

AFTER RECORDING, RETURN TO:

City of Puyallup
City Manager
333 S. Meridian, Floor 5
Puyallup, WA 98371

<i>Document Title:</i>	Development Agreement
<i>Grantor:</i>	City of Puyallup
<i>Grantee:</i>	(1) Palindrome Properties Group, LLC (2) Palindrome Puyallup, LLC
<i>Abbreviated Legal Description:</i>	Parcels A, B & C, BLR Rec. No. 200009125003 (Full legal description on Exhibit A)
<i>Tax Parcel Number:</i>	706000-0070, 706000-0020 and 706000-0030
<i>Related Documents:</i>	N/A

DEVELOPMENT AGREEMENT

(Seasons on Meeker)

THIS DEVELOPMENT AGREEMENT (this “*Agreement*”) is made and entered as of the last date of signature below (the “*Effective Date*”), by and between **City of Puyallup**, a Washington municipal corporation (the “*City*”), and **Palindrome Properties Group, LLC**, a Nevada limited liability company (“*Developer*”), and **Palindrome Puyallup, LLC**, a Washington limited liability company (“*Project Owner*” and together with Developer, “*Palindrome*”). The City and Palindrome may be referred to jointly in this Agreement as the “*Parties*” and individually as a “*Party*.”

RECITALS

A. In 2019, the City Council adopted the Downtown Economic Development Plan (the “*Economic Development Plan*”). The Economic Development Plan identified seven strategies, including Strategy 4: Support Residential Development. Within that strategy is Action 4a – “Review opportunities to use city-owned land and public-private partnerships for projects with a range of housing types accessible to households at different incomes.”

B. In June 2021, the City adopted the Puyallup Housing Action Plan which is the City's plan to support affordable housing options for all community members (the "**Housing Action Plan**").

C. The City owns three (3) parcels of real property that are collectively known as the Cornforth-Cambell Properties, which are identified by tax parcel numbers 7060000020, 7060000030, and 7060000070, legally described on the attached Exhibit A, located in Puyallup, Pierce County, Washington (the "**Existing Land**"), has been identified by the City as a potential site for mixed-use development and are located in the CBD-Core zone.

D. On January 19, 2023, the City issued a Request for Proposals ("**RFP**") soliciting developer teams to bring concepts for the Existing Land as a highly active, mixed-use destination. The RFP provided a vision for future development on the Existing Land, including a statement that future development should "Continue to revitalize Downtown Puyallup; Build Housing; Include a Market Hall, micro-retail, or other highly active commercial space; Create synergy with the Meeker Festival Street; Maximize the development potential of the property; Preserve some public parking; and Feature high quality design." The RFP also requested that developer teams provide information about past successfully constructed projects. Palindrome submitted a response to the RFP detailing Palindrome's proposed project and process for the Existing Land. Palindrome was selected by the City and entered into that certain non-binding Exclusive Negotiating Agreement with the City, dated as of June 22, 2023 (the "**Prior Agreement**").

E. The Puyallup Municipal Code (the "**PMC**") section 20.30.005 (1) states that "The intent and purpose of the CBD-Core zone is to focus civic, commercial, entertainment, cultural and urban residential uses into an intense, compact, walkable area served by public transit. The zone and any development standards or guidelines applicable to such zone should be liberally construed to enhance opportunities for significant and concentrated growth of office space, commercial space, and residential projects in the city core in order to achieve increased economic and urban activity levels within the zone, where public transit and civic amenities are more available and concentrated. This zone is specifically intended to permit higher density, larger, and taller buildings between three and five stories... The zone should accommodate development projects with an intentional reduction in parking requirements and an increase in building scale to accommodate high density pedestrian-oriented development in this most accessible of zoning districts. The zone is also intended to provide large-scale planned development by public entities or through public-private partnerships which provide a clear community benefit. The zone is envisioned for innovative development meeting unique community needs."

F. The City desires to enter into this Agreement with Palindrome to commit the development of the Existing Land as a mixed-use development consisting of three components (each, a "**Component**"): (I) approximately seven (7) for-sale townhomes; (II) an approximately 115-unit multifamily building with a mix of market-rate housing units (approximately 75% - 80% of the units) and affordable housing units (at least 20% of the units), including a bathroom available to the public on Meeker Street and storage room for the City; and (III) a market hall concept that has no fewer than (6) micro restaurant units and a brewery/tap house, and a public plaza on the vacated 2nd Street, as more particularly described in the attached Exhibit B (the "**Project**").

G. The City has determined that the development of the Project supports the City's goals under the Economic Development Plan and the Housing Action Plan, as well as the City's general goals to provide housing, economic development, and community development opportunities. The City has determined that the housing is necessary to support future job growth and to attract new employers.

H. Pursuant to the Prior Agreement, the City and Palindrome have been meeting regarding the Project and the terms and conditions of the transfer of the Property to Project Owner and the development standards that will apply to the Property.

I. The Washington State Legislature has authorized the execution of a development agreement between a local government and an entity having ownership or control of real property within its jurisdiction (RCW 36.70B.170(1)). A development agreement must set forth the development standards and other provisions that shall apply to, govern, and vest the development, use, and mitigation of the development of the real property for the duration specified in the in the development agreement (RCW 36.70B.170(1)). A development agreement must be consistent with the applicable development regulations adopted by a local government planning under Chapter 36.70A RCW.

J. This Agreement is intended to be a "development agreement" as the term is used and authorized under RCW 36.70B.170(1) and relates to the development of the Project. This Agreement establishes certain terms and conditions pertaining to development of the Project on the Land (defined below), and establishes an overall framework for current and future development of the Land.

K. All issues or matters not addressed by this agreement shall be determined and interpreted consistent with Puyallup Municipal Code ("*PMC*"), development standards, and/or other applicable law.

L. A development agreement must be approved by ordinance or resolution after a public hearing (RCW 36.70B.200). A public hearing for this Agreement was held on January 28, 2025 and the City Council approved this Agreement on JANUARY 28, 2025.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, and the conditions, covenants and agreements set forth below, the Parties hereby agree as follows:

1. GENERAL TERMS OF DISPOSITION

1.1 **Agreement for Disposition and Development.** The City will sell the Property to Project Owner on the terms and conditions included in this Agreement and that certain Purchase and Sale Agreement and Escrow Instructions by the City and Project Owner dated on or about the date hereof ("*PSA*"). Upon satisfaction or waiver of the conditions set forth in Section 2, the City and Project Owner will close by execution and delivery of a statutory warranty deed (the "*Deed*")

from the City to Project Owner (“*Close*” or “*Closing*”). It is currently anticipated that the Closing will occur approximately fourteen (14) months after the execution of this Agreement.

1.2 **Description of the Property.** The City agrees to transfer the Land to Project Owner, together with (i) all rights, privileges, licenses, and easements appurtenant to the Land owned by the City; and (ii) all improvements, equipment, fixtures and other personal property of every kind located on the Land (which Land, together with the elements described above in (i) and (ii), is included in the definition of the term “*Property*”). “*Land*” shall mean the Existing Land together with the Second Street Land (defined below).

1.3 **Purchase Price.** As part of this Agreement, the City will convey ownership of the Property to Palindrome in exchange for Palindrome’s construction and operation of certain public benefits defined in Schedule 1.3 (the “*Public Benefits*”). Therefore, the monetary consideration for the City’s sale of the Property to Project Owner is the total development cost to Palindrome of constructing the Public Benefits, plus \$1.00 (the “*Purchase Price*”). The Purchase Price also reflects the diminished value of the Land because of: (a) the Land being located near an active rail line which impacts noise levels; (b) the Land being a cleanup site for contaminated soils, and requiring active groundwater monitoring; (c) sub-standard lahar zone soil conditions which increase the development costs of the Land; and (d) development obligations of Palindrome under this Agreement, including but not limited to the Public Benefits and Project as defined in Section 4.

