Development Concept Summary

Site Use: High technology manufacturing

Site Characteristics	
Site Size (Acres)	40.83
Net Developable Acreage	35.78
In UGB	Yes
Other Incentives	SIP
Enterprise Zone	Yes
Development Characteristics	
Site Development Period (In Months)	30 Months
Total All In Cost	$18,866,528
Development Ready Value	$5,857,121
Development Gap	
Market Viability Gap/Surplus	- $13,009,407
Time To Market Feasibility	42.1 Years

Development Issues ✓

See Page 3 for more detail

Environmental and Natural Resource Issues (On-site)	Infrastructure Issues (Off-site)	Land Use Issues
Brownfield Cleanup	*Water*	Aggregation ✓
Wetland Fill	Sewer ✓	*Annexation*
Floodplain Fill	*Storm*	*Outside UGB*
Slope Mitigation ✓	Transportation ✓	*Marine Dock*

Tier 2

Clackamas County	Happy Valley
Site Ownership (2)	Rock Creek
Site ID	62

Development Economic Impacts

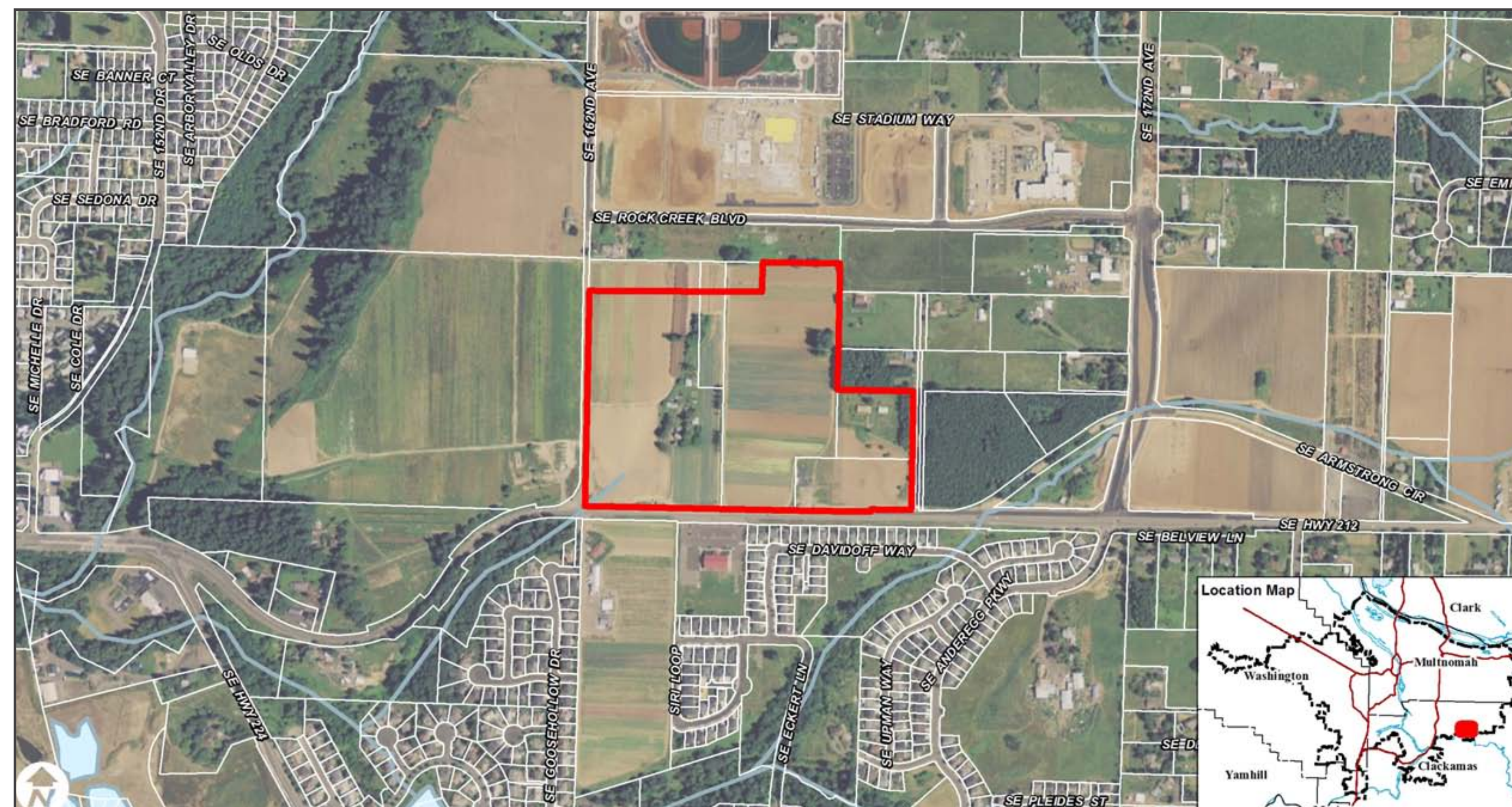
See Page 4 for more detail

	Total Annual Construction Impacts			Total Annual Operations At Full Capacity		
	Jobs	**Economic Activity**	**Payroll**	**Jobs**	**Economic Activity**	**Payroll**
Direct	96	$10,920,000	$5,400,000	502	$355,100,000	$ 68,000,000
Indirect/ Induced	61	$ 7,920,000	$2,520,000	3,097	$466,900,000	$151,300,000
Total	**157**	**$18,840,000**	**$7,920,000**	**3,599**	**$822,000,000**	**$219,300,000**

Development Annual Fiscal Impacts at Full Capacity

See Page 4 for more detail

	Payroll Tax Revenue	Property Tax Revenue
Direct	$ 4,600,000	$1,500,000
Indirect/Induced	$10,100,000	Not Available
Total	**$14,700,000**	**$1,500,000**



Development Concept Plan

Total Building Size	Projected Electrical Demand	Project Electrical Grade	Total Building Cost	Facility Construction Cost	Facility Construction Cost	Total
580,200 Sq. Ft	4 Mega Watts	1	$51,765,000	Avg. sf = $89	Hard Costs = $51,765,000 Soft Costs = $10,353,000	$62,118,000

Site Use	Description of Development Concept Site Use
High technology manufacturing	Multi-building single user high tech campus; includes office and clean room manufacturing buildings; similar uses such as Novellus Systems

Development Concept Costs

Off-Site Costs and Construction Terms	
Water: Start Period (months back): Term:	$350,000 18 9
Sewer: Start Period (months back): Term:	$2,172,000 18 18
