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Page: 1 of 35
03/25/2003 10:18A
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**WASHINGTON STATE COUNTY AUDITOR/RECORDER'S
INDEXING FORM (Cover Sheet)**

Please print or type information.

Document Title(s) (or transactions contained therein): 1. Development Agreement of Naumes Properties, LLC 2. 3.
Reference Number(s) of Documents assigned or released: N/A
Grantor(s) (Last name first, then first name and initials) 1. Naumes Properties, LLC, a limited liability company 2. City of Chelan, a Washington municipality 3. 4. <input type="checkbox"/> Additional names on page _____ of document.
Grantee(s) (Last name first, then first name and initials) 1. Naumes Properties, LLC, a limited liability company 2. City of Chelan, a Washington municipality 3. 4. <input type="checkbox"/> Additional names on page _____ of document.
Legal Description (abbreviated: i.e. lot, block, plat or section, township, range) Tracts 1, 2, 3 & 4, Plat of Isenhart Orchard Tracts, Chelan County, Washington. Complete or Additional Legal Description on Page 22 (Exhibit "A") <input type="checkbox"/> Additional legal is on Exhibit "A" of document.
Assessor's Property Tax Parcel/Account Number 27-23-18-627-007, 010 & 015 <input type="checkbox"/> Additional legal is on Exhibit "A" of document.
The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.



2139278
Page: 2 of 35
83/25/2003 10:18A
Chelan Co, WA

DEVELOPMENT AGREEMENT OF NAUMES PROPERTIES, LLC

TABLE OF CONTENTS

Assessor and Legal Information.....	1
Recitals.....	1
1. Applications	2
1.1 Application for Planned Development District.....	2
1.2 Application for General Binding Site Plan.....	3
2. Nonwithdrawal.....	3
3. Definitions.....	3
3.1 County.....	3
3.2 Owners	3
3.3 Parcel.....	3
3.4 CMC.....	3
4. Binding Site Plan.....	3
5. Zoning and Permitted Uses	4
6. Water Rights.....	5
7. Waste Water Collection and Treatment	6
8. Storm Water Collection.....	7
9. Infrastructure	7
10. Signage.....	8
11. Residential Densities	8
12. Cemetery	8
13. Mitigation Measures and Location of Open Space	9
14. Impact Fees, Reimbursement Provisions, Financial Contributions by the Property Owner, Inspections Fees, or Dedications.....	10
15. Design Standards and Restrictions	11
15.1 Temporary Structures.....	11



15.2	Construction Activities.....	12
15.3	Building Setbacks.....	12
15.3.1	Highways and Internal Streets – Front Yard Setback	12
15.3.2	Side Yard Setback	12
15.3.3	Rear Yard Setback.....	12
15.4	Parking Setbacks	12
15.4.1	Highway 150	13
15.4.2	Highway 97A	13
15.4.3	Internal Streets.....	13
15.4.4	Common Side Yards	13
15.5	Screening of Service Facilities and Storage Areas.....	13
15.6	Construction and Storage in Utility Easements.....	14
15.7	Parking, Loading and Unloading Areas	14
15.8	Fencing.....	14
15.9	Landscape Design	14
15.10	Additional Landscaping Requirements	15
15.11	Undeveloped Property.....	15
15.12	Exterior Materials, Color.....	16
15.13	Utilities, Mechanical Equipment, Roof Projections.....	16
15.14	Screening of Mechanical Equipment	16
15.15	Land Coverage	16
15.16	Lighting.....	16
15.17	Additional Dimensional Standards.....	17
16.	Review Procedures and Standards for Implementing Decisions.....	17
17.	Build-Out or Vesting Period for Application Standards	18
18.	Rights of the City	19
19.	Covenants of the Apple Blossom Center	19
20.	Real Property Perpetual Lien	19
21.	Binding Agreement	20
22.	Recording	20
23.	Serious Threats to Public Health or Safety	20
	Exhibit "A" " Legal Description.....	22
	Exhibit "B" Binding Site Plan Map	23
	Exhibit "C" Planned Development Zoning Map.....	24
	Exhibit "D" Naumes Properties, LLC Apple Blossom Center Permitted Uses	25
	Exhibit "E Covenants of the Apple Blossom Center.....	32



DEVELOPMENT AGREEMENT OF NAUMES PROPERTIES, LLC ("Agreement")

THIS AGREEMENT is made and entered into this date by and between the City of Chelan, a non-charter optional municipal code city, organized and existing under the State of Washington (hereinafter sometimes referred to as the "City") and Naumes Properties, LLC, a Washington limited liability company (hereinafter referred to as "Naumes"), an entity that is developing property to be known as the Apple Blossom Center, sometimes collectively referred to as the "Parties."

RECITALS

A. Pursuant to Chapter 19.07 Chelan Municipal Code ("hereinafter referred to as "CMC"), the City has the authority to enter into development agreements to promote the health, safety and welfare of its citizens and thereby control the use and development of property within its jurisdiction.

B. Naumes is the owner and developer of certain real property situated within the City limits of Chelan and within the urban growth area as defined in RCW 36.70A.030(18), which property is more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (hereinafter the "Property").

C. Naumes desires to develop and plat the Property into an industrial/commercial park to be named the Apple Blossom Center (the "Center").

D. Naumes has proposed that the City permit the Property to be developed consistent with the provisions of this Development Agreement (the "Agreement"), and

has submitted the underlying applications for a Planned Development District Rezone and General Binding Site Plan approvals.

E. Based upon the proposal of Naumes set forth herein, the City desires to facilitate development adaptations in an effort to meet anticipated market demands and consistent with its authority in that regard the City, by approving Naumes Planned Development District ("PDD") application accompanying the Agreement, has rezoned certain real property from a Warehouse Industrial District to that of a PDD pursuant to Chapter 17.52 CMC.

F. Naumes and the City desire that the future development of the Property be consistent with land use and development regulations of the City now existing or hereafter adopted.

NOW, THEREFORE, concurrently with and subject to the approval of an ordinance adopting findings of the City Council of the City that the rezone of the Property does not adversely affect the public health, safety and general welfare and that the rezone is justified by sufficient changes in the character of the surrounding area, as such have been determined by the City Planning Commission after public hearing, and in consideration of the City Council's rezoning of the subject property, Naumes and the City hereby covenant and agree to the following on behalf of themselves, their heirs, successors and assigns:

1. Applications (altogether, the "Applications").

1.1. Application for Planned Development District. Naumes, contemporaneous with the execution of this Agreement, has submitted an application for the approval of a proposed Planned Development District in the



form required by the City, together with all supporting documentation required pursuant to CMC 17.52.060.