1.4 **AS IS.** Prior to Closing, Palindrome will have examined and investigated or will have had the opportunity to examine and investigate the Property to its own satisfaction and will have formed its own opinion as to the condition (including Environmental Condition) and value thereof. Palindrome has not relied on any statements or representations from the City or any person acting on behalf of the City concerning any of the following: (i) the size or area of the Property; (ii) the location of corners or boundaries of the Property; (iii) the condition of the Property, including but not limited to, physical or geotechnical properties above or below the surface of the Property or the Environmental Condition adjacent, above or below the surface of the Property (including without limitation impacts to soil, soil vapor or groundwater from releases or threatened releases of hazardous substances regulated under Environmental Laws) or the Property’s compliance with Environmental Laws (defined below) and other governmental requirements (“*Environmental Condition*”); (iv) the availability of services to the Property; or (v) the ability of Palindrome to use the Property or any portion thereof for any intended purpose. Project Owner is acquiring the fee interest in the Property, in the condition existing at the time of the Closing AS IS, with all defects, if any. Palindrome hereby waives, releases and forever discharges the City and the City’s successors and assigns, of and from all claims, actions, causes of action, fines, penalties, damages (including consequential, incidental and special damages), costs (including the cost of complying with any judicial or governmental order), and expenses (including attorney fees), direct or indirect, known or unknown, foreseen or unforeseen, which may arise on account of or in any way growing out of or in connection with any physical characteristic or condition of the Property, including any surface or subsurface Environmental Condition, or any law, rule or regulation applicable to the Property, including Environmental Laws.

For purposes of this Agreement, “*Environmental Laws*” means all present or future federal, state, and local laws or regulations related to the protection of health or the environment, including but not limited to the Resource Conservation and Recovery Act of 1976 (RCRA) (42 USC § 6901 et seq.), the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) (42 USC § 9601 et seq.), the Model Toxics Control Act (RCW 70A.305 et seq.), the Toxic Substances Control Act (15 USC § 2601 et seq.), the Federal Water Pollution Control Act (the Clean Water Act) (33 USC § 1251 et seq.), the Clean Air Act (42 USC § 7401 et seq.), amendments to the foregoing, and any rules and regulations promulgated thereunder (including Chapter 173-340 of the Washington Administrative Code).

1.5 **Title Review.** Palindrome will review a preliminary title commitment for the Land from Fidelity National Title Insurance Company (the “*Title Company*”), in accordance with the provisions of the PSA.

1.6 **Project Dedications; Easements.** The Parties recognize that in order to provide for the development of the Property, it may be necessary, desirable, or required that street, water, sewer, drainage, gas, power line, and other easements and dedications and similar rights be granted or dedicated over or within portions of the Property. The City will, upon request of Palindrome, join with Palindrome in executing and delivering such documents as may be appropriate, necessary, or required by any governmental agency or public utility company for the purpose of approving the Project, provided that any such exception will not materially increase the City’s costs under this Agreement, as determined by the City in the City’s reasonable discretion. Any such exceptions accepted by the City will be included as a “Permitted Exception” at the Closing.

1.7 **Title Insurance.** The City, at its expense, will order that the Title Company provide to Project Owner, at the Closing, a standard coverage owner’s title policy of title insurance, insuring that Project Owner is the fee simple owner of the Land, free and clear of encumbrances, except for the Permitted Exceptions (a “*Title Policy*”). Project Owner, at its option and its expense, may elect to obtain extended coverage under the Title Policy, and the City agrees to execute any affidavits or other documents reasonably required by the Title Company to enable Project Owner to obtain such coverage.

1.8 **Access and Inspection.** Palindrome shall have the right and permission of the City to enter upon the Property or any part thereof at all reasonable times and from time to time for the purpose, at Palindrome’s sole cost and expense, of making all tests and/or studies of the Property that Palindrome may wish to undertake, including, without limitation, soils tests (including borings), toxic and hazardous waste studies, surveys, structural studies and review of zoning, fire, safety and other compliance matters; provided, however, Palindrome shall indemnify and hold harmless the City from and against any mechanic’s or other liens or claims that may be filed or asserted against the Property or the City as a direct result of any actions taken by Palindrome in connection with the Property, including but not limited to permitting the City to review a written description of Palindrome’s proposed testing and work to ensure same is properly done and will not exacerbate any existing condition of contamination on the Property. Palindrome shall also provide the City with a copy of all soil or environmental test results for the Property upon the City’s request. Palindrome shall reasonably restore the Property to its condition immediately prior

to any invasive testing. The effect of the representations and warranties made by the City in this Agreement shall not be diminished or deemed to be waived by any inspections, tests or investigations made by Palindrome or its agents.

1.9 Early Access and Demolition. Palindrome shall have the right to demolish portions of the interior of existing buildings located on the Land, prior to Closing, provided that: (a) the provisions of Section 1.8 shall apply to such work; (b) Palindrome shall notify the City of the time and date of the demolition, as well as the location and scope of the demolition; and (c) the City shall have five business days to respond and the City shall not unreasonably withhold or condition its approval of such work. Failure of the City to respond within such five-business-day time period shall be deemed approval by the City.

1.10 City Commitment. The City agrees to support the development of the Project, including but not limited to the following:

1.10.1 The City and Palindrome shall mutually agree on the best use of the funds the City has received from the State of Washington, in the approximate amount of \$575,000 (the “*State Funds*”). The State Funds are to be used for site preparation, environmental and geotechnical due diligence, frontage improvements such as sidewalks and street lighting, and other Project-related costs. The City may use the State Funds to pay for some of these Project-related costs.

1.10.2 The City shall coordinate with Palindrome on the design and construction of Meeker Street as a festival street.

1.10.3 The City’s SEPA Planned Action Ordinance for Downtown Puyallup will limit the SEPA requirements of the Project.

1.10.4 The City plans to convert Meeker Street into a festival street where various community events may take place (the “*Festival Street Project*”); and in connection with the Festival Street Project, the City will enhance the streetscape of Meeker Street with pavers, lighting, street art, and other amenities. In the event that Palindrome completes its improvements adjacent to Meeker Street before the completion of the Festival Street Project, Palindrome may delay some of its planned improvements along the north right-of-way of Meeker Street. The City and Palindrome will coordinate the timing of the Festival Street Project adjacent to the Property in order to provide efficiency in efforts.

1.10.5 The City may re-apply for \$1,000,000 in funding from the State of Washington, Department of Commerce, through the Connecting Housing to Infrastructure Program (the “*CHIP Funds*”). If the CHIP Funds are awarded to the City, then the SDCs (defined below) charged to Project Owner relating to the Project will be reduced by the amount of CHIP Funds received by the City, up to a maximum of \$1,000,000.

2. CONDITIONS PRECEDENT TO CLOSING

2.1 **General.** The Party benefited by a condition may not unreasonably withhold, condition, or delay acknowledgment that the condition has been satisfied.

2.2 **Project Conditions.** Prior to Closing, the City and Palindrome anticipate that the following actions will be taken:

2.2.1 The City's intends to initiate a street vacation process encompassing that portion of Second Street located adjacent to the Existing Land (the "***Second Street Land***") and extending from Meeker Street on the south to Main Street on the north no later than sixty (60) days after the Effective Date; and upon completion of such vacation process, the Second Street Land shall be included in the Land. If the street vacation process is not initiated by the Outside Date identified in Schedule 2.2.5, then the dates provided in Schedule 2.2.5 shall be extended for each day in which the initiation of the street vacation process is delayed. The Parties acknowledge and agree that Palindrome shall not be obligated to incur predevelopment costs until the street vacation process has been initiated by a Council resolution.

2.2.2 Palindrome will subdivide, complete a boundary line adjustment, complete a binding site plan, and/or similar revision to the Land, so that each Component shall be constructed on separate legal parcels. To the extent such action requires cooperation by the City, the City shall cooperate with Palindrome's efforts, at no out-of-pocket costs to the City.

2.2.3 Palindrome may seek financing from a variety of sources, potentially including but not limited to the United States Department of Transportation, tax-exempt bond financing, and other sources. To the extent such financing requires the cooperation of the City, the City will not unreasonably withhold its assistance to execute documents, provide information, or otherwise undertake actions to assist Palindrome in obtaining financing for the Project. The City also agrees to explore other opportunities for funding for the Project, including but not limited to the City's funding for affordable homeownership, infrastructure funding from the State of Washington, and environmental remediation.

2.2.4 Palindrome intends to seek a multi-family tax exemption pursuant to RCW 84.14 and PMC 3.70. The City staff shall not unreasonably withhold its assistance of Palindrome's application for such tax exemption.

2.2.5 Section 4 of this Agreement further defines the Project, and Section 4.4 of this Agreement defines each Component of the Project. The Parties agree that Palindrome may develop one or more Components of the Project at a time, and will not be required to begin construction on all Components of the Project at the same time. Palindrome will construct the Market Hall Component as either the first or second Component of the Project. The current anticipated milestones for the Project are shown on the attached Schedule 2.2.5 (the "***Milestones***"). The Parties acknowledge and agree that the Milestones

may be revised in writing upon the mutual consent of both Parties, without the need for an amendment to this Agreement. Prior to Closing, the Milestones may be updated by mutual consent of the Parties.