Stormwater: Start Period (months Back): Term:	$360,000 18 6
Transportation: Start Period (months back): Term:	$1,480,000 18 18
Off-Site Total Costs	$4,362,000
On-Site Costs and Mitigation Terms	
Wetland Mitigation: Start Period (months back): Term:	$88,000 24 3
Slope Mitigation: Start Period (months back): Term:	$3,686,000 24 15
Building Pad Surcharge: Start Period (months Back): Term:	$0 0 0
Floodplain Cut/Fill Mitigation: Start Period (months back): Term:	$0 0 0
Environmental Cleanup: Start Period (months back): Term:	$82,500 30 6
On-Site Total Costs	$3,856,500
Total Costs	**$8,218,500**

Development Issues

Environmental (On-site Development) : Total Cost $82,500

- The property was used for agriculture purposes between at least 1936 and present. Residual pesticides may be present in soil. A heating oil UST was possibly decommissioned in 2002.
- Residential/farm ASTs and/or USTs, used for storing gasoline, diesel, or heating oil, may be present at the site. Investigation of the magnitude and extent of pesticide and petroleum impacts, if any, may be necessary prior to site development. If ASTs/USTs are present, they should be decommissioned and remediated (if releases have occurred) prior to development at the cost of approximately $82,500.

Land Use Issues: (Aggregation)

- The site contains two separate comprehensive plan, R and AG, and zoning designations, EC and IC. Further, the northern portion of the site contains a commercial zoning designation, however this portion of the property has not been included in the site boundary. Some form of lot line adjustment or partition may be necessary to segregate the commercial designation. Additionally, depending on the user, there may need to be a comprehensive plan amendment and zone change to consolidate the EC and IC zone boundary, which could take approximately 6 months.
- The site is made up of 5 separate parcels and 2 separate ownerships. Parcel aggregation is necessary in order to deliver the site as shown.
- 2 parcels under common ownership are currently on the market and the other 3 parcels are willing to transact in order to create a larger site.
- The net developable acreage of 35.78 acres assumes complete wetland and slope mitigation but excludes acreage for water quality detention.

