the Project EIS include build-out of residential and non-residential uses at the maximum allowable densities and intensities with the development standards and mitigation measures approved in the Development Agreement. The Project is intended to include a series of permits and approvals that would issue over a period of time in a manner required to implement the overall project. If a permit or approval falls within the scope of the “proposed action” as analyzed in the Project EIS, and there are no additional probable significant adverse environmental impacts as determined by the Environmental Official, under WAC 197-11-600, no threshold determination is required and the existing environmental documents shall be used to meet the requirements of SEPA. This includes the Subsequent Approvals as defined below.

Implementation of Phase II and Phase III, as well as non-minor modifications to the Development Agreement shall be subject to additional SEPA review.

5.6.2 Phase II and Phase III Project Approval

The approval of Phase II and Phase III is conceptual. Environmental review for Phase II and Phase III, as set forth in the Project EIS, is programmatic, nonproject level review. Under RCW 43.21C.034 and WAC 197-11-600, the parties anticipate that environmental review of site specific Phase II and Phase III proposals shall incorporate information from the EIS but shall require additional environmental review.

5.7 Impact Fees, Reimbursement Provisions, Financial Contributions, Inspection Fees and Dedications

For Tehaleh Phase I, NASH will make only those dedications, comply with only those conditions, and pay only those fees and assessments described in this Tehaleh Development Agreement. Additional dedications may be made from time to time in accordance with the Subsequent Approvals.

NASH shall pay fees ordinarily charged by the County for processing land use applications and permits, as of the date the application is submitted.

The County's impact fee ordinances in effect on the date of applications for Subsequent Approvals shall be applied, subject to the provisions of the 198th Agreement, and the limitations of RCW 82.02.100 and other applicable law. As set forth in the Hearing Examiner's Decision dated June 18, 1999: (1) the value of dedicated school sites shall be considered in assessing school impact fees (Conclusion 86); and (2) linkage of the on-site trail network to the Foothill Regional Trail System may constitute a credit against park impact fees, subject to approval by Pierce County Parks and Recreation (Conclusion 93).

6. VESTING AND APPLICABLE LAW

The following provisions apply to Tehaleh Phase I. They do not apply to Parcel O.

6.1 Applicable Law

The rules, regulations, official policies, standards and specifications applicable to Phase I shall be the provisions of this Tehaleh Development Agreement, and the Project Approval. Phase I shall be vested to the regulations described in subsections A through E below, all of what shall be considered the "Applicable Law". All applications for Subsequent Approvals necessary for implementation of Phase I development shall be considered under the Applicable Law. With respect to matters not addressed by this Restated Agreement and subsections A through E, the Subsequent Approvals necessary for implementation of Phase I development shall be subject to the rules, regulations, official policies, standards and specifications (including County ordinances and resolutions) in effect on June 23, 1997. All references to PCC provisions in this Agreement shall be to those codes in effect on June 23, 1997, unless expressly provided otherwise. Notwithstanding the foregoing, all applications for Subsequent Approvals shall conform to the most current versions of the International Building Code, International Fire Code, and other construction codes in effect at the time of such applications. The following specific development regulations apply:

A. Zoning Regulations

Requests for development permits or approvals that implement and are consistent with Tehaleh Phase I as described in Section 1 above shall be processed and approved pursuant to Pierce County Development Regulations – Zoning in effect on June 23, 1997 (PCC Chapter 18A) (Exhibit "N") except as described within this Agreement. This includes 18A.05 (Introduction), 18A.15 (Definitions), , 18A.35 (Development Standards), 18A.75 (Use Permits), and 18A.85 (General Provisions). The provisions of 18A.25 (Zone Classifications and Use Tables) have been replaced by the provisions of Exhibit "I". Land uses within the Project Site shall either be allowed outright, allowed only with approval of an Administrative Use Permit, allowed only

with approval of a Conditional Use Permit, or not allowed, as described in Exhibit “I” [Land Use Description, Table and Map].