1.2. Application for General Binding Site Plan. Naumes, contemporaneously with the submission of this Agreement for consideration, has submitted an application for a general binding site plan, pursuant to the requirements of Chapter 16.10 CMC as amended by the City Council on July 26, 2001.

2. Nonwithdrawal. The City has begun processing and will continue to process the Applications as required by law. During the pendency of the City's good faith efforts to process the Applications, Naumes agrees not to withdraw its Applications.

3. Definitions.

3.1. "County" shall mean Chelan County, State of Washington.

3.2. "Owner(s)" means Naumes or a holder of fee simple title or the contract purchaser in possession of a Parcel, as defined in Section 3.3, below.

3.3. "Parcel" shall mean the Property or any portion thereof, whether partitioned by binding site plan or otherwise subdivided in a manner consistent with local subdivision regulations.

3.4. "CMC" shall mean the Chelan Municipal Code as the provision(s) referenced exist now or may be hereafter amended.

4. Binding Site Plan. Development of the Property shall be consistent with a Binding Site Plan which has been considered by the City in conjunction with this Agreement and a Binding Site Plan Map in the form attached hereto as Exhibit "B",



AGMT \$ 53.00

2139278
Page: 7 of 35
03/25/2003 10:18A
Chelan Co, WA

which shall confirm lot size and configuration, street infrastructure, open space and common areas.

5. Zoning and Permitted Uses. Use of the Property shall be consistent with the Planned Development District Rezone which has been considered by the City in conjunction with this Agreement and a Planned Development Zoning Map in the form attached hereto as Exhibit "C", which shall designate the allowable commercial and industrial uses proposed by Naumes on the lots within the proposed Binding Site Plan. The list of permitted commercial uses and industrial uses are set forth in Exhibit "D" which by this reference is made a part herein as if set forth in full. In addition, the City shall be entitled, at the time of review of building permits, to impose additional development conditions and mitigation pursuant to then existing city, state, and federal laws and regulations, including but not limited to the State Environmental Policy Act (SEPA). Naumes acknowledges that any Class H use (pursuant to applicable Fire Code) will require a conditional use permit. No greater than fifty percent (50%) of the total land area within the Binding Site Plan may be used for the commercial uses listed in Exhibit "D". For purposes of this Agreement, the Parties agree that the total land area is 198 acres. Thus, for purposes of this Agreement, 50% of the total land area is agreed to be 99 acres. The right to develop a specific parcel within the Binding Site Plan for a commercial use listed in Exhibit "D" shall vest at the time of filing with the City of a completed building permit application stating an intent to develop the Property for a commercial use listed in Exhibit "D". The City shall not issue building permits for nor permit the development of property for commercial uses listed in Exhibit "D" if to do so would result in granting permission to use more than fifty percent (50%) of the total land



area within the Binding Site Plan for commercial uses listed in Exhibit "D". There is no limitation on the amount of land within the Binding Site Plan that may be used for the industrial uses listed in Exhibit "D".

6. Water Rights. The property subject to this Agreement is currently provided domestic water through the Isenhart Irrigation District and the Chelan River Irrigation District (the "Districts"). The Parties anticipate that full build-out of this project will eventually exceed the water rights available to the Districts. The City agrees that it will provide up to 1572 gallons per acre per day of water to the Property on the same basis that it provides water to other users within its service area, once the water right capacity of the Districts has been reached. It is anticipated that the water from the City will be delivered through the existing Isenhart Irrigation District and Chelan River Irrigation District infrastructure. Provided, however, the Owner agrees at its sole cost and expense to provide, install and maintain, any additional water lines or related infrastructure needed to comply with this Agreement or the applicable City code, including but not limited to water lines and related infrastructure to utilize the City's water for the Property. The details, pricing, capacity and related requirements of that arrangement are contained in a separate, four-party agreement (Second Amendment to Interlocal Agreement 97-1) with Naumes, the City, and the Districts, which is incorporated herein by this reference. The City's agreement to provide water is subject to Force Majeure events including (a) insufficient water supply or water rights of the City and limitations in the City's municipal water supply and treatment system, which shall be determined in the sole discretion of the City, and (b) federal, state and local laws and



NAUMES PROPERTIES

AGMT # 53.00

2139278
Page: 9 of 35
03/25/2003 10:18A
Chelan Co, WA

regulations, now existing or hereafter adopted, that impact the City's ability to provide water for the Property.

7. Waste Water Collection and Treatment. Offsite waste water (sewer) collection and treatment shall be provided by the City for the Property on the same basis that it provides such sewer collection and treatment services to other users within its service area, at current connection fees based on Equivalent Residential Units ("ERU") as determined by the City at time of connection as stated in the City's ordinance for rates and charges. Naumes shall design and construct an extension to the City's sewer collection system to serve the Development in accordance with the City's Development standards. Following installation and final approval by the City Engineer, Naumes shall convey and deed the collection system to the City, and the City shall thereafter be responsible for the collection system.

Naumes shall install, prior to issuance of the first building permit for the Apple Blossom Center, a GRIT Removal Facility to service full build out of the Property. The design, materials, size, and location of the GRIT Removal Facility shall be as approved by the City Engineer prior to installation. The purpose of the GRIT Removal Facility shall be to prevent heavy solids from entering the City treatment facility. Following installation and final approval by the City Engineer of the functional ability of the GRIT Removal Facility, Naumes shall convey and deed the GRIT Removal Facility to the City, and the City shall thereafter be responsible for the maintenance of the GRIT Removal Facility. Provided, however, if the City updates the GRIT Removal Facility to increase its capacity to process additional solids produced by activities on the Property, then each Owner shall be financially responsible for the cost to the City of its proportional



share of the updates or replacement of the GRIT Removal Facility as determined by the City. Any Owner that does not promptly satisfy the City's request for reimbursement shall be subject to a Real Property Perpetual Lien as defined in Section 20, below, for that Owner's proportional share of these costs.