2.3 Conditions Precedent to Closing. Palindrome and the City are not obligated to proceed with Closing unless the following conditions are satisfied on or prior to the Closing Date (defined in Section 3.2, below).

2.3.1 To the reasonable satisfaction of both the City and Palindrome:

(a) No litigation is pending that prevents the City or Palindrome from performing their respective obligations under this Agreement.

(b) The permits necessary to commence construction of one or more Components of the Project are final and ready to be issued to Developer but for the requirement that Developer pay a fee for such permits (the "*Final Permits*").

(c) Palindrome has closed or will close simultaneously on the financing for one or more Components of the Project.

(d) Title Company is prepared to issue to Project Owner the Title Policy for the Property.

2.3.2 To Palindrome's reasonable satisfaction:

(a) No material adverse change in the physical or legal condition of the Property has occurred, except as otherwise accepted by Palindrome.

(b) The City has executed all documents reasonably requested by Project Owner's lenders and investors.

2.3.3 To the City's reasonable satisfaction:

(a) Palindrome has provided to the City documentation that Project Owner is an entity that is qualified to do business in the state of Washington.

(b) Palindrome is not in default under this Agreement, and no event has occurred that, with notice or passage of time, or both notice and passage of time, would constitute a default of Palindrome under this Agreement.

(c) Palindrome has demonstrated the financial feasibility of all Components of the Project and that lenders, together with any equity or other financial resources available to Palindrome (including personal guaranties of financial commitments), are sufficient to complete all Components of the Project. If Palindrome proposes to complete any Component via a combination of equity and debt, then Palindrome shall provide (i) letter(s) of commitment from any

lenders providing debt for the first Project Component, and (ii) evidence of Palindrome's financial capacity to complete the Project.

(d) A Contaminated Media Management Plan ("*CMMP*") has been provided to the Washington State Department of Ecology ("*Ecology*"), and the CMMP has been approved by Ecology.

(e) Palindrome has provided to Ecology a plan, access easement, and/or other documentation indicating how Palindrome plans to install and provide other parties with access to monitoring wells on the Property, and this plan has been acknowledged or approved by Ecology. The City's understanding is that the long-term monitoring of the monitoring wells will be conducted by the former owners of the site, Cornforth-Campbell Motors, and their environmental consultants and assigns.

(f) The Parties have executed the following agreements related to the Project: (i) the PSA; (ii) an easement agreement that provides public access to the public plaza; (iii) a license agreement or other agreement governing the public restrooms; (iv) a license agreement or other agreement governing the parking available to the public; (v) covenant regarding the affordability of two of the townhouses; and (vi) other contracts related to this Agreement as may be determined by the City and Palindrome.

2.4 Elections upon Non-Satisfaction of Conditions. If any condition is not fulfilled to the satisfaction of the benefited Party or Parties as of the applicable Closing Date, then such benefited Party or Parties may elect to:

2.4.1 Terminate this Agreement by and effective upon written notice to the other Party pursuant to Section 2.5, below; or

2.4.2 Waive in writing the benefit of that condition and proceed in accordance with the terms of this Agreement; or

2.4.3 Designate in writing a later date for the Closing, to allow additional time for the condition to be satisfied, if the condition can be satisfied and the other Party agrees in writing to the later date.

2.5 Final Termination Date. If all of the conditions precedent to a Closing set forth in this Section 2 have not been satisfied or waived by the later of (a) the applicable Closing Date or (b) such later date, if any, designated pursuant to Section 2.4.3, then this Agreement will terminate five (5) business days after written notice from the Party seeking termination unless the specified condition has been satisfied or waived and the Closing has occurred within such five-day period.

3. CLOSING

3.1 **Manner of Closing; General.** The Closing will occur in escrow at the Title Company, which escrow is to be administered by an escrow agent of the Title Company (the “*Escrow Agent*”), as more particularly described in the PSA.

3.2 **Closing Date.** Consistent with Schedule 2.2.5, the Closing must occur fourteen months after mutual execution of this Agreement (the “*Closing Date*”). The Closing Date may be extended with the prior written consent of both Parties. If Palindrome has submitted applications for building permits for the first Component(s) of the Project, but the permits have not been issued, then the Closing Date shall be extended until June 30, 2026.

4. PROJECT

4.1 **In General.** A material factor in the City’s decision to sell the Property to Project Owner, is Project Owner’s commitment to pursue development of the Project, at Project Owner’s sole cost and expense, consistent with each element of the descriptions of the Project as described in the attached Exhibit B.

4.2 Diligent Commencement and Completion of the Project.

4.2.1 Palindrome will Commence Construction of the first Component(s) of the Project within ninety (90) days after the Closing Date (“*Construction Commencement Deadline*”). Thereafter, Palindrome will diligently pursue completion of the first Component(s) of the Project. For the purposes of this Agreement, the terms “*Commence Construction*” and “*Construction Commencement*” mean Palindrome has obtained all permits and financing necessary for completion of the first Component(s) of the Project, has mobilized equipment and supplies on the Property, and has commenced clearing, grading, excavation, or other similar substantial action. Following Construction Commencement, Palindrome will diligently pursue construction completion (“*Construction Completion*”) for each of the Components, subject to Force Majeure, which means that Palindrome has obtained a certificate of occupancy from the City for the respective Component of the Project. For purposes of this Agreement, “*Force Majeure*” shall mean a cessation of construction caused by conditions that are beyond the control of Palindrome and directly impact Palindrome’s ability to complete construction, including, acts of God or the elements, acts of war, acts of terrorism, fire, strikes, pandemic, government shutdowns, and disruption of shipping. If Palindrome believes that Force Majeure conditions are in effect, then Palindrome will submit a written monthly update to the City summarizing the nature of the Force Majeure condition(s) and the steps that Palindrome is taking to overcome them.

4.2.2 Palindrome will keep the City informed of its progress with respect to development of the first Component(s) of the Project during construction, with periodic reports to be provided to the City no less frequently than once a quarter. In addition, Palindrome must promptly respond to any inquiries from the City regarding Project status.

4.3 **Project Review and Evaluation.** The Project shall be reviewed in accordance with City’s development review procedures and the development standards of RCW 36.70B.170 et seq.

The City shall use this Agreement during the development review process as additional standards and criteria to evaluate the Project and determine appropriate conditions and requirements of development. Project approval and subsequent build out will require various City permits and approvals. Once approved, this Agreement and all other related governmental approvals (e.g., SEPA determination, building permits, etc.) required for development of the Project shall collectively comprise the “**Project Approvals.**” The Project shall comply with the Project Approvals in all particulars, and City may take enforcement action in accordance with Section 7 at any time to compel such compliance.

4.4 **Development Components.** The Project consists of three distinct components:

4.4.1 **Mixed-Use Building Component** (the “**Mixed-Use Building Component**”): a building that includes approximately 115 rental apartment units with (a) a mix of market-rate housing units (approximately 80% of the units, provided that if the City receives the CHIP Funds and the CHIP Funds reduce the amount of SDCs charged to Project Owner, then approximately 75% of the units) and affordable housing units (at least 20% of the units, provided that if the City receives the CHIP Funds and the CHIP Funds reduce the amount of SDCs charged to Project Owner, then at least 25% of the units) that will be affordable to households at or below 80% of area median income for at least twelve (12) years; (b) at least one ground floor retail or commercial space which is at a minimum of 820 square feet; (c) two public restrooms; (d) a storage room for equipment related to events and festivals; (e) electric vehicle charging stations; (f) no fewer than twenty (20) parking spaces available to the general public subject to the terms set forth in Schedule 1.3: Public Benefits; and (g) new monitoring wells and a vapor barrier or other vapor management system per Ecology’s specifications, and deep foundation systems.

4.4.2 **Market Hall Component** (the “**Market Hall Component**”): a food hall that includes micro restaurants, a brewery/tap house, and an adjacent public plaza. The public plaza shall be subject to an easement ensuring public access and use of the public plaza space in perpetuity; this easement shall be prepared separately and executed prior to issuance of the relevant certificate of occupancy or permit closeout. The Market Hall Component will also include twenty (20) interim parking spaces for use by the general public until construction of the Mixed-Use Building Component begins.