Transportation (Off-Site Development) : Total Cost $1,480,000

- This site directly fronts OR212 (Clackamas Highway); however, direct access will be limited to other roadways. This includes an east-west collector to the north, 162nd Avenue to the west, and a north-south collector to the east. If this sites develops without adjacent property development occurring, all access will be to 162nd Avenue.
- The subject property is anticipated to have good access to adjacent north/south collector roadways; however, overall OR212 corridor mobility is poor and will remain so until major TSP-identified improvements are constructed.
- The Sunrise Corridor planning effort identifies a number of transportation infrastructure improvements significantly impacting the subject property (refer to Development Concept Plan for preferred alternative). Because these improvements are long-range and unfunded, property development is assumed to be generally consistent with roadway alignments presented in the TSP. Because the proposed development contemplates aggregated properties, local street connectivity shown in the TSP is not necessary. Resulting anticipated improvements include:
  1. Dedicate property necessary to accommodate widening of OR212 to 5 lanes: cost to be determined
  2. Construct ½ street improvements on 162nd along property frontage; $700,000
  3. Construct ½ street improvements (north-south collector) on eastern property edge; $280,000
  4. Construct OR212/162nd Avenue intersection improvements (including traffic signal): $500,000

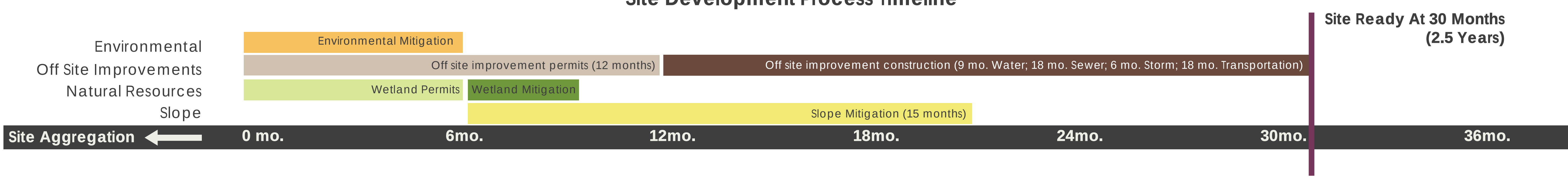
Utility Infrastructure (Off-Site Development) : Total Cost $2,882,000

- Public Water: Requires extending approximately 1,500 feet of 18” line along 162nd Ave, plus approximately 500 feet of 24” line along HWY 212. Anticipate 9 months for design and permitting, and 9 months for construction, with a cost of approximately $350,000.
- Public Sewer (Local Service): Requires extending approximately 4,000 feet of 30” Clackamas Interceptor pipe along HWY 212, plus approximately 2,500 feet of 15”-18” lines along 162nd Ave and Highway 212 to serve the site. Anticipate 12 months for design and permitting, and 18 months for construction, with a cost of approximately $2,172,000.
- Public Sewer (Downstream System): Per the current master plan, the Clackamas Interceptor line needs to be upgraded to mitigate downstream capacity deficiencies at full build-out. This project is expected to cost $33.7M and is identified for construction in the 5-10 year timeline. The primary trigger for this project is development in the Rock Creek basin resulting in 5,700 EDUs added to the system (this site contributes approximately 30 EDUs). If this site is developed prior to the build-out of the Rock Creek area, the interceptor pipe may not need to be upgraded to serve this site.
- Public Storm: Requires extending 15” local lines approximately 2,400 feet along HWY 212 and 162nd Ave. Anticipate 6 months for design and permitting, and 6 months for construction, with a cost of approximately $360,000.

Natural Resources (Off-Site Development) : Total Cost $3,774,000

- Based upon information shown on the City’s Steep Slopes and Natural Resources Overlay Map, the site contains several regulated features including: Protected Water Feature and associated Vegetated Corridor, Conservation Slope Area and Buffer, and Moderate Value Habitat Conservation Area (HCA) overlays (via Metro). These features will need to be verified with a site specific study to determine whether or not the City’s Natural Resources Overlays apply.
- According to the City’s Economic and Community Development Manager, several of these overlays may not be located on the site due to the lack of accurate mapping data. Furthermore, the City is supportive of approvals related to the impact and mitigation of these features through the Environmental Review process.
- According to the City’s Local Wetland Inventory, approximately 0.5 acre of wetland impact are necessary. A delineation is necessary to confirm wetland size and location. Pending the outcome of the delineation, approvals by WES, DSL and USACE may be necessary and are estimated to take 120 days. This site is currently served by the Foster Creek Mitigation Bank. The property owner is able to pay into this mitigation bank at a ratio of $170,000/acre in order to mitigate the wetlands.
- Slope Mitigation: Requires approximately 273,800 cy of slope mitigation earthwork with about 20,000 sf of retaining walls to flatten steep slopes in the building areas. This will take 9 months and cost approximately $3,686,000.