In consideration for the installation and conveyance of the collection system and GRIT Removal, the City agrees to provide Naumes with 17 ERU credits toward the calculation of onsite connection fees to be utilized and/or distributed in the sole discretion of Naumes. The City's agreement to provide offsite sewer collection and treatment is subject to Force Majeure events including (a) lack of capacity in the sewer system and/or sewer treatment plant, and (b) federal, state and local laws and regulations that impact the City's ability to provide off-site sewer collection and treatment for the Property.

8. Storm Water Collection. Naumes shall establish and maintain, at its sole cost and expense, a storm water collection retention system to serve all private property within the Development. The design of the collection and retention system shall be in compliance with City Development Standards. All storm water systems necessary to collect and dispose of storm water runoff associated with the public streets shall be designed and constructed to City Development Standards as part of the street improvements and shall be dedicated to the City as part of the street improvements.

9. Infrastructure. The Parties acknowledge that street infrastructure will be necessary to connect the Property to other City streets. Naumes agrees that such streets/roads shall be completed, at Naumes' sole expense, to applicable City standards, including parking standards in effect upon the execution of this Agreement,



and dedicated free of encumbrances via statutory warranty deed to the City prior to final binding site plan approval pursuant to Title 25 CMC. Naumes agrees to abide by the recommended improvements contained in the traffic analysis provided with its application. Prior to binding site plan approval, such other real property for any public utility corridor shall be dedicated by Naumes to the City via statutory warranty deed.

10. Signage. The Property shall be subject to the requirements and restrictions contained in the City sign code, in effect upon execution of this Agreement or hereafter amended as it pertains to the location of advertisements and signs for the Property, Parcels and/or Center, including but not limited to, the off-site sign prohibition contained in CMC 17.58.050(B)(4) as further defined in CMC 17.58.040(21).

11. Residential Densities. This Agreement prohibits residential use of the Property. In the event Naumes applies at any time in the future to modify zoning of any of the Property to include residential uses, then Naumes agrees to include provisions for affordable housing at that time and seek approval from the City to amend this Agreement accordingly. The City agrees that the donation of land for recreational facilities by Naumes will also be considered sufficient to waive any requirement that Naumes develop open space in the event any portion of the property is rezoned in the future to a residential use.

12. Cemetery. The Cultural Resources Report discloses the possibility of a pioneer cemetery within Section 18. Naumes agrees that in the event construction activities unearth any evidence of the actual cemetery, that work in that vicinity shall stop. The work will proceed only after the Parties agree on a mutually acceptable



monitor. Any actual remains shall be reinterred in a manner agreeable to the City and in accordance with state law.

13. Mitigation Measures and Location of Open Space. To mitigate the effects of this development, Naumes proposes to dedicate and convey to the City 12.3 acres of land within the Property for recreational facilities and park related purposes such as the development of ball fields. The City accepts Naumes's proposal. These 12.3 acres shall be located on the upper bench of the Property as more particularly described in the Binding Site Plan Map (Exhibit "B") and in a manner where it may also serve for storm water retention requirements for the Property. There is currently no road access to the 12.3 acres. The access road proposed for this area of the development would benefit both Naumes and the City. The parties agree that this required access will be constructed by whichever entity first needs actual access. Naumes shall have the naming rights to the ball fields. Naumes agrees that any storm water retention facilities constructed within the acreage set aside for parks and recreation shall be consistent with and not interfere with the intended use of said Property by the City. Naumes grants the City a right of first refusal, i.e., the right to purchase on the same terms and conditions, approximately 7.2 acres, as designated in the Binding Site Plan Map (Exhibit "B"). The use of this additional acreage shall be for additional recreational facilities and park related purposes only. The exercise of the right of first refusal must be received within 15 days of a bona fide offer being presented to the City for review. A bona fide offer shall be defined as an executed and enforceable purchase and sale agreement. The right of first refusal shall be exercised in writing. The right of first refusal shall terminate ten years from the date of dedication and conveyance of the first 12.3 acre



parcel. During this same ten-year period the City shall have an option to purchase the approximately 7.2 acre parcel within the designated area for fair market value. "Fair market value" shall be determined by an independent appraisal performed by an MAI appraiser selected by the City and performed within six (6) months of the date the City exercises its option to purchase. This option shall terminate if a bona fide offer is presented to the City and the City fails to exercise its right of first refusal.

The Association shall pay to the City, in consideration for the City's maintenance of the dedicated open space as a ball field(s), or for other recreational facilities or parks, an Annual Assessment to be collected by the Association as Association Dues from each Owner in the amount of \$200 per year, per parcel as adjusted annually by the CPI-U, U.S. City Average, All Items. The Annual Assessment of \$200 per parcel per year shall be charged by the City beginning the later of two (2) years after the sale of each separate parcel or two (2) years after the ballfields are put to use. Any unpaid Association Dues shall subject the delinquent Owner to a Real Property Perpetual Lien by the City. The Association shall remain liable to the City for the full amount of the Annual Assessment regardless of its collection of Association Dues. If the Association secures liens for unpaid Association Dues in any year, then the City shall be made a lienholder by the Association only in the event the Association is unable to satisfy in full the Annual Assessment.

14. Impact Fees, Reimbursement Provisions, Financial Contributions by the Property Owner, Inspections Fees, or Dedications. Except as set forth in this Agreement, there are no impact fees, reimbursement provisions or financial contributions required by Naumes as a result of the Binding Site Plan; provided,



however, the Owner agrees to pay any future fees or assessments that apply to the entire City (i.e., building permit fees, LID's, etc.). Any inspection fees will be the same as required for any other construction within the City pursuant to the then current inspection fee schedule. There are street and road dedications, which are covered in Section 9, Infrastructure, and open space dedications covered in Section 13, Mitigation Measures and Location of Open Space. Naumes will be responsible for the costs of recording all documents related to this development, including fees for recording this Agreement, the Binding Site Plan, Mylar, etc.

15. Design Standards and Restrictions. The architectural treatment, maximum heights, setbacks, landscaping, drainage, water quality requirements, and other development standards to which the Property is subject are set forth in this Agreement and the Binding Site Plan and shall comply with CMC 19.07.030(6). Specifically, and not by way of limitation, the setbacks, maximum heights and lot coverage on the Parcels shall comply with the following minimum provisions:

15.1. Temporary Structures. No temporary buildings or other temporary structures shall be permitted on any building site; however, trailers, temporary buildings and the like shall be permitted for construction purposes during the construction period of a site or permanent building. Such structures shall be placed as inconspicuously as practicable, shall cause no inconvenience to Owners or occupants of other building sites, and shall be removed no later than thirty (30) calendar days after the date of substantial completion for beneficial occupancy of the building(s) in connection with which the temporary structure was used. In any event no temporary structure may occupy the site in violation



of any applicable City Municipal Code or for more than 12 months without prior written approval of Naumes.