4.4.3 **Townhome Component** (the “**Townhome Component**”): No fewer than seven (7) for-sale townhomes of which at least two (2) will be sold at prices affordable to households at or below 80% of area median income and which will remain affordable upon resale via a deed restriction or other mechanism for a minimum of twenty (20) years.

4.5 **Development Timing.** The City acknowledges and agrees that Palindrome may construct each Component of the Project at different times, in its sole discretion. Currently, the anticipated timeline for the construction of the Components is as shown on the attached Schedule 2.2.5, which is subject to change, however each Component must overlap another.

5. DEVELOPMENT STANDARDS

5.1 Pursuant to RCW 36.70B.170 through 36.70B.210, as amended, as well as Chapter 1.15 Puyallup Municipal Code (“*PMC*”), the City may enter into a development agreement with Palindrome for the Project. Palindrome has requested land use approval for the Project using the development agreement process in accordance with Chapter 1.15 PMC. The City hereby agrees to combine the requirement for a land use approval and this Agreement because the City Council held a public hearing on this Agreement; this Agreement contains such reasonable conditions as necessary to ensure the Project’s review and siting satisfies the City’s land use approval criteria and procedures outlined in Chapter 20.80 PMC, and the development agreement process has met all applicable procedural requirements.

5.2 This Agreement shall constitute a binding development regulation for the aspects of the Project and Property that are specifically defined in this Agreement for purposes of the City’s review of applications related to the Project received within six (6) years of the effective date of this Agreement (“*Vested Term*”). During the Vested Term, Palindrome shall have the right to develop the Project in accordance with the terms of this Agreement and the Project Approvals regardless of intervening changes in the applicable development regulations. Upon the expiration of the Vested Term, this Agreement shall continue to apply to the use of all Property and development approved pursuant to this Agreement. Development applications received after the Vested Term or for different projects shall be subject to review under all then-applicable development regulations.

5.3 The Property is vested in the following development terms:

5.3.1 Permitted Uses. The following uses are permitted for the Property: (a) retail; (b) restaurants, micro-restaurants, and bars; (c) multifamily and single-family housing; (d) commercial use, general; (e) community space and public plaza; (f) live-work space; (g) parking; (h) brewery/tap house; and (i) mixed-use development.

5.3.2 Building Activities. The structures described on the attached Exhibit B have the following activities:

(a) Building A – Market Hall Component that includes micro-restaurants and brewery/tap house

(b) Building B – Mixed-Use Building Component that includes housing and retail or commercial space.

(c) Building C - Townhome Component that includes housing.

5.3.3 Traffic. The Property is vested with 31.8 PM peak trips.

5.3.4 Parking. The aggregate parking for the Project is 120 parking stalls. Palindrome and the City may agree to a parking reduction of up to 10% less than this

aggregate number. Additional parking code deviations are described in Schedule 5.3.6: Departures from Base Code.

5.3.5 System Development Charges and Impact Fees. Systems Development Charges (“*SDCs*”) are charges on new development for connection to water, sewer, and stormwater systems. Impact fees (“*Impact Fees*”) are fees on new development related to traffic, parks, and schools. The City may re-submit a grant application to the State of Washington’s Connecting Housing to Infrastructure Program (“*CHIP*”) to request CHIP funding to cover up to \$1,000,000 in SDCs. If the City receives CHIP Funds, the amount of the SDCs charged to Project Owner relating to the Project will be reduced by the amount of CHIP Funds received by the City, up to \$1,000,000. If the CHIP application is not submitted, approved or fully funded, the City and Palindrome agree to negotiate in good faith regarding how to address the financial impact to the Project.

(a) If the CHIP Funds are not awarded, Palindrome will not be required to pay the Parks Impact Fees, in consideration that the financial investment being made by Palindrome in the public plaza, which is expected to be equal to or greater than the amount of parks Impact Fees. The City may add the public plaza to its Capital Facilities Plan in order to enable some or all of the public plaza improvement to be Parks Impact Fee creditable. In order to document this Parks Impact Fee adjustment, Palindrome will be required to submit a study that includes conceptual designs and cost estimates for the public plaza.

(b) Palindrome will pay other SDCs and Impact Fees consistent with the City’s fee schedule. Any Impact Fees assessed by the City shall be due and payable prior to the date that each Component of the Project receives its certificate of occupancy.

5.3.6 Design Standards. The Project shall depart from the base design standards (such as maximum heights, setbacks, landscaping, and other development features), as identified on the attached Schedule 5.3.6.

5.3.7 Signs. The Project is allowed a minimum of one freestanding sign (monument, pole or as agreed to by the Parties) per entrance to the Property.

5.3.8 Townhouses. Fee simple townhouses shall be permitted on the Property. Frontage improvements for the townhouses that face the public plaza shall not be required to be constructed as part of the Project.

5.3.9 Utility Lines. Palindrome shall relocate existing utility lines located on 2nd Street, such as the overhead power lines.

5.4 The City has determined that the Project is consistent with the Comprehensive Plan and development regulations. So long as the Project is developed consistent with appropriate City permit approvals and this Agreement, the public health, interest, and welfare are adequately protected within the bounds of the law. Therefore, the City is allowing departures from

development regulations because the Project will be providing a benefit to the City of an equal or greater value relative to the standards from which departure is being allowed. Palindrome may propose a concept outside of these departures; in which case City approval would be required.

5.5 Additional Permits. In addition to this Agreement, additional permits and approvals will be required by the City, including but not limited to: building, right-of-way, clearing, grading, and drainage, hauling route, sign, demolition, fire alarm, sprinkler, plumbing, mechanical, and electrical permits. Subsequent to execution of this Agreement, the City agrees that it shall issue permits and approvals necessary to complete the Project consistent with this Agreement and any other applicable laws and regulations within the City's jurisdiction. The City shall exercise due diligence to review and issue decisions on any additional permits and approvals efficiently and in a timely manner as further described in this Agreement.

5.6 Vested Rights. Palindrome is assured, and the City agrees, that the development rights, obligations, terms, and conditions specified in this Agreement are fully vested and may not be changed or modified by the City, except as may be expressly permitted by, and in accordance with, the terms and conditions of this Agreement. Notwithstanding the foregoing, and pursuant to RCW 36.70B.170(4), the City reserves the authority to impose new or different regulations to the extent required by a serious threat to public health and safety.

5.7 Failure to Commence or Cessation of Development.

5.7.1 Prior to the commencement of construction of the first Component of the Project, in the event of circumstances that result in a failure to commence construction within the time period identified in Section 7.2.2(b) or cessation of development of the first Component in compliance with this Agreement, Palindrome shall surrender this Agreement and the Property shall thereafter develop under the base zoning and regulations in effect prior to this Agreement's effective date (see PMC 1.15.060(9)); provided, however, Palindrome shall have additional time to commence and complete construction because of Force Majeure. The City shall have the right to rescind the sale of the Property, and Palindrome agrees to take whatever steps are necessary to reconvey the Property.

5.7.2 After the commencement of construction of the first Component of the Project, if the Public Benefits, as may be revised by agreement of the parties, are not achieved by the Project, at the City's discretion, the City shall have the right to repurchase the portion of the Property that has not achieved the Public Benefits, for the difference between (a) the then-current assessed value of such portion of the Property and (b) the assessed value of the Property as of Effective Date of this Agreement inflated to the current year using the U.S. Bureau of Labor Statistics' Consumer Price Index for the Seattle area. As of January 2025, the average assessed value of the three Cornforth-Cambell Properties is \$33.93 per square foot. Palindrome agrees to take whatever steps are necessary to reconvey such portion of the Property; provided, however, upon commencement of construction of any Component, so long as such Component is constructed according to the construction permits issued by the City, such Component shall be deemed to have achieved the required Public Benefits, and the City's right of repurchase with respect to that Component shall be suspended during the course of construction of such Component

and shall terminate upon the receipt of a temporary certificate of occupancy for such Component.

5.7.3 In the event that the City elects to repurchase a portion of the Property after the commencement of construction of a Component, and if the public plaza has been completed, then the portion of the Property to be repurchased shall be subject to a latecomer's agreement to pay a pro-rata share of the costs for the construction and development of the public plaza. For purposes of determining the pro-rata share for each Component of the Project, the Market Hall Component shall be responsible for 50%, the Mixed-Use Building Component shall be responsible for 40%; and the Townhome Component shall be responsible for 10%. If the public plaza has not been completed, then the City shall not be subject to a latecomer's agreement.