B Road Standards

All on-site and off-site road improvements shall comply with Pierce County Ordinance 2010-70S, Titles 17A and 17B except as modified by this Agreement in Section 4.1.1. Where improvements are made to State highways, NASH shall comply with the WSDOT, APWA Standard Specifications for Road, Bridge and Municipal Construction.

C. Stormwater Standards

Drainage plans and analysis shall comply with the 2012 update to the 2008 Stormwater & Site Development Manual (“the Manual”), Pierce County Ordinance 2008-59S, Title 17A and 17B, and Title 18E – Critical Areas in effect on July 16, 2012, except as modified by this Agreement in Section 4.1.2. These provisions also apply to areas outside of Phase I that drain to Phase I stormwater facilities as noted above.

D. Signage Standards

Signage shall be regulated pursuant to Exhibit “O”.

E. Critical Areas Standards

Critical Areas shall be regulated pursuant to Pierce County Development Regulations – Critical Areas (18E) in effect on July 16, 2012, except as modified by this Agreement in Section 4.3.

6.2 Project Approval

The Project Approval is the PUD approval, and is evidenced by the Examiner’s findings of fact and conclusions of law dated June 18, 1999, as modified by the various actions referenced in Recital G and specifically the Major Amendment approved on April 7, 2014. Project approval of Phase II and Phase III is conceptual.

6.3 Subsequent Approvals

The Subsequent Approvals are the applications for land use approvals and permits that are necessary for the Phase I development of the Project as determined by NASH. The Subsequent Approvals will be reviewed under the Applicable Law. The Subsequent Approvals shall include, without limitation, the following: Major and Minor Amendments, improvement agreements, and other agreements relating to the Project, conditional and

administrative use permits, site development permits, building permits, lot line adjustments, sewer and water connection permits, certificates of occupancy, preliminary and final plat approvals, landscaping plan approvals, water system reports for major water infrastructure systems, clearing and grading permits, storm drainage construction plans and design of individual facilities, building permits for water reservoirs and pump stations, collection and interceptor sewer plans and specifications, sewerage plan updates/amendments, facility plan amendments, design plans, and any amendments to, or repealing of, any of the foregoing.

7 BINDING ON SUCCESSORS; ASSIGNMENT

7.1 Successors.

The parties acknowledge that development of the Project will involve sale and assignment of portions of real property within the Project to other persons who will own, develop and/or occupy those portions. This Tehaleh Development Agreement shall be binding upon and inure to the benefit of the successors and assigns of NASH and Pierce County, except that the special rights of NASH set forth in Paragraph 8, shall not be transferred to successors and assigns of NASH except in accordance with Paragraph 7.2. Any parcel within the Project sold to another party shall include the right to develop that parcel only in accordance with the Phase 1 Conceptual Plan (Exhibit "C"), and the other elements of the Project Approval in effect as of the date the parcel sale is closed. The purchasing party shall have the benefits and obligations of the Restated Agreement, that applied to the specific parcel purchased, including the right to have the Applicable Law described in Paragraph 6 applied to its Subsequent Approvals to develop its parcel.

7.2 Assignment of Specific NASH Rights and Obligations.

NASH shall have the right to assign or transfer all or any portion of its interests, rights or obligations as the master developer under this Tehaleh Development Agreement or in the Project, including the rights under Paragraph 8, to other parties acquiring an interest or estate in all or any portion of the Project, including transfer of all interests through foreclosure (judicial or non-judicial) or by deed in lieu of foreclosure. Any such assignment must be in writing and specifically describe the interests, rights, or obligations of NASH that are being assigned to such other party. Consent by Pierce County shall not be required for any transfer of NASH's interests, rights or obligations under this Tehaleh Development Agreement or in the Project, but NASH shall give notice of such assignment to the County. Upon the transfer under this section, the transferee shall be entitled to the rights transferred and be subject to all obligations under this Tehaleh Development Agreement as to the rights transferred, and NASH shall be released of liability as to the rights and interests transferred.