15.2. Construction Activities. No blockage of access to adjacent parcels shall occur during or as a result of construction on a given Parcel. Parcel owners shall be responsible for street construction on a given Parcel. Parcel owners shall be responsible for street cleaning and road repair necessitated by construction activity on their Parcel.

15.3. Building Setbacks. All buildings shall be setback from Highways 150, 97A, and Internal Street property lines as follows:

15.3.1. Highways and Internal Streets—Front Yard Setback.
Buildings shall be setback a minimum of 50 feet from the front yard property line when vehicular access is provided between the building and the front yard property line. Buildings shall be setback a minimum of 35 feet from the front yard property line when vehicular access is not provided between the building and the front yard property line.

15.3.2. Side Yard Setback. The side yard setback for all buildings shall be 15 feet.

15.3.3. Rear Yard Setback. The rear yard setback shall be 50 feet, except for those parcels vested as commercial use parcels which shall be required to maintain a rear yard setback of only 20 feet.

15.4. Parking Setbacks.



15.4.1. Highway 150. All parking lots adjacent to Highway 150 shall be set back from the property line a minimum distance of 35 feet.

15.4.2. Highway 97A. All parking lots adjacent to Highway 97A shall be set back from the property line a minimum distance of 35 feet.

15.4.3. Internal Streets. All parking lots adjacent to Internal Streets shall be set back from the property line a minimum distance of 10 feet.

15.4.4. Common Side Yards. All parking lots adjacent to neighboring parcels shall set back a minimum distance of 15 feet from the common property line.

15.5. Screening of Service Facilities and Storage Areas. Garbage and recycle containers shall be contained within Buildings, or shall be concealed by means of screening walls of material similar to and compatible with that of the Building. Such improvements shall be integrated with the concept of the Building Plan, be designated so as not to attract attention, and shall be inconspicuously located. No materials, supplies or equipment shall be stored in any area on a Building site except inside a closed Building, or behind a visual barrier which screens such areas so they are not visible from neighboring Building sites or streets; the materials used for said screening barriers shall be similar to and compatible with those materials used on the Building or suitable, site-obscuring vegetative plantings. Outside screened storage areas must not



project beyond the front face of the principal Building on any site or into any required Building setback area. Maneuvering spaces for vehicles using service areas shall be paved and maintained by the Owner.

15.6. Construction and Storage in Utility Easements. No permanent structure shall be allowed within utility easements or corridors, including but not limited to, parking improvements, landscaping or temporary storage. Uses within such easements shall meet all other applicable conditions set forth in the Covenants.

15.7. Parking, Loading and Unloading Areas. No parking shall be permitted on any street or drive, or any place other than parking areas located upon the Building sites. Each Owner shall be responsible for compliance by its employees and visitors. All driveways and areas for parking, maneuvering, loading and unloading shall be paved with asphalt, concrete or similar materials. Cast in place concrete curbs shall define all drives, entrance ways, and general parking areas. Formed asphalt curbs are prohibited.

15.8. Fencing. All permanent fencing shall be incorporated into the landscape treatment of the site. All fencing shall be subject to architectural control and shall be reviewed and approved in accordance with the procedures set forth in Section 2 of the Covenants of the Apple Blossom Center. No fencing shall violate the clear view triangle concept as interpreted by the City with respect to ingress, egress, and traffic safety.

15.9. Landscape Design. Landscaping shall be designed to visually screen the parking and service areas and to be compatible with the architectural



design of the structures on the site, the street and drainage easements, and the landscaping on neighboring Parcels. The location and design of the landscaping on the Parcel are subject to the design review approval as provided in Section 2 of the Covenants of the Apple Blossom Center. The landscape plan shall be drawn to scale and show the location of existing trees to be retained or removed, the location and design of landscaped areas, varieties, sizes and spacing of plant material to be installed, berming or other landscape elements.

15.10. Additional Landscaping Requirements. A minimum of 15% of all Parcels shall be devoted to landscaping. Such landscaping shall be dispersed through the Parcel and the parking areas. All landscaping areas shall be served by an adequate sprinkler system. All required landscaping shall be planted within six (6) months after first issuance of a certificate of occupancy for any Building and continually maintained thereafter. The minimum landscape area in a parking area is 100 square feet.

15.11. Undeveloped Property. Areas not improved with Buildings, paving or landscaping shall be maintained in a neat and orderly manner including the elimination of all weeds, noxious or otherwise. In the event the City determines any lot is subject to a weed control problem, then the City may undertake any action necessary to bring the offending lot within compliance of its weed rules and regulations and collect from the Owner of said delinquent lot any costs to the City resulting from its treatment of the weed control problem. Landscape maintenance requirements and weed maintenance responsibility shall apply to



all of the area of each Lot. This provision shall apply to all weeds, including noxious and non-noxious weeds.

15.12. Exterior Materials, Color. Architecturally and aesthetically suitable building materials shall be applied to or used on all sides of a Building.

15.13. Utilities, Mechanical Equipment, Roof Projections. All utility lines, including electrical, shall be underground. Pad-mounted transformers, switches and similar equipment, which must be installed above ground line, shall be screened with suitable vegetative or architectural materials consistent with safety and other regulations of the City and utility companies.

15.14. Screening of Mechanical Equipment. All mechanical equipment shall be located or screened so as to limit its visibility. Penthouses and mechanical equipment screening walls shall be of design and materials compatible with those of the Building. Antennae and other communication equipment shall be visually masked to the extent practicable and consistent with electro-magnetic and transmission reception considerations.

15.15. Land Coverage. The maximum land area that may be covered by any structure erected in the Center shall be: (a) 55% for parcels vested for development of commercial uses; and (b) 100% for all other parcels, less areas that may not be built upon due to building setback requirements set forth elsewhere in this Agreement.