5.8 **Contaminated Media Management Plan.** Pursuant to RCW 36.70B.170(3), a Contaminated Media Management Plan shall be prepared to, among other things, (1) guide sampling prior to grading, excavating, dewatering activities or other subsurface work, (2) ensure proper handling of any soil or groundwater that is identified from sampling as containing hazardous substances regulated under Environmental Laws at concentrations exceeding applicable cleanup levels, and (3) guide if the installation of a vapor barrier or other infrastructure is necessary to minimize the risk of vapor intrusion from hazardous substances.

6. ENVIRONMENTAL CONDITION OF THE PROPERTY

6.1 **Environmental Conditions.** Palindrome shall conduct its own environmental investigations of the Property to make its own determination about the Environmental Condition of the Property. In doing so, the City shall support Palindrome's efforts in relocating or decommissioning, as warranted, required, or allowed under Environmental Laws, any monitoring wells currently located on the Property. Palindrome acknowledges that, although the Washington State Department of Ecology has issued a No Further Action opinion ("*NFA*") for Cleanup Site ID: 5682, that the NFA does not alone resolve any liability under Environmental Laws that Palindrome may otherwise incur as a result of acquiring title to the Property. Palindrome further acknowledges that the NFA expressly did not apply to any Environmental Condition impacting the Property that is associated Cleanup Site ID 1194.

6.2 **The City's Representations as to Environmental Condition.** The City makes no representations or warranties about the Environmental Condition of the Property.

6.3 **Acceptance of Environmental Condition.** Palindrome accepts the Property, and its Environmental Condition, AS IS as further described in Section 1.4, and shall be responsible, at Palindrome's sole cost, for complying with all Environmental Laws applicable to the Property, regardless of whether the Environmental Condition arose pre- or post-Closing, or from off-Property or on-Property sources. Notwithstanding the foregoing, the City will cooperate with Palindrome in Palindrome's efforts to find sources of funding for any environmental remediation that may be required as a result of development of the Project.

7. DEFAULT AND REMEDIES

7.1 **City's Pre-Transfer Remedies.** If a default by Palindrome occurs before the Closing, and such default continues for thirty (30) days after the City provides written notice to Palindrome of such default (the "*Pre-Transfer Defaults*"), then the City and Palindrome agree that it would be impractical and extremely difficult to estimate the damages that the City may suffer. Therefore, the Parties agree that a reasonable estimate of the total net detriment that the City would suffer if Palindrome commits a Pre-Transfer Default is and will be all studies, architectural and engineering plans, and other documents prepared by Palindrome and its consultants (the "*Liquidated Damages Compensation*") which will be provided to the City. This amount will be the City's sole and exclusive remedy (whether at law or in equity) and the full, agreed, and liquidated damages for any Pre-Transfer Defaults by Palindrome. The retention by the City of said amount as liquidated damages is not intended as a forfeiture or penalty. The City hereby expressly waives all other claims to damage or other remedies. Upon a Pre-Transfer Default by Palindrome, the City may terminate this Agreement by written notice to Palindrome, will receive the Liquidated Damage Payment, and except as set forth in this paragraph, neither party will have any further rights or obligations under this Agreement to one another.

7.2 **City's Post-Closing Remedies.**

7.2.1 If a default by Palindrome occurs after the Closing, the City shall provide Palindrome with written notice of default (the "*Default Notice*"). Palindrome will have thirty (30) days from receipt of the Default Notice to cure the default. In the event the default is such that more than thirty (30) days would reasonably be required to cure the default or otherwise comply with any term or provision herein, then Palindrome shall notify the City of such and the timeframe needed to cure such default, so long as Palindrome commences performance or compliance or gives notice of additional time needed to cure within said 30-day period and diligently proceeds to complete such performance or fulfill such obligation; provided further, however, that no such cure period shall exceed ninety (90) days. Any Default Notice shall specify the nature of the default and the manner in which the default may be satisfactorily cured, if possible.

7.2.2 Palindrome stipulates and agrees that in the event that Palindrome fails to cure the default, within the time period provided in Section 7.2.1, then the City's remedies shall include the following:

(a) City may seek and obtain special action and/or specific performance (whether characterized as mandamus, injunction or otherwise), requiring Palindrome to use best and all efforts to complete all Components of the Project and to undertake and to fully and timely perform its, respective, obligations under this Agreement. Notwithstanding the foregoing, if the Public Benefits, as may be revised by agreement of the parties, are not achieved by any Component, at the City's discretion, the portion of the Property related to such Component shall revert to the City, subject to the provisions contained in Section 5.7.

(b) If Palindrome has not begun the Commencement of Construction of the first Component of the Project within six (6) months of the Outside Date identified in Schedule 2.2.5, subject to Force Majeure, City shall have the option to

rescind the sale of the Property. Within thirty (30) days of the City giving notice of its intent to exercise this option to rescind, Palindrome shall transfer the Property to the City by quit claim deed free and clear of any financial encumbrances and without any encumbrances that did not exist when the Property was conveyed to Palindrome.

(c) If Palindrome has not achieved Construction Completion for all of the Components and construction of all Public Benefits by the later of March 1, 2030 or sixty (60) months from the Effective Date of this Agreement, then the City shall have the right to repurchase such portion of the Property not developed, subject to the provisions of Section 5.7.

7.3 Palindrome's Remedies. If the City wrongfully fails to Close, Palindrome may, at its option: (i) terminate this Agreement by written notice to the City without waiving any cause of action that Palindrome may have against the City, including but not limited to seeking actual damages incurred by Palindrome, or (ii) specifically enforce the City's obligation to Close. Palindrome may seek monetary damages against the City for such defaults, other than its attorneys' fees and costs of litigation.

7.4 Nonexclusive Remedies. The rights and remedies provided by this Agreement are not exclusive, except where otherwise indicated, and will be in addition to any and all rights and remedies otherwise available at law or in equity. The exercise by either Party of one or more of such remedies will not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or of any of its remedies for any other default by the other Party, including, without limitation, the right to compel specific performance.

7.5 Unavoidable Delay.

7.5.1 Neither a Party nor a Party's successor in interest will be considered in breach of or in default with respect to any obligation under this Agreement if the delay in performance of such obligation ("*Unavoidable Delay*") is a result of conditions unforeseeable, beyond the Party's reasonable control, and without the Party's fault or negligence, including, without limitation, events such as natural disasters (fire, flood, earthquake, storm, hurricane, or unusually severe weather), war, invasion, hostilities, terrorist activities, epidemic, quarantine, blockage, embargo, labor dispute, shortages of labor or materials, strike, malicious mischief, or explosion. A material change in the financial markets alone will not be deemed an Unavoidable Delay.

7.5.2 A Party asserting an Unavoidable Delay as an excuse for failure to perform the Party's obligation must, within thirty (30) days after the Party becomes aware of the causes of any such Unavoidable Delay, notify the other Party in writing of the cause or causes of the delay and estimated time of correction. The Party must thereafter make all commercially reasonable efforts to resume performance of the delayed obligation.

7.5.3 Unavoidable Delay will extend the time or times for performance of the Party's obligation for the period of the Unavoidable Delay, except in no event will the time

for performance be extended for more than 180 days without the prior written consent of the other Party.

8. MISCELLANEOUS PROVISIONS

8.1 **Notice.** Any notice or communication under this Agreement by either Party to the other will be deemed given and delivered (a) forty-eight (48) hours after being dispatched by registered or certified U.S. mail, postage prepaid, return receipt requested, (b) when received if personally delivered, or (c) if sent by e-mail or other form of electronic transmission, with receipt of written reply confirmation from the recipient that such transmission has been received:

In the case of a notice or communication to Palindrome, addressed as follows:

Palindrome Properties Group, LLC
Palindrome Puyallup, LLC
412 NW 5th Ave., Suite 200
Portland, OR 97209
Attn: Robert Gibson

With a copy to:

Stoel Rives LLP
600 University Street, Suite 3600
Seattle, WA 98101
Attn: Sallie Lin

In the case of a notice or communication to the City, addressed as follows:

City of Puyallup
City Manager
333 S Meridian
Floor 5
Puyallup, WA 98371

or addressed in such other way in respect to either Party as that Party may, from time to time, designate in writing dispatched as provided in this section. Notice given in any other manner will be effective upon receipt by the Party for whom the same is intended.

8.2 **Headings.** Titles of the sections of this Agreement are inserted for convenience of reference only and will be disregarded in construing or interpreting any of its provisions.

8.3 **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed to be an original, and such counterparts will constitute one and the same instrument.