8. MODIFICATIONS, AMENDMENTS AND REVOCATION

8.1 Modifications and Amendments - General

This Tehaleh Development Agreement, the Project Approval and any Subsequent Approval, including, but not limited to the land use plan elements or conditions of approval, may be amended or modified subject to the provisions below. None of the provisions of Paragraph 8 apply to Parcel O.

8.1.1 Minor Modifications

The Director need not process a minor modification (described below) as a “minor amendment” under PCC 18A.85.040, and may give a proposed minor modification a level of notice, circulation and review commensurate with the nature of the proposal, the extent of the modification, the potential impact on third parties, and the extent to which the modification necessitates review by other departments or agencies. The Director shall maintain a written list of approved minor modifications and shall provide that list to the Hearing Examiner at least annually. The Examiner shall determine if the proposed minor modification is consistent with the original decision, and shall advise the Director of any objection prior to the Director’s decision on the proposed modification.

Examples of minor modifications that do not require any substantial circulation and review include the following: (1) changes that address aspects of the development not specifically discussed in the Hearing Examiner decision and do not significantly alter the overall plan for the Project; (2) changes that resolve ambiguities in the Hearing Examiner’s decision in a manner fully consistent with the intent of that decision; (3) changes that alter conditions of approval in minor ways that are fully consistent with the purpose of the prior condition; (4) changes that modify the site plan to alter road alignments so long as the change is consistent with applicable County standards and does not affect the connection to lands outside of the Project boundary; (5) changes in the location of alleés as long as the new location has similar characteristics to the prior location; and (6) changes that adjust the location of uses in such a way as to have no material impact on surrounding uses or the overall character of the development. Notwithstanding the foregoing, pursuant to Condition 42 of the Hearing Examiner’s approval of the Major Amendment to the Tehaleh Employment-Based Planned Community, dated April 7, 2014 (as modified by the Examiner’s April 23, 2014 Order on Reconsideration) (“Major Amendment Decision”), the owner of Parcel O may cause Parcel O to become subject to all, or portions of, the Major Amendment and to all, or portions of, this Tehaleh Development Agreement by submitting a letter to the County prior to April 7, 2017. Upon receipt of such letter, the Tehaleh Development Agreement shall be revised to address Parcel O and the interests of the owner of Parcel O. The Owners of Parcel O shall be responsible

to prepare any modifications to the Development Agreement at its expense, and any modifications shall be only those necessary to include Parcel O in the Agreement consistent with existing approvals and shall not affect the substantive rights of NASH or other property owners. If no such letter is presented, then Parcel O shall remain subject to the Cascadia Development Agreement and EBPC Approvals (as described in the Major Amendment Decision), meaning that the Major Amendment and Tehaleh Development Agreement shall not be interpreted or applied to Parcel O, and shall not be interpreted or applied in any way that would diminish the existing vesting, zoning, and land use rights associated with Parcel O under the existing County approvals and Development Agreement.

8.1.2 Amendment

Other proposed changes, not falling within Section 8.1.1, shall be reviewed as follows: The Director may administratively approve minor changes including the Land Use Plan elements or conditions of approval under the procedures of PCC 18A.85.040 as minor amendments. Minor amendments are defined as those that do not increase the number of dwelling units for the Project or phase, those that do not decrease net residential density or employment obligations, those that do not increase impacts on transportation or the environment, and those that do not reduce buffers or open space. Amendments that do not qualify as minor shall be subject to the same procedures as the original application.

8.2 Modifications and Amendments – Approvals Required

8.2.1 Modifications and Amendments by NASH

Modifications and Amendments by NASH as to property it owns within the Project shall not require the consent or approval of the owners of other property within the Project, but notice shall be given as required by applicable Pierce County Code provisions.