Site Development Process Timeline



Timeline Notes :

Aggregation: The remaining property owner that is not currently on the market are willing to transact, therefore, the aggregation period is assumed to be less than 6 months.
Natural Resources: Wetland permit timeline is 4 months plus 3 months for on-site wetland fill. Wetland permit timeframe includes local land use approval. Because there are a significant slopes on site that require mitigation, it is recommended that slope mitigation and on-site wetland fill occur concurrently, once the appropriate wetland permits are obtained.
Slope Mitigation: This timeframe includes land use review and should begin when wetland permits are obtained.

Figure 1 Market Viability Gap Analysis

- Costs of acquiring and making the Rock Creek site development ready exceeds the expected development ready value of the site. The site has a Market Viability Gap of $13.0 million. A rational market participant is not likely to invest in site improvements under these conditions.
- A significant contributor to the gap is a relatively low development ready value of the site, as well as severe slope mitigation. Activities that reduce or eliminate the Market Viability Gap increase the likelihood of market interest in the site. When value equals costs investment in site improvements is seen as viable from a market perspective[1].

1. *This exercise assumes conditions where aggregation costs are minimal and there is a reasonable expectation that a motivated user will emerge.*

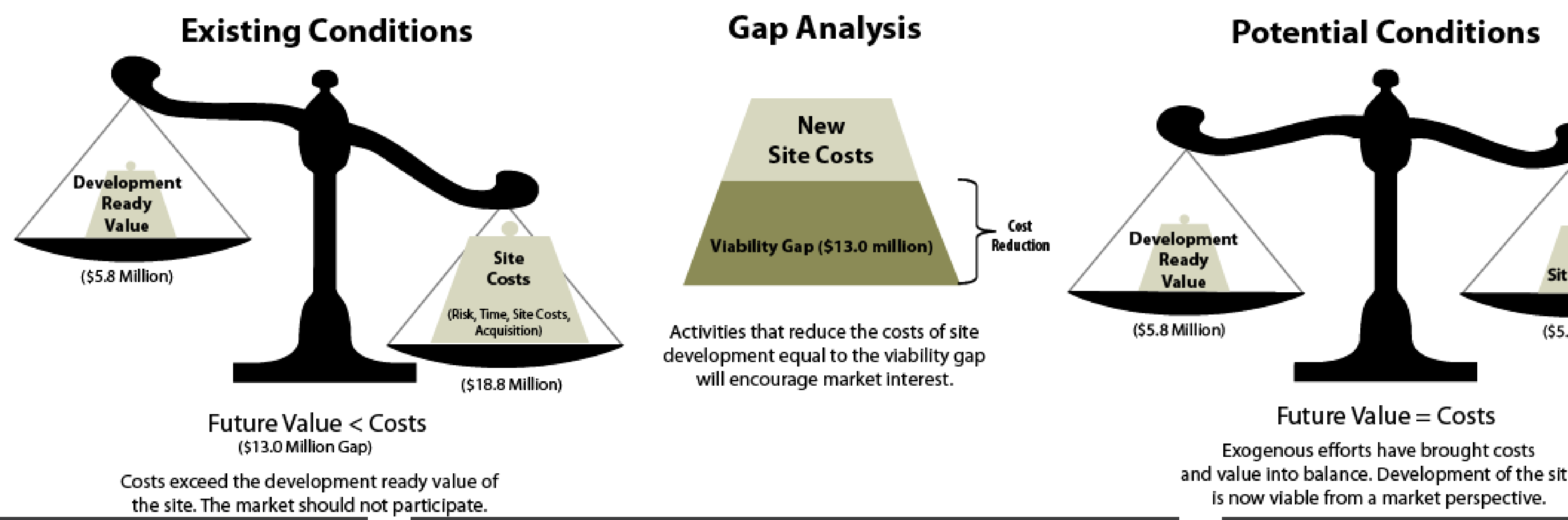


Figure 2 : Development Impact Schedule

- When fully developed, a high-tech user on the Rock Creek Site would employ 502 workers on-site. Indirect and Induced impacts would support an additional 3,097 jobs elsewhere in the economy.
- New direct job creation on-site would eventually generate an additional $68 million in annual payroll. Indirect and induced payroll impacts would create an additional $151 million in annual payroll.
- Build-out of this site would support a total of 3,600 jobs at an average wage of $60,932, 21% above the regional average wage[2].