8.4 **Assignment of Interests, Rights, and Obligations.** This Agreement shall be binding and inure to the benefit of the Parties. No Party may assign its rights under this Agreement

without the written consent of the other Party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, in the event that Palindrome determines that the Project would benefit from the participation of a nonprofit tax-exempt organization, Palindrome may assign this Agreement to a nonprofit tax-exempt organization, so long as Developer remains the developer of the Project and an affiliate of Developer manages the operations of the Project.

8.5 Incorporation of Recitals. The Recitals contained in this Agreement are hereby incorporated into this Agreement as if fully set forth herein.

8.6 Severability. If any term of this Agreement is held to be illegal, invalid or unenforceable, it will not affect the remainder of this Agreement, which will be construed as if the illegal, invalid, or unenforceable term had never been contained in this Agreement.

8.7 Governing Law, Venue, Consent to Jurisdiction. This Agreement will be governed by Washington law, without regard to principles of conflicts of law. Any action or suit to enforce or construe any provision of this Agreement by any Party must be brought in Pierce County Superior Court or, if the action or suit must be brought in a federal forum, the United States District Court for the Western District of Washington. Each Party, by execution of this Agreement, hereby consents to the *in personam* jurisdiction of said courts.

8.8 Attorneys' Fees. If a suit, action, arbitration, or other proceeding of any nature whatsoever, including, without limitation, any proceeding under U.S. Bankruptcy Code, is instituted to interpret or enforce any provision of this Agreement, or with respect to any dispute relating to this Agreement, including, without limitation, any action in which a declaration of rights is sought or an action for rescission, the prevailing party will be entitled to recover from the losing party its reasonable attorneys', paralegals', accountants', and other experts' fees and all other fees, costs and expenses actually incurred and reasonably necessary in connection therewith, as determined by the judge at trial or on any appeal in addition to all other amounts provided by law. This provision will cover costs and attorney fees related to or with respect to proceedings in Federal Bankruptcy Courts, including those related to issues unique to bankruptcy law.

8.9 No Third-Party Beneficiary Rights. No person not a party to this Agreement is an intended beneficiary of this Agreement, and no person not a party to this Agreement will have any right to enforce any term of this Agreement.

8.10 Integration. This Agreement and its exhibits and schedules are the entire agreement between the Parties with regard to the disposition and development of the Property. This Agreement supersedes and replaces the Prior Agreement. There is no other oral or written agreement between the Parties with regard to this subject matter. There are no oral or written representations or warranties made by either Party, implied or express, other than those contained in this Agreement.

8.11 Authority. The Parties each represent that they have full power and authority to enter into this Agreement and to carry out all actions required of them by this Agreement. All persons who are executing this Agreement in their representative capacities hereby represent that they have the full power and authority to bind their respective entities.

8.12 **Covenants Running with the Land.** The conditions and covenants set forth in this Agreement and incorporated herein by the exhibits and schedules shall run with the land and the benefits and burdens shall bind and inure to the benefit of the Parties.

8.13 **Amendments and Modifications.** This Agreement may be amended by mutual consent of the Parties, provided that any such amendment relating to Section 5 shall follow the process established by law for the adoption of a development agreement (RCW 36.70B.200).

8.14 **Police Power.** Nothing in this Agreement shall be construed to diminish, restrict, or limit the police powers of the City granted by the Washington State Constitution or by general law.

8.15 **Recording.** Developer shall record an executed copy of this Agreement with the Pierce County recorder, pursuant to RCW 36.70B.190, no later than fourteen (14) days after the Effective Date.

8.16 **Waivers.** No waiver made by either Party with respect to the performance, or manner or time thereof, of any obligation of the other Party or any condition inuring to its benefit under this Agreement will be considered a waiver of any other rights of the Party making the waiver. No waiver by the City or Developer of any provision of this Agreement or any breach thereof, will be of any force or effect unless in writing and no such waiver will be construed to be a continuing waiver.

8.17 **Calculation of Time.** All periods of time referred to herein will include Saturdays, Sundays, and legal holidays in the state of Washington, except that if the last day of any period falls on any Saturday, Sunday or legal holiday, the period will be extended to include the next day which is not a Saturday, Sunday or legal holiday.

8.18 **Time of Essence.** Time is of the essence of this Agreement.

8.19 **Limitation on Damages.** Notwithstanding anything to the contrary that may be contained in this Agreement, in no event will the City or Developer be obligated to pay special, incidental or consequential damages for any purposes or in any circumstance under or in relation to this Agreement, each of which is hereby waived by the parties. For the avoidance of doubt, the foregoing waiver includes without limitation any lost opportunities, profits or losses.

8.20 **Finders' or Brokers' Fees.** The City represents that it has not engaged the services of any broker or finder to which a commission or other fee is due in connection with any of the transactions contemplated by this Agreement. The City agrees to indemnify, defend and hold harmless Developer against any loss, liability, damage, cost, claim or expense, including interest, penalties and reasonable attorneys' fees that Developer shall incur or suffer by reason of a breach by the City of the representation set forth above.

8.21 **Incorporation.** The following exhibits and schedules are attached to this Agreement are incorporated into and made a part of this Agreement.

Exhibit A – Legal Description of the Property
Exhibit B – Description of the Project
Schedule 1.3 – Public Benefits
Schedule 2.2.5 – Milestones
Schedule 5.3.6 – Departures from the Base Code

[No further text.]

IN WITNESS WHEREOF, this Agreement is executed in multiple counterparts as of the Effective Date.

City of Puyallup,
a Washington municipal corporation

By: 
Name: STEVEN KIRKELIE
Title: CITY MANAGER

APPROVED AS TO FORM:

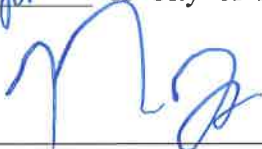

City of Puyallup Legal Counsel

STATE OF WASHINGTON

COUNTY OF PIERCE

This record was acknowledged before me on this 5th day of February, 2025, by Steven Kirkelie as City Manager of City of Puyallup, a Washington municipal corporation.





Notary Public for the State of Washington
Print name: Robin Loewen
My commission expires: 6/17/2026

Palindrome Properties Group, LLC,
a Nevada limited liability company

By: _____
Name: Chad I. Rennaker
Title: President

Palindrome Puyallup, LLC,
a Washington limited liability company

By: _____
Name: Chad I. Rennaker
Title: President

STATE OF OREGON

COUNTY OF MULTNOMAH

This record was acknowledged before me on this 6th day of February, 2025, by Chad I. Rennaker as President of Palindrome Properties Group, LLC, a Nevada limited liability company.

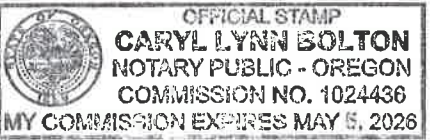


Caryl L. Bolton
Notary Public for the State of Oregon
Print name: Caryl L. Bolton
My commission expires: 05/05/2026

STATE OF OREGON

COUNTY OF MULTNOMAH

This record was acknowledged before me on this 6th day of February, 2025, by Chad I. Rennaker as President of Palindrome Puyallup, LLC, a Washington limited liability company.