15.16. Lighting. Each Parcel shall have adequate lighting for the structures, parking and storage areas, walkways and vehicle entrances and exits. Lighting shall be shielded to avoid casting glare on adjoining Parcels. The



location, construction and design of the Lighting shall be subject to approval as provided in Section 2 of the Covenants of the Apple Blossom Center, and consistent in design, form, and height.

15.17. Additional Dimensional Standards. To the extent any dimensional standard is not set forth in this Agreement, the dimensional standards set forth in Chapter 17.44 of the Chelan Municipal Code shall apply for industrial use parcels and the dimensional standards set forth in Chapter 17.36 of the Chelan Municipal Code shall apply for parcels vested with commercial uses development rights. The references to Chapters 17.44 and 17.36 of the Chelan Municipal Code shall pertain to those chapters as the same exists now or may hereafter be amended.

16. Review Procedures and Standards for Implementing Decisions. Review and resolution of disputes by the Parties, their successors and assigns, shall be resolved by arbitration as follows: In the event the Parties cannot agree on any matter set out in this Agreement, they shall promptly consult together and attempt to resolve the dispute. In the event they cannot agree upon a resolution of the dispute, the same shall be settled by arbitration pursuant to Chapter 7.04 RCW, et. seq. except as herein modified. Such arbitration shall be before one disinterested arbitrator, if one can be agreed upon, otherwise before three disinterested arbitrators, one named by Naumes and one by the City and one by the two thus chosen. If all arbitrators have not been appointed within ten (10) days after written notice of demand for arbitration is given by one Party to the other, then either Party may apply to the Chelan County Superior Court, upon not less than five (5) days written notice to the other, for appointment of the



necessary arbitrators remaining to be appointed, and the judicial appointment shall be binding and final. The arbitrator or arbitrators shall determine the controversy in accordance with this Agreement and the laws of the state of Washington as applied to the facts found by him/her or them. The arbitrator or arbitrators may grant injunctions or other relief in such controversy or claims. The decision of the arbitrator or arbitrators shall be final, conclusive and binding on the Parties and a judgment may be obtained in any court having jurisdiction.

17. Build-Out or Vesting Period for Application Standards. The Parties agree to a build-out or vesting period for application standards that is consistent with the requirements of Development Agreements under Chapter 19.07 CMC as follows: the Parties acknowledge the size and scope of the project preclude development pursuant to the timing or bonding standards generally applicable to a Planned Development District. The City's approval of the applications in this Development Agreement includes all phases for which preliminary engineering has been approved and the right to sell or lease lots within those phases. The City agrees that so long as Owners continue to market the project that the actual improvements will be developed by Owners on a phase-by-phase basis prior to the Owners proceeding with the development of a subsequent phase. However, prior to issuing a building permit it will be necessary for an Owner to indicate to the City which phase the Owner wants to begin construction on, submit final engineering plans and a final survey of that phase. Provided, that at each phase the required infrastructure shall be constructed by an Owner or bonded for by an Owner prior to an Owner receiving a development permit from the City so as to provide the parcels at least the minimum infrastructure required according to the Owner's



engineering plans on file with the City under the City ordinances in effect at the time of filing of the completed preliminary engineering plans, as interpreted and applied by the City. Roads, if dead ended at the phase shall include a culdesac or hammerhead as required by City's designated Fire Chief. Should an Owner bond rather than construct the infrastructure necessary for a particular phase, the bond shall be consistent with the then current City requirements for a subdivision bond.

18. Rights of the City. This Agreement may not be repealed without the consent of the City. The City shall be made a third-party beneficiary to all protective covenants, including but not limited to, the Covenants, which shall only be effective if and when the same are approved by the City. The City shall have the right, but not the obligation, to enforce any such protective covenants in the same manner as it would enforce violations of the CMC.

19. Covenants of the Apple Blossom Center. The Parties agree that covenants will be required to insure the Property is developed and maintained consistent with this Agreement and the related Binding Site Plan, and the Parties hereby approve the covenants, conditions and restrictions in the form attached hereto as Exhibit "E", known as the Covenants of the Apple Blossom Center.

20. Real Property Perpetual Lien. Naumes agrees that any lien authorized to be assessed by the City by virtue of this Agreement or the Covenants shall be a Real Property Perpetual Lien, to be defined, executed and enforced as follows: (a) any fees, costs or other financial obligation arising by virtue of the Development Agreement or Covenants and owing to the City by Naumes or any Owner shall be paid within thirty (30) calendar days from mailing, by the City, of written notice evidencing the obligation,



and (b) in the event of non-payment, the City may file a lien against either the entire property or an individual Owner's Parcel, which shall be a continuing and perpetual lien that may be foreclosed upon by the City in the same manner for foreclosure of mortgages in the State of Washington. The lien shall be continuing and shall not terminate until paid in full. The value of the lien shall bear interest from the date the lien is filed with the State of Washington at that rate then in effect for judgments entered in Chelan County Superior Court as of the date of filing the lien.

21. Binding Agreement. Naumes agrees that the Property shall be held, sold and conveyed subject to all the provisions of this Agreement, which shall run with the land and shall be binding on and inure to the benefit of all Parties having or acquiring any right, title or interest in the Property or any part thereof, and all the heirs, successors and assigns of such Parties.

22. Recording. This Agreement shall be recorded in the office of the Chelan County Auditor and shall run with the land.

23. Serious Threats to Public Health or Safety. The Parties agree that the City shall have the authority to impose new or different regulations on the property to the extent the new or different regulations are required by a serious threat to the public health or safety.

DATED this 31st day of October, 2002.

CITY OF CHELAN

NAUMES PROPERTIES, LLC

By W. Mitchell Atkinson
W. Mitchell Atkinson

By: Robert Boggess
Robert Boggess, Manager



2139278
 Page: 24 of 35
 03/25/2003 10:18A
 Chelan Co, WA

OREGON
 STATE OF WASHINGTON)
) ss.
 COUNTY OF CHELAN)

I certify that I know or have satisfactory evidence that Robert Boggess is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of Naumes Properties, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: October 31, ²⁰⁰²2001.

Mary E. Rodriguez
 (Signature)
 MARY E. RODRIGUEZ

(Name legibly printed or stamped)

Notary Public in and for the State of Washington, residing at Medford

My appointment expires 5/10/03

(Seal or stamp)



Oregon

STATE OF WASHINGTON)
) ss.
 COUNTY OF CHELAN)

I certify that I know or have satisfactory evidence that W. Mitchell Atkinson is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Mayor of the City of Chelan to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 2001.