8.2.2 Modifications and Amendments by Other Owners

No major or minor modifications or amendments proposed by owners other than NASH of property within the Project shall be processed or approved by Pierce County without the written approval of NASH submitted at the time of application.

8.2.3 Failure to Obtain NASH Approval

Any modification or amendment that is approved without NASH's consent under this paragraph, and that would diminish the development rights of NASH as to parcels it owns, diminish the mitigation rights or credits held by NASH, either directly or indirectly increase the cost of development for NASH, or directly or indirectly add obligations or

restrictions to parcels owned by NASH, shall have no impact on the rights or obligations of NASH.

8.3 Revocation

Revocation of the Tehaleh Development Agreement, the Project Approval or any Subsequent Approval shall be processed pursuant to the Pierce County Code as it existed on the date of application for the PUD, June 23, 1997.

9. GENERAL PROVISIONS

9.1 Recording

Pursuant to RCW 36.70B.190, this Agreement shall be recorded with the Pierce County Auditor and during the term of this Agreement shall be binding on the parties, their successors and assigns.

9.2 Interpretation; Severability

9.2.1 Interpretation

The parties intend this Agreement to be interpreted to the full extent authorized by law as an exercise of Pierce County's authority to enter into such agreements, and this Agreement shall be construed to reserve to Pierce County only that police power authority which is prohibited by law from being subject to a mutual agreement with consideration. The Agreement shall not be interpreted or applied in any way that would diminish the pre-existing vesting, zoning and land use rights associated with Parcel O under the existing County approvals and the Cascadia Development Agreement, as amended.

9.2.2 Severability

If any provisions of this Tehaleh Agreement are determined to be unenforceable or invalid by a court of law, then this Agreement shall thereafter be modified to implement the intent of the parties to the maximum extent allowable under law. If a court finds unenforceability or invalidity of any portion of this Agreement, the parties agree to seek diligently to modify the Agreement consistent with the court decision, and no party shall undertake any actions inconsistent with the intent of this Agreement until the modification to this Agreement has been completed. If the parties do not mutually agree to modifications within forty-five (45) days after the court ruling, then either party may initiate the dispute resolution proceedings in Section 9.8.1 for determination of the modifications that implement the intent of this Agreement and the court decision.

9.3 Authority

Pierce County and NASH each represent and warrant it has the respective power and authority, and is duly authorized to execute, deliver and perform its obligations under this Agreement.

9.4 Exhibits

Exhibits "A" through "O" are incorporated herein by this reference as if fully set forth.

9.5 Headings

The headings in this Agreement are inserted for reference only and shall not be construed to expand, limit or otherwise modify the terms and conditions of this Agreement.

9.6 Time is of the Essence

Time is of the essence of this Agreement and every provision hereof. Unless otherwise set forth in this Agreement, the reference to "days" shall mean calendar days. If any time for action occurs on a weekend or legal holiday, then the time period shall be extended automatically to the next business day.

9.7 Effect and Integration

This Tehaleh Development Agreement completely replaces and supersedes the Cascadia Development Agreement except as to Parcel O, which remains subject to that agreement. Notwithstanding the foregoing, the Cascadia Development Agreement shall remain the basis for resolving any potential dispute between NASH and the owner of Parcel O as to their respective development rights. This Agreement represents the entire agreement of the parties. There are no other agreements, oral or written, except as expressly set forth in this Agreement.

9.8 Disputes; Default and Remedies

9.8.1 Dispute Resolution

In the event of any dispute relating to this Agreement, all parties upon the request of any other party shall meet within seven (7) days of the request to seek in good faith to resolve the dispute. Pierce County shall send the appropriate department director and persons with information relating to the dispute, and NASH shall send an owner's representative and any consultant or other person with technical information or expertise related to the dispute.