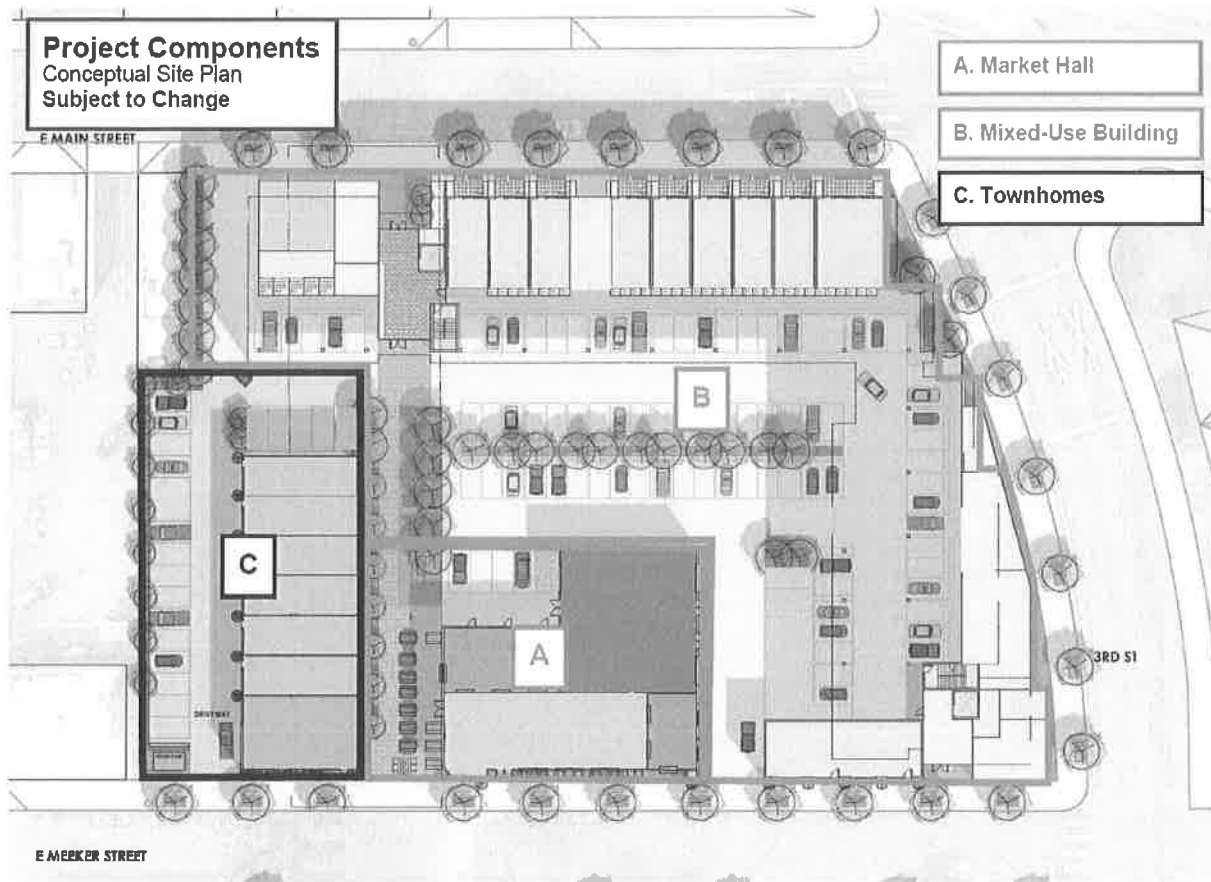


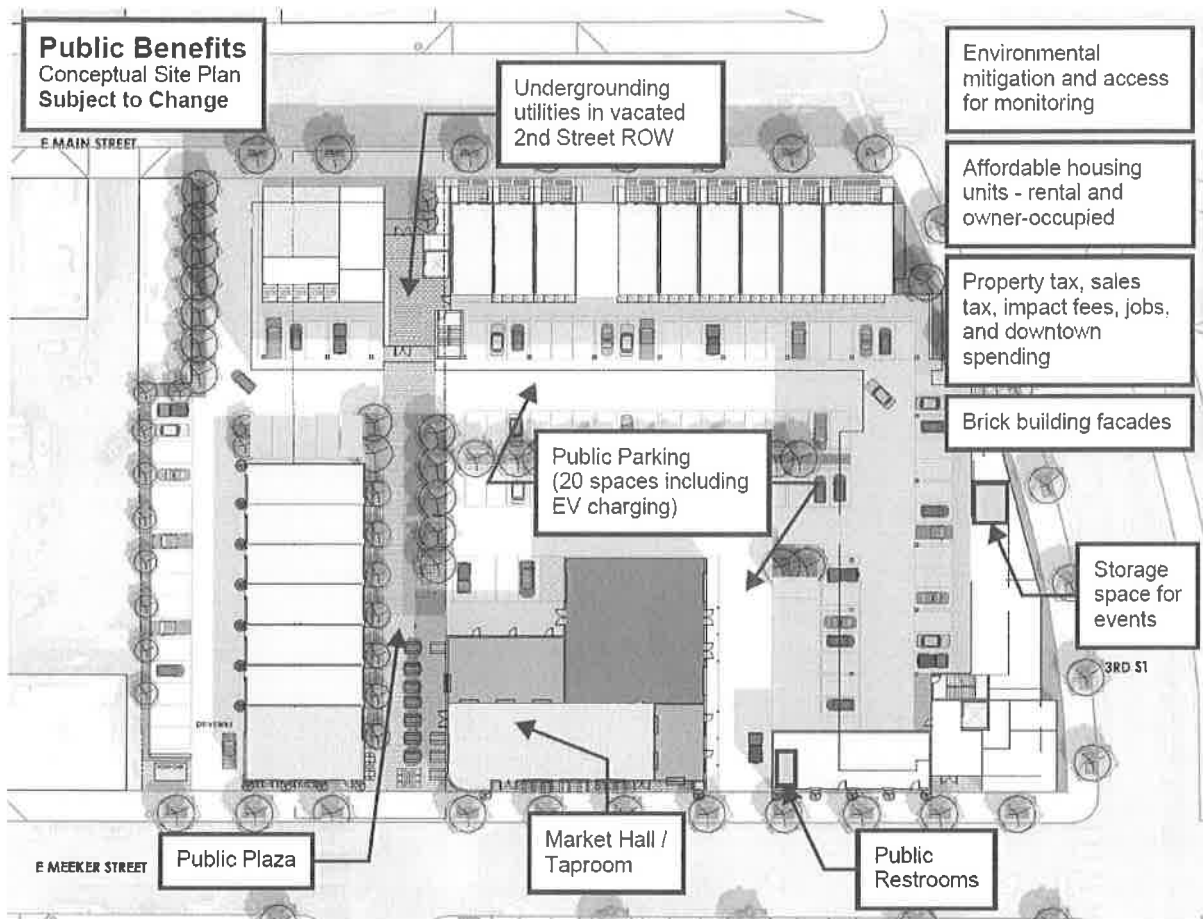
Caryl L. Bolton
Notary Public for the State of Oregon
Print name: Caryl L. Bolton
My commission expires: 05/05/2026

Exhibit A: Legal Description of the Property

Parcels A, B and C of Boundary Line Revision, recorded September 12, 2000 under Recording No. 200009125003, in Pierce County, Washington.

Exhibit B: Conceptual Project Components and Public Benefits Plan





Schedule 1.3: Public Benefits

Below is a list of public benefits that the City is anticipated to obtain from the conveyance of the Property to Palindrome, and the development of the Project:

1. A market hall including no fewer than six micro-restaurants and one brewery/tap house, built within the existing buildings located at the southwest corner of the Property, that responds to the City's vision statements in the RFP: "Include a Market Hall, micro-retail, or other highly active commercial space on the ground floor" and "Create synergy with the Meeker Festival Street."
2. Two public restrooms for people of all genders will be constructed. Palindrome will provide the keys for the restrooms to the City, and the City will determine what hours the restrooms will be open. The public restrooms will be constructed by Project Owner at no cost to the City. The City will be responsible for insurance, routine maintenance, and janitorial services; and will be responsible for opening and closing the restrooms. Palindrome will be responsible for any capital repairs. These terms will be memorialized via a license agreement to be agreed upon prior to Closing.
3. A public plaza will be constructed on a portion of the abandoned Second Street. This public plaza will be constructed, repaired, and maintained by Project Owner at no cost to the City. The public plaza is currently anticipated to be at least 2,000 square feet in size. Public access to the public plaza will be memorialized via an easement agreement between the City and Project Owner.
4. Project Owner will construct storage space for equipment related to events and festivals in one of the buildings in the Project. This event space storage may be used by the City at no cost to the City. The event space storage is currently anticipated to be approximately 300 square feet.
5. No fewer than twenty percent of the units of rental housing to be constructed will be set aside for households at or below 80% of area median income for a minimum of twelve (12) years. Additionally, two of the for-sale townhouses will be set aside for households at or below 80% of area median income. Resale of these two townhomes will be restricted to households at or below 80% of area median income for a minimum of twenty (20) years. Housing cost limits for the affordable rental housing and townhomes shall be governed by the City's Multi-Family Tax Exemption Program at 80% of area median income. Resales of townhomes will be controlled by a deed or other binding agreement between Palindrome and future homebuyers. A draft of this deed or binding agreement shall be provided to the City concurrently with the building permit application for the Townhome Component.
6. At least two (2) electric vehicle charging stations that are accessible to the general public will be installed in the parking lot, which will contribute to the City's efforts to provide

more electric vehicle options. Electric vehicle charging stations will be accessed a fee at the then-current market charge for such service. Parking will be at no cost to the general public.