(Signature)

(Name legibly printed or stamped)

Notary Public in and for the State of Washington, residing at _____

My appointment expires _____

(Seal or stamp)



NAUMES PROPERTIES

AGMT \$ 53.00

2139278
 Page: 25 of 35
 03/25/2003 10:19A
 Chelan Co, WA

EXHIBIT "A"

Legal Description

A portion of Section 18, Township 27 North, Range 23, E.W.M., Chelan County, Washington, described as follows:

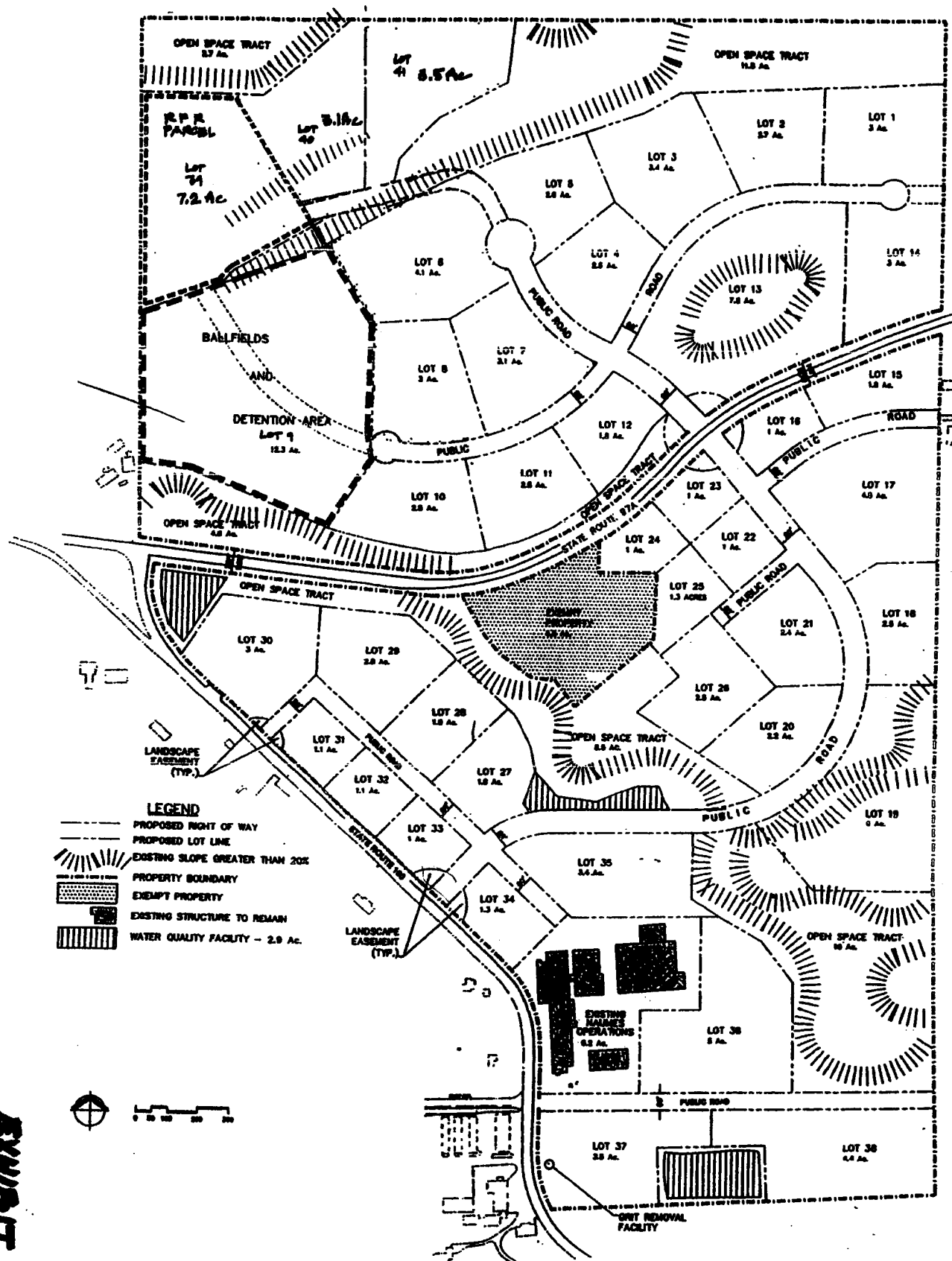
Tracts 1, 2, 3 and 4 of the Plat of Isenhardt Orchard Tracts as recorded in Volume 4 of Plats, pages 72 and 73 and the adjacent rights of way of the Chelan Station Road (now known as State Highway SR-150) and the Chelan-Okanogan Road (now known as State Highway SR-97A).

The above-described lands are more particularly described as follows:

The Northeast quarter of the Northeast quarter, the Northwest quarter of the Northeast quarter, the Southeast quarter of the Northeast quarter, the Northeast quarter of the Southeast quarter all in said Section 18. TOGETHER WITH that portion of the Southwest quarter of the Northeast quarter and the Northwest quarter of the Southeast quarter of said Section 18, lying northeasterly of the following described line:

Commencing at a steel rod at the center of said Section 18; thence North 01°36'37" West along the West line of said Southwest quarter of the Northeast quarter for a distance of 597.28' more or less, to a point on the southwesterly limit of the right of way of State Highway SR-150 as shown on the plans of the Washington State Department of Transportation title "SR-150 Spur, MP 24.27 to MP 25.29 County Road 325 to SR 97" Sheet 3 of 3 dated Jan. 23, 1987, which point is the True Point of Beginning for this line; thence following said right of way on the following courses: South 47°14'29" East for 1,611.6 feet more or less to the beginning of a curve to the right, the center of which lies South 42°45'31" West a distance of 310 feet; thence following the arc of said curve for 249.87 feet, through a central angle of 46°10'55"; thence South 01°03'34" East for 376.9 feet to the beginning of a curve to the left, the center of which lies North 88°56'26" East a distance of 435 feet; thence following the arc of said curve for 136.71 feet, through a central angle of 18°00'48" thence South 12°11'30" East for 55.20 feet, more or less, to a point where said right of way intersects the South boundary of the Northwest quarter of the Southeast quarter of said Section 18 and the terminus of this line.