9.8.2 Default and Remedies

No party shall be in default under this Agreement unless it has failed to perform under this Agreement for a period of thirty (30) days after written notice of default from any other party. Each notice of default shall specify the nature of the alleged default and the manner in which the default may be cured satisfactorily. If the nature of the alleged default is such that it cannot be reasonably cured within the thirty (30) day period, then commencement of the cure within such time period and the diligent prosecution to completion of the cure shall be deemed a cure. Any party not in default under this Agreement shall have all rights and remedies provided by law including without limitation damages, specific performance or writs to compel performance or require action consistent with this Agreement.

9.8.3 Relief Against Defaulting Party or Portion of Property

In recognition of the anticipated sales of portions of the Property to others to own, develop and/or occupy, the remedies under this Agreement shall be tailored to the Property or parties as provided in the remaining provisions of this subsection. After the transfer of portions of the Property for which the release of liability provisions apply under Section 7.2, any claimed default shall relate as specifically as possible to the portion of the Property involved and any remedy against any party shall be limited to the extent possible to the owners of such portion of the Property. To the extent possible, Pierce County shall seek only those remedies that do not adversely affect the rights, duties or obligations of any other nondefaulting owner of portions of the Property under this Agreement, and shall seek to utilize the severability provisions set forth in this Agreement.

9.9 Term

This Tehaleh Development Agreement shall be valid for Tehaleh Phase I, subject to five year review(s). A new development agreement will be required for Phases II and III.

9.10 Five-year Review

The Project shall be reviewed by Pierce County at least every five years until buildout. The review shall address compliance with the conditions of approval. The review may also assess whether the development is well designed, contains a balance of uses, efficiently uses public facilities and services, and provides adequate open space.

9.10.1 Report

Within thirty (30) days following the five-year anniversary of the effective date of this Tehaleh Development Agreement, and provided NASH shall have paid the fee specified below, the County shall prepare a report summarizing the status of the project. The report shall be made available to the Planning Director, the Hearing Examiner and NASH for

review. Parties of record shall be notified of its availability for review. Contents of the report shall include, but not be limited to the following:

- A. Location and density of subsequently approved residential development.
- B. Location and type of subsequently approved non-residential development.
- C. Location and type of open space and recreation facilities.
- D. Location and type of on-site and off-site roads, utilities and infrastructure.
- E. An analysis of the effectiveness of currently employed public notification procedures.
- F. Recommended modifications to the Project or the Development Agreement pursuant to Section 8 of this Tehaleh Development Agreement, if any. Pierce County shall reserve the authority to recommend that the Hearing Examiner impose new or different regulations on the Project to the extent required by a serious threat to public health and safety after each five-year review.

9.10.2 Comment Period

Review and comment on the report shall be take place within 30 days of its issuance. If no comments are received by the County within the review period, the five-year review shall be deemed to be complete. Comments received shall be referred to the Planning Director for appropriate action.

9.10.3 Review Fee

A review fee in the amount of \$2,500 shall be paid by the applicant at commencement of five-year review.

9.11 Estoppel Certificate

Within thirty (30) days following any written request which any party or a Mortgagee may make from time to time, the other party to this Agreement shall execute and deliver to the requesting person a statement certifying that: (1) this Agreement is unmodified and in full force and effect, or stating the date and nature of any modification; (2) to the best knowledge of the certifying party, (a) no notice of default has been sent under Section 9.8 of this Agreement or specifying the date(s) and nature of the notice of such default and (b) no written

notice of infraction has been issued in connection with the Project; and (3) any other reasonably requested information. Failure to deliver such statement to the requesting party within the thirty (30) day period shall constitute a conclusive presumption against the party failing to deliver such statement that this Agreement is in full force and effect without modification or default (except as may be represented by the requesting party). The delivery of estoppel certificate on behalf of Pierce County pursuant to this section shall be deemed an administrative matter and shall not require legislative action.