7. No fewer than twenty (20) public parking spaces will be constructed and maintained by Palindrome as part of the Project. These parking spaces will have signs indicating that they are available to the general public, including patrons of any downtown businesses, from 9:00 AM to 5:00 PM, Monday through Friday. During such posted hours, cars parked in these public parking spaces will be subject to maximum time limits (e.g., of three hours, consistent with other parts of downtown Puyallup) and parking shall be free of charge. At all other times, Palindrome may determine who can use the parking spaces and at what cost.
8. The existing overhead power and telecom lines will be buried underground between Meeker Street and Main Street. Underground power and telecom lines help to beautify the community, and also assist with safety during storms.
9. The Property is sub-standard and has several environmental, geotechnical, and other development impairments. Transferring the Property to a developer who is willing to accept such sub-standard conditions helps the City in making sure the Property is redeveloped appropriately. Among other improvements, Palindrome will be installing new monitoring wells and a vapor barrier or other vapor management system per Ecology's specifications, and deep foundation systems.
10. The market hall will provide economic benefit to the City by expanding tourist opportunities and job creation for small businesses.
11. The Project will feature high-quality materials, including brick. The primary ground floor siding material for the Mixed-Use Building Component and Townhome Component shall be brick.

Schedule 2.2.5: Milestones

Below is a list of anticipated milestones, which is subject to change. Prior to Closing, Palindrome will provide an updated list of milestones. The Target Dates shown below are the dates by which the Parties hope to achieve each of the Milestones; these are aspirational dates that the Parties hope to achieve, but are not binding. The Outside Dates shown below are the dates by which Palindrome or the City must accomplish each of the Milestones in order to remain in compliance with the terms of this Agreement. Any changes to the Milestones or Outside Dates must be approved in writing by both Parties.

Milestone or Action	Target Date	Outside Date	Deadline: (Day by which each milestone must occur.)
Mutual Execution of this Agreement (Effective Date)	2/15/2025	2/15/2025	
Initiation of vacation of 2nd Street by City	8/15/2025	8/15/2025	Not to exceed 180 days after Mutual Execution
Submission of design review application for Market Hall Component	8/15/2025	8/15/2025	Not to exceed 180 days after Mutual Execution
Submission of contaminated media management plan for all Project Components to Ecology	8/15/2025	8/15/2025	Not to exceed 180 days after Mutual Execution
Submission of building permit application for the Market Hall Component	11/12/2025	11/12/2025	Not to exceed 270 days after Mutual Execution
City approves vacation of 2nd Street	2/1/2026	2/1/2026	Prior to Closing; if not approved, then Closing may be delayed.
Closing Date	2/1/2026	2/1/2026	14 months after Mutual Execution

Milestone or Action	Target Date	Outside Date	Deadline: (Day by which each milestone must occur.)
<i>Market Hall Component</i>			
Commence construction of the Market Hall Component	6/1/2026	6/1/2026	120 days after Closing
Construction completion of the Market Hall Component	8/1/2027	12/31/27	Construction completion of the Market Hall Component must be completed by Palindrome on or before the latest of the following dates: <ul style="list-style-type: none"> • 36 months after the Effective Date of this Agreement; • 24 months after the City's construction completion of the Festival Street Project; or, • 16 months after Construction Commencement of the Market Hall Component.
Public Plaza Easement	8/1/2027	12/31/2027	Executed prior to issuance of the relevant certificate of occupancy or permit closeout for the Market Hall Component.
<i>Mixed-Use Building Component</i>			
Submission of design review application for Mixed-Use Building Component	12/1/2026	5/1/2027	Not to exceed 805 days after Mutual Execution
Submission of building permit application for the Mixed-Use Building Component	5/1/2027	11/1/2027	Not to exceed 989 days after Mutual Execution
Commence Construction of the Mixed-Use Building Component	11/1/2027	3/1/2028	No later than 90 days after construction completion of the Market Hall Component

Development Agreement
City of Puyallup and Palindrome Properties Group, LLC and Palindrome Puyallup, LLC
Schedule 2.2.5

Milestone or Action	Target Date	Outside Date	Deadline: (Day by which each milestone must occur.)
License Agreement(s) for public restrooms, storage space, and public parking	12/31/2028	9/30/2029	Executed prior to issuance of the relevant certificate of occupancy or permit closeout for the Mixed-Use Building.
Construction Completion of Mixed-Use Building Component	12/31/2028	9/30/2029	No later than 24 months after start of construction of the Mixed-Use Building Component
<i>Townhome Component</i>			
Submission of design review application for Townhome Component	12/31/2027	5/4/2028	Not to exceed 1,174 days after Mutual Execution
Submission of building permit application for the Townhome Component	4/1/2028	9/1/2028	Not to exceed 1,294 days after Mutual Execution
Commence construction of Townhome Component	8/1/2028	3/1/2029	No later than 365 days after construction start of the Mixed-Use Building Component
Townhome resale deed restrictions or covenants, ensuring affordability for 20 years provided to City for approval	8/1/2029	3/1/2030	Executed prior to issuance of the relevant certificate of occupancy or permit closeout.
Construction completion of Townhome Component	8/1/2029	3/1/2030	18 months after Construction Commencement of construction of Townhome Component
<i>All Project Components</i>			
Construction Completion of All Project Components	8/1/2029	3/1/2030	The later of March 1, 2030 or five (5) years from the Effective Date of this Agreement.

Schedule 5.3.6: Departures from Base Code

1. The Project will be located on Existing Land that is zoned CBD-Core zone. The Project will be subject to the specifications of this zone, except where identified in this Schedule and elsewhere in this Agreement. All issues or matters not addressed by this Agreement shall be determined and interpreted consistent with Puyallup Municipal Code (“*PMC*”), development standards, and/or other applicable law.

2. **Landscaping.** The Project shall be allowed to deviate from the following landscaping requirements:

2.1 PMC 20.58.005 (1) and the referenced Vegetation Management Standards (VMS) 14.4., and PMC 20.58.005 (2)

2.2 The City will allow flexibility for reduction and/or removal of parking lot landscaping including landscape islands. In deviating from these standards, Palindrome will endeavor to provide landscaping adjacent to and within on-site parking areas where feasible, while ensuring parking standards otherwise required to accommodate the proposed density of development are met. Palindrome will work with city staff to identify potential areas for smaller landscape islands or consolidated landscape areas in parking lots in order to maximize the amount of land available for mixed-use development and parking, and will ensure that screening adjacent to driveways meets sight distance requirements. Additionally, the Project will offer parking lot shading to satisfy the requirements of PMC 20.58.005 (1) by virtue of the building massing and locations.

2.3 The City will allow reductions in perimeter landscape buffer, if necessary, along interior lot lines (i.e., the front, rear, and side yard of townhomes) to be replaced by alternative buffers such as 42” wall with 1’ planting strip.

2.4 Palindrome will provide structural soil cells in accordance with the development code beneath and adjacent to parking areas wherever they occur adjacent to landscaped areas.

3. **Parking and Drive Aisles.** The Project shall be allowed to deviate from standards in the following areas:

3.1 PMC 20.55.035: The City will allow:

3.1.1 An increase to the allowed overhang from 24” to up to 30” for total parking space length when a clear area of 30” is provided in front of the interior face of a wheel stop, and the overhang does not impact ADA walking path standards;

3.1.2 A reduction to the required driveway width for one- or two-way access to 90-degree angle parking spaces from 24’-0” minimum to 20’-0”

minimum, provided that this reduction is acceptable to Central Pierce Fire & Rescue and does not impact fire operations for fire apparatus access;

3.1.3 PMC 20.55.061: The City will allow flexibility on the requirement for a standard loading space so long as aggregate commercial uses on the combined parcels comprising the development site do not exceed 10,000 sq ft, exclusive of residential amenity spaces that serve residents of the multifamily dwellings provided on site. The developer will work with staff to identify a standard loading zone alternative that could include time-restricted spaces for general parking after hours.

4. Height allowance:

4.1 PMC 20.30.032: This Agreement permits a maximum building height of 65 feet, which is the maximum allowed height in the CBD-Core, without requiring height bonuses to be applied.

5. Townhome Component:

5.1 The City will allow the Project to depart from the Ground Floor Height minimum of 14' within a Planned Action Area. The Townhome Component's first floor is currently assumed to be 10'; 14' is excessive for most townhome units.

5.2 The City will consider deviations from existing code for site width, depth, and maximum FAR for the Townhome Component. For example, individual townhomes may not meet the CBD-Core requirements for minimum lot width (30 feet), minimum lot depth (70 feet), or minimum floor area ration (2.75), depending on how these figures are calculated.