2. *Regional Average is $50,332 (Clackamas, Multnomah, and Washington County) (in 2011 dollars) SOURCE: Oregon Employment Department 2011 QCEW.*

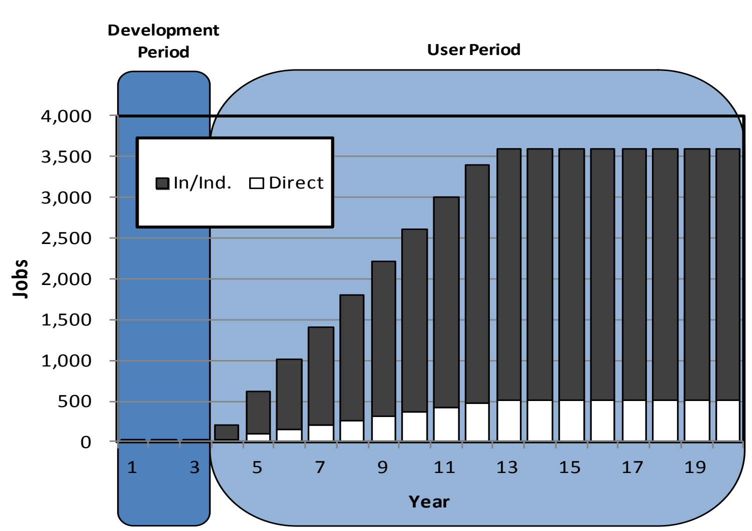


Figure 3 : Development Fiscal Impacts

- Rock Creek's Enterprise Zone would limit property tax revenues for the first five-years of facility operation. Subsequent property tax revenues, excluding capital equipment would reach $1.5 million at full build-out.
- State payroll tax revenues from on-site (direct) employment would reach $4.6 million annually at full-capacity. Indirect and induced impacts would further generate $10.1 million annually.

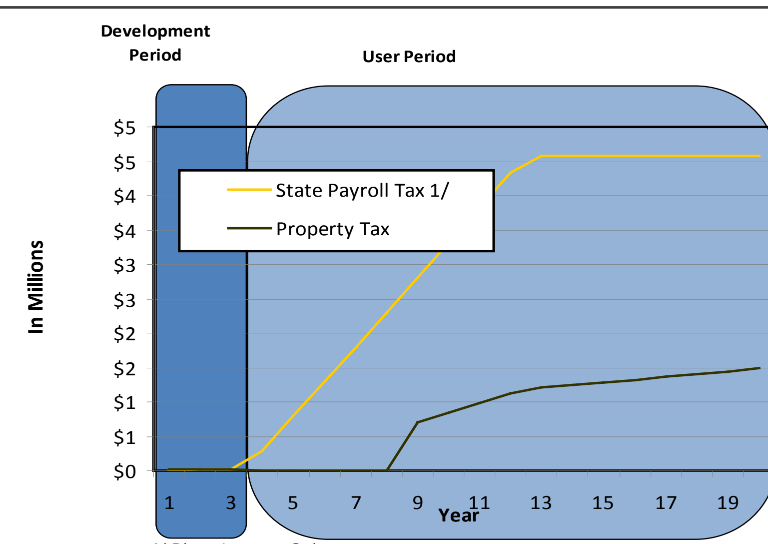


Figure 4 : Financing Return

- Figure 4 considers the return on investment of the dollar amount necessary to eliminate the Market Viability Gap, financed at 5% over a 20-year period.
- Because of Rock Creek's large feasibility gap and limited revenues during the enterprise zone period, property tax revenues would not quite cover investment within a 20-year window. This analysis does not include property tax revenue or capital equipment; this period of time may be shorter.
- The site's high-tech use supports a large number of high wage jobs, and subsequent payroll tax revenues, which occur immediately. Cumulative payroll tax revenues would exceed investment in the 9th year, translating into positive stakeholder return of $39.6 million over the remainder of the finance period and $4.6 million in annual net-new revenue thereafter.