

EXHIBIT 2

Project Narrative – Wallace Ranch

Project Overview

The Wallace Ranch comprises approximately 1163.7 acres. The site is bounded on the west by the Thorpe Prairie Road and on the east by the foothills of Lookout Mountain. It is bisected by the Yakima River, The John Wayne Trail (west side of the river) and the BN railroad and Highway 10 (east side of the river).

The topography is varied, from flat grasslands along the river, plateaus on both sides of the property, and steeper areas that slope down to the river.

The site is located in the FR zone, Rural Working Land Use designation and is currently segregated into a total of 50, 20+/- acre tracts in accordance with current zoning. There are several older homes and farm buildings on the site owned by the Wallace family and areas along the east side of the river and north section of the western portion of the property are currently in agricultural use (primarily hay).

It has power (both electric and natural gas), telecommunications available to the site and more than ample water rights to serve any of the development alternatives being considered.

Conservation Plat Development Proposal

The Wallace family has owned the ranch for several generations and now plans to develop the property into 58 lot within 6-8 phases. Based on the current tax parcels, they could quickly and easily begin the process of extending infrastructure to selling off the currently segregated lots individually. However, they do not feel that is the best use of the land. Instead they wish to create something unique that maintains rural character through thoughtful residential and natural resource design which would preserve the family's legacy while meeting the expressed objectives of the County and serving the broader public interest.

Rather than selling off the property in individual large tracts that would be entirely privately owned, we plan to create a community that concentrates home sites to avoid any sensitive areas and allows us to dedicate large areas of permanent active and passive open space. Potential uses for some of that open space may include hiking and biking trails, water facilities, farming, community gardens and possibly a community and equestrian center for the residents' general use.

We are applying for development of the project as a Conservation Plat as previously established in pre-application project review. The public benefits and advantages of the Conservation Plat approach over individual development of the current 50 lots are substantial.

Without the Conservation Plat, individual development of the existing 50 lots would result in large lots held in isolated private ownership with no collective open space and the likelihood for extensive fencing that have a significant visual impact on the greater community and inhibit wildlife habitat and migration. In contrast, the Conservation Plat will provide for a massive dedication of open space, both active and passive, that will exist in perpetuity and will eliminate the risk of extensive, individual large lot fencing.

Developing 50 individual wells and septic systems, as well as the extensive road system required to serve each lot would have a much greater impact on natural resources and sensitive areas than concentration of homes under a Conservation Plat where water and septic systems would be concentrated, the road network would be significantly smaller and that, along with more concentrated homesite would result in less impervious surfaces and runoff, not to mention less load on County and emergency services would be less.

Design under the Conservation Plat allows the residential lots and development to be located in areas that have the least impact on the environment and for us to place emphasis on protection of the site's natural features (river and territorial views).

Finally, selling off lots in 20-acre parcels would mean the end of agricultural uses on the property. Under the Conservation Plat, with over 800 acres of open space some agricultural uses may be maintained.

The Wallace family is not seeking to increase the overall number of lots allowed under current zoning, nor create any a development that is out of character with the area or rural zoning. We are not asking for any variances or exceptions although these are allowed in a Conservation Plat. We would like to reserve the ability to make revisions to the preliminary plat by shifting density between the development areas proposed in order to accommodate the market and any design restraints. Any changes are expected to be minor, but in no case will the number of lots increase.

Finally, the Wallace family is also not proposing a PUD for the site and does not believe such development style would be appropriate for the area. For example, lot sizes in PUD s tend to be much smaller than the minimum lot size for a Conservation Plat. The purpose of a Conservation Plat is to provide rural development at rural densities that protects natural resources and our proposal meets those objectives.