9.12 No Third Party Benefit

This Agreement is made and entered into for the sole protection and benefit of the parties, their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

9.13 Interpretation

This Agreement has been reviewed and revised by legal counsel for all parties and no presumption or rule that ambiguity shall be construed against the party drafting the document shall apply to the interpretation or enforcement of this Agreement.

9.14 Notice

All communications, notices and demands of any kind which a party under this Agreement requires or desires to give to any other party shall be in writing and either (i) delivered personally, (ii) sent by facsimile transmission with an additional copy mailed first class, or (iii) deposited in the U.S. mail, certified mail postage prepaid, return receipt requested, and addressed as follows:

If to NASH:	NASH Cascadia Verde, LLC Attn: <u>Scott Jones</u> 505 S. 336 th Street #430 Federal Way, WA 98003
with copy to:	Gordon Thomas Honeywell LLP ATTN: William T. Lynn P.O. Box 1157 Tacoma, WA 98401
with copy to:	

If to Pierce County: Planning and Land Services Department
2401 South 35th Street
Tacoma, WA 98409

with a copy to: _____

Notice by hand delivery or facsimile shall be effective upon receipt. If deposited in the mail, notice shall be deemed delivered 48 hours after deposited. Any party at any time by notice to the other party may designate a different address or person to which such notice or communication shall be given.

9.15 Cooperation

The parties shall not unreasonably withhold requests for information, approvals or consents provided for in this Agreement. The parties agree to take further actions and execute further documents, either jointly or within their respective powers and authority, to implement the intent of this Agreement. Pierce County agrees to work cooperatively with Cascadia to achieve the mutually agreeable goals as set forth in this Agreement, subject to Pierce County's independent exercise of judgment. Where appropriate and consistent with applicable law, Pierce County shall become or provide lead agency assistance under SEPA where reasonably necessary to implement this Agreement. Pierce County shall consider use of its eminent domain powers to facilitate implementation of this Agreement, subject to Pierce County's independent exercise of judgment following all applicable procedures necessary to use eminent domain power.


9.16 Delays

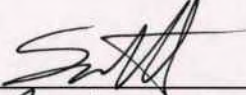
If either party is delayed in the performance of its obligations under this Agreement due to *force majeure*, then performance of those obligations shall be excused for the period of delay.

IN WITNESS WHEREOF, this Agreement has been entered into between the County and NASH as of the _____ day of _____, 2015.

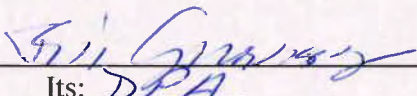
COUNTY OF PIERCE, a political
subdivision of the state of Washington

NASH CASCADIA VERDE, LLC

By: 
Its: DIRECTOR OF PALS

By: 
Its: AUTHORIZED SIGNATORY

APPROVED AS TO FORM:
County Prosecuting Attorney's Office

By: 
Its: DPA
7.30.15

STATE OF WASHINGTON)
)
County of Pierce) ss.

I certify that I know or have satisfactory evidence that Dennis Hanberg is the person who appeared before me, and said person acknowledged that [he][she] signed this instrument, on oath stated that [he][she] was authorized to execute the instrument and acknowledged it as the Director of PIERCE COUNTY to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Given under my hand and official seal this 30th day of July, 2015.



Helen D. Parks
Type/Print Name: Helen D. Parks
Notary Public in and for the State of Washington
residing at Pierce County, WA.
My Commission expires 10/25/16

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

On this 6th day of August, 2014, before me personally appeared Scott Jones, to me known to be the authorized signatory of NASH CASCADIA VERDE, LLC, the limited liability company that executed the within and foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said company for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute and in fact executed said instrument on behalf of the company.

Given under my hand and official seal this 6th day of August, 2015.



William T. Lynn
Type/Print Name: William T. Lynn
Notary Public in and for the State of Washington
residing at TACOMA
My Commission expires July 30, 2019