TOGETHER WITH that portion of the Southeast quarter of the Northwest quarter of said Section 18 bounded as follows: On the Southwest by the northerly line of Chelan County Short Plat #1649, recorded in Book SP-5, page 21, records of the Chelan County Auditor; on the West by the extension of the westerly line of said Chelan County Short Plat #1649; on the North by the northerly line of the right of way of State Highway SR-97A; and on the East by the East line of said Southeast quarter of the Northwest quarter.



THIS EXHIBIT B IS A REDUCED-SIZE COPY OF THE ORIGINAL OF THIS DOCUMENT WHICH IS SEPARATELY FILED OF RECORD IN CHELAN COUNTY AND IS ON FILE WITH THE CITY OF CHELAN.

EXHIBIT
 B



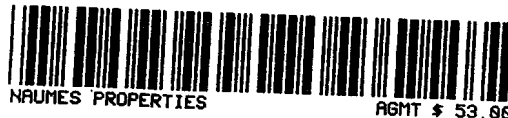
PLANNED
DEVELOPMENT
ZONING
MAP

MITCHELL CHILDREN'S GROUP, LLC
71 2ND STREET
PORTLAND, OR 97201
503.228.2222
WWW.MITCHELLCHILDRENGROUP.COM

Portia House, Island House

STUDIO CITY
818.341.1111
www.portiahouse.com

PORTLAND, OREGON
503.255.1111



2139278
Page: 28 of 35
03/25/2003 10:18A
Chelan Co, WA

EXHIBIT "D"

Naumes Inc. Apple Blossom Center Permitted Uses

The following list of Commercial uses would be permitted:

Commercial

Retail food and merchandise
Restaurants and drive-ins
Personal and professional services
Office buildings
Laundromats
Appliance repair and rental
Gasoline sales
Bus passenger amenities
Mini storage
Movement of a building or a structure onto a lot
Neighborhood Center
Printers, publishers, newspapers
Liquor stores, taverns, cocktail lounges, nightclubs, and pool halls
Parking lots and garages
Park and Ride Facilities
Auto, trailer and manufactured home sales and repairs
Machinery and equipment sales and service
Lumber, basic construction materials, fuels and feeds sales
Lodging Facilities
Public Facilities
Essential Public Facilities
Hospital/Clinic/Assisted Living
Places of Assembly
Tire recapping and processing when accessory to the retail sales of tires
Churches
Fences
Recreational development
Commercial Amusement/Recreation Facilities

The following list of Industrial uses would be permitted.

Industrial

The following list of uses are permitted provided:

-maximum noise levels shall not exceed the standards of WAC 173-60, as amended



- vibration discernable at the property line without the use of measuring instruments is prohibited
- air emissions must comply with the Clean Air Act RCW 70.94
- The emissions of odorous gases or matter beyond the property of the industrial activity is prohibited
- Activities producing heat or glare shall be conducted within buildings

Manufacturing
Research facilities
Retail trade serving industrial uses
Wholesale trade
Warehousing
Bus and Truck Terminal
Telecommunications/Broadcasting
Agricultural and Forestry products processing facility
Agricultural and Forestry related industry
Agricultural and Forestry uses
Agricultural and Forestry accessory buildings and support services
Day care center/preschool/childcare that is an accessory use for the industry that is on the same parcel as the industry
Flex/Tech office buildings
Humanitarian Services
On-site and off-site treatment and storage facilities
Mineral Resource Activity
Heliports
Fuel/chemical distribution and bulk storage
Temporary and permanent worker housing
Communication Tower
Nursery/Landscape materials
Public utilities- low impact
Public utilities- high impact
Contractor's storage yards
Winery
Fences
Movement of a building or a structure on to a lot

Definitions

Agricultural Processing Facility

A facility which adds value to, refines, or processes raw agricultural goods, including but not limited to washing, sorting, cutting, bagging, freezing, canning, packing, bottling, or butchering.

Agriculturally Related Industry



Industrial uses directly related to the packaging, processing, storage, or physical/chemical alteration of the agricultural product. Such industries include, but are not limited to: cold storage plants, controlled atmosphere, produce packing, packaging and processing facilities.

Agricultural Support Services

Any non-agricultural use which is directly related to agriculture and directly dependent upon agriculture for its existence. These support services exist within districts that are intended to facilitate the production, marketing and distribution of agricultural products. Such services include, but are not limited to ag equipment repair, trucking operations, equipment rental and agricultural research facilities.

Agricultural Use

The tilling of the soil, the raising of crops, forestry, horticulture, gardening, keeping or raising of livestock and poultry and any agricultural industry or business such as dairies, nurseries, wholesale greenhouses or similar uses.

Bus Passenger Amenities

Bus passenger shelter, benches, trash receptacles and other related items or structures directly related to the purposes of bus stops and bus passengers.

Bus and Truck Terminals

A hub for buses and/or trucks that may include but is not limited to the shop, yard, parking area, dock, management offices/administration, storage sheds, freight and passenger stations, employee facilities and employee accommodations.

Churches

A building or structure, or groups of buildings or structures, that by design, use and construction are primarily intended for conducting organized religious services and associated accessory uses such as day care and schools.

Commercial Amusement/Recreation Facilities

Any facility or area engaged in providing entertainment or recreation for a fee and including, but not limited to, such activities as dance halls; studios; theatrical productions; bands; orchestras; bowling alleys; billiard establishments, arenas, rinks; membership sports and health clubs, swimming pools; expositions; game parlors; amusements parks; racetracks; and golf courses.

Communication Tower

Any tower, pole, mast, whip, antenna, or any combination used for radio, television, cellular, or microwave telecommunications broadcast transmission or line-of-sight wireless relay, including amateur radio service.

Day Care Center/Preschool/Childcare

Any preschool, day nursery, nursery school, child home-based day-care nursery or other building or premises regularly used for the day care of a group of children for



periods of less than 24 hours, apart from their parents or guardians, governed by the state day-care center licensing provisions and conducted in accordance with state requirements.

Developed Open Space

A landscaped area maintained for the purpose of human activity, including but not limited to parks, bridal paths, play fields, playgrounds, arboretums, botanical gardens, non-motorized trails and other similar uses, including uses and structures that are accessory and supportive of the primary open space activity.

Essential Public Facilities

Those facilities typically difficult to site, such as airports, state education facilities, state or regional transportation facilities, correctional facilities, etc.

Fence

An artificially constructed barrier of any material or combination of materials erected to enclose, screen, or separate areas.

Flex-Tech Office Warehouse

A building partly divided into individual offices and partly used for warehouse or manufacturing.

Forestry Products Processing Facility

A facility which adds value to or processes timber and other forestry goods, including but not limited to cutting, drying, splitting, shaking, pulping, or forming.

Fuel/Chemical Distribution and Bulk Storage

Facilities that allow for the storage and wholesale or retail sale of fuel and chemicals so long as all such operations comply with applicable State and Federal laws.

Forestry Support Services

Any non-forestry use which is directly related to forestry and directly dependent on forestry for its existence. These support services exist within districts that are intended to facilitate the production, marketing and distribution of forest products; such as, but are not limited to equipment repair, trucking operations and equipment rental.

Hospital/Clinic/Assisted Living

An institution, office or facility or boarding home offering nursing care, health services and medical or surgical care to persons, suffering from illness, disease, injury, deformity, and other abnormal physical and mental conditions, which could include, as an integral part of the facility, related services such as laboratories, outpatient facilities, training facilities, medical offices, staff residences and patient overnight accommodations.

Humanitarian Services



The provision of relief to disadvantaged persons, whether for compensation or not, of a spiritual, material, or medical nature. Such services may include any or all of the following: emergency care, including lodging, meals, and other temporal items; religious services; professional counseling; rehabilitation of trade skills; food storage and dispensing; and, medical assistance.

Lodging Facilities

Establishments providing transient sleeping accommodations and may also provide additional services such as restaurants, meeting rooms and banquet rooms. Such uses may include, but are not limited to hotels, motels, and lodges greater than six rooms.

Manufacturing

A facility that may include but is not limited to functions such as the creation, assembly, repair, fabrication, packaging, processing or other handling of products, including the distribution of products.

Mineral Resource Activity

Any activity in which utilizes the storage, extraction, processing and sale of commercial and noncommercial mineral resources. Such activities may include, but are not limited to stockpiling, crushing, sorting, batching of landscape materials, asphalt or concrete, preparation of a mining site for operation, ore extraction and reclamation of a mining site.

Mini Storage

A structure and/or area containing self-storage facilities for individuals and business, that includes but is not limited to such things as furniture, merchandise, personal property, business goods and recreation/seasonal vehicles.

Neighborhood Center

A lot and a building wherein an activity occurs which provides services of a social, cultural, economic or educational nature to the neighborhood in which it is located.

Nursery

Land or structures, such as greenhouses, used to raise plants, flowers and shrubs for sale.

Office Building

A building usually divided into individual offices, used primarily by companies to conduct business.

Parking Lots and garages

Any area, designed and used for parking motor vehicles including parking lots, garages, private driveways, and legally designated areas of public streets.

Park and Ride Facility



A parking area designed for drivers to leave their cars and use mass transit or other ride sharing which begins, or ends at the Park and Ride Facility.

Personal and Professional Services

Establishments engaged in providing services involving the care of a person, personal goods or providing services based on a legally recognized profession.

Places of Assembly

A building or area used in whole or in part for the gathering together of persons for such purposes as deliberation, training, education, instruction, entertainment, amusement, socializing or awaiting transportation. Such uses include , but are not limited to, meeting halls, training rooms, studios for group instruction, clubhouses, grange, cinemas, theaters and associated amenities.

Public Facility

A building, structure or area owned and operated by a public agency to provide a governmental service to the public or a private non-profit or not-for-profit organization not established for the purpose of making profit.

Public Utility, High Impact

Public utility uses such as, but not limited to, electrical switchyards, water reservoirs, rural communications and telecommunication facilities.

Public Utility, Low Impact

Public utility uses such as, but not limited to, electrical substation, water pumping station, site plan improvements.

Recreational Development

Facilities or an area that may include, but is not limited to, campgrounds, Recreational Vehicle (RV) parks, swimming pool or similar types of uses. RV parks to be defined as an lot or parcel of land upon which two or more recreational vehicle sites are located, established, or maintained for occupancy by recreational vehicles as temporary living quarters for recreation or vacation purposes.

Research Facilities

A facility or area utilized for investigating or experimenting, with the aim of discovering new facts.

Retail

Establishments engaged in selling goods or merchandise to the general public for personal or household consumption and customary auxiliary uses and services incidental to the sale of such goods.

Telecommunications/Broadcasting Facility



2139278
Page: 35 of 35
03/25/2003 10:18A
Chelan Co, WA

A facility with the intent to distribute services via telephone, radio, television, cable, fiber optics or any other medium. Facilities may include, but are not limited to data centers, web hosting sites.

Temporary Agricultural Worker Housing

A place, area, or piece of land where sleeping places or housing sites are provided for temporary or seasonal occupancy.

Treatment and Storage Facility

A facility that treats and stores hazardous waste and is authorized pursuant to Chapter 70.105 RCW, Chapter 173-303 WAC. It includes all contiguous land and structures used for recycling, reusing, reclaiming, transferring, storing, treating, or disposing of hazardous waste. Treatment includes physical, chemical, or biological processing of hazardous wastes to make such waste non-dangerous or less dangerous and safer for transport, amenable for energy or material resource recovery. Storage includes the holding of waste for a temporary period but not the accumulation of waste on the site of generation as long as the storage complies with applicable requirements of Chapter 173-303 WAC.

On site Treatment and Storage Facility means a facility that treats or stores hazardous wastes generated on the same geographically, contiguous property.

Offsite Treatment and Storage Facility means a facility that treats or stores hazardous wastes generated on offsite property other than that on which the onsite facility is located.

Warehouse

A building or area used to store merchandise and other products, goods, materials, equipment or data.

Wholesale Trade

Establishments or places of business primarily engaged in selling merchandise to retailers; to industrial, commercial, institutional, or professional business users; to other wholesalers; or acting as agents or brokers and buying merchandise for , or selling merchandise to, such individuals or companies.

Winery

Facility where fruit or other products are processed into wine (i.e. crushed, fermented, decanted, stored, bottled, and shipped). This may include the sale of wine and limited ancillary items, tourist facilities, or tasting rooms.