Development Concept Summary

Site Use: Regional distribution center

Site Characteristics	
Site Size (Acres)	53.9
Net Developable Acreage	53.9
In UGB	Yes
Other Incentives	SIP
Enterprise Zone	Yes
Development Characteristics	
Site Development Period (In Months)	75 Months
Total All In Cost	$51,408,725
Development Ready Value	$14,157,131
Development Gap	
Market Viability Gap/Surplus	- $37,251,594
Time To Market Feasibility	50.0 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 3

Multnomah County	Troutdale
Site Ownership (1)	Port of Portland (TRIP)
Site ID	19

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	323	$34,440,000	$17,520,000	534	$38,500,000	$24,000,000
Indirect/ Induced	206	$26,520,000	$ 8,520,000	166	$22,500,000	$ 6,900,000
Total	**529**	**$60,960,000**	**$26,040,000**	**700**	**$61,000,000**	**$30,900,000**

Development Annual Fiscal Impacts at Full Capacity

See Page 4 for more detail

	Payroll Tax Revenue	Property Tax Revenue
Direct	$1,600,000	$600,000
Indirect/Induced	$ 500,000	Not Available
Total	**$2,100,000**	**$600,000**

TRIP Development Concept Plan

Total Building Size	Projected Electrical Demand	Project Electrical Grade	Total Building Cost	Facility Construction Cost	Facility Construction Cost	Total
1,020,000 Sq. Ft	3 Mega Watts	1	$25,500,000	Avg. sf = $25	Hard Costs = $25,500,000 Soft Costs = $ 5,100,000	$30,600,000

Site Use	Description of Development Concept Site Use
Regional distribution center	Single user distribution center; similar uses such as Subaru or FedEx

Development Concept Costs

Off-Site Costs and Construction Terms	
Water: Start Period (months back): Term:	$14,000 63 6
Sewer: Start Period (months back): Term:	$187,500 63 15
Stormwater: Start Period (months Back): Term:	$255,000 63 15
Transportation: Start Period (months back): Term:	$4,825,000 63 24
Off-Site Total Costs	$5,281,500
On-Site Costs and Mitigation Terms	
Wetland Mitigation: Start Period (months back): Term:	$5,494,750 45 18
Slope Mitigation: Start Period (months back): Term:	$4,750,000 45 33
Building Pad Surcharge: Start Period (months Back): Term:	$1,686,000 39 39
Floodplain Cut/Fill Mitigation: Start Period (months back): Term:	$0
Environmental Cleanup: Start Period (months back): Term:	$3,025,000 51 6
On-Site Total Costs	$14,955,750
Total Costs	**$20,237,250**

Development Issues

Environmental (On-site Development) : Total Cost $3,025,000

- The property is included on the National Priority List (NPL; Superfund) due to releases from a Reynolds/Alcoa aluminum processing facility that historically operated at the site. Extensive remediation has been performed, resulting in the removal of the majority of hazardous substances from the site. Residual impacts remain in soil and groundwater at the site.
- Impacted soil, which is present on approximately 16 acres of the site, must be removed, transported and disposed of from the site at the cost of $3,025,000.
- Future development must be performed in accordance with the Consent Order for the site.

Land Use Issues

- The site is currently located within the UGB and City of Troutdale city limits.
- No land assembly is necessary as all lots are owned by the Port of Portland.
- The net developable acreage of 53.9 acres assumes complete mitigation.

Transportation (Off-Site Development) : Total Cost $4,825,000

- Based on the conceptual site plan, anticipated transportation infrastructure improvements necessary to serve immediate subject property development are limited to direct property access improvements and the following:
    1. Construct extension of Swigert Way to Graham Road: $825,000
    2. Construct ½ street improvements (overlay, bike lane, sidewalk, and other frontage improvements) on Graham Road along property frontage: $3.5 million
    3. Construct traffic signal at the Sundial Road/Graham Road intersection: $500,000
    4. The Port of Portland is pursuing grant funding to reconstruct Graham Road to include structural roadway improvements. A portion of these improvement costs may be assessed to the property by the Port but are not required by the City of Troutdale to support property development.
- Development may also be required to participate in the widening of Sundial Road and construction of the traffic signal at the Marine Drive/Sundial Road intersection. These improvements are identified in the TSP and monetary credit is available if the improvement is actually constructed as part of the subject property development. It is not anticipated these improvements will be required by the City of Troutdale to support property development.

Utility Infrastructure (Off-Site Development) : Total Cost $456,500

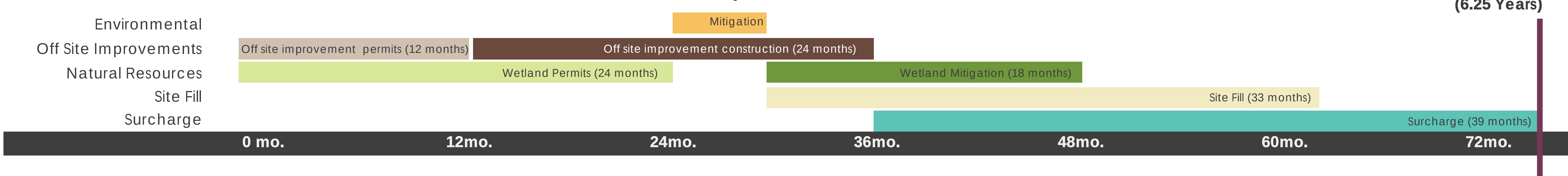
- Public Water: Existing water line is located within Swigert Way. Extend service lateral to directly serve the site. This will take 6 months for design and construction, and cost approximately $14,000.
- Public Sewer: Extend approximately 1,500 feet of 8" line within Graham Road. Assume 6 months for design and permits, and 9 months for construction, with a cost of approximately $187,500.
- Public Storm: Extend approximately 1,700 feet of 15" lines in Graham Rd and Swigert Way. Anticipate 8 months for design and permits, and 12 months for construction, with a cost of approximately $255,000. Development assumes on-site storm disposal to wetlands is feasible.

Natural Resources (On-Site Development) : Total Cost $11,930,750

- Wetland site fill: Approximately 395,800 cy of fill soil is needed to raise site grades above wetland inundation elevation. This includes fill needed to mitigate contaminated soils that need to be replaced as part of the environmental cleanup effort. This will take approximately 24 months and cost $4,750,000. This cost is listed under slope mitigation costs on the previous page.
- The building pad area is expected to require soil surcharging to reduce settlement potential. This is assumed to occur as a "rolling" surcharge in stages, which will take approximately 39 months and cost $1,686,000 to complete.
- There are approximately 17.38 acres (per delineation WD09-0114) of wetlands impacted with the development concept plan. Wetland mitigation is occurring off site. Permits necessary are estimated to take approximately two years. Off-site mitigation will cost $5.49 million.

Site Development Process Timeline

Site Ready At 75 Months (6.25 Years)



Timeline Notes :
Natural Resources: Wetland permit timeframe includes local land use approval. Wetland permitting timeline was provided by the Port of Portland. Mitigation must occur after environmental clean up is compete. Mitigation includes off-site mitigation.
Environmental: Wetland permits must be in place prior to environmental clean up due to the location of the impacted soil is in the wetland area. After the soil is cleaned up, site fill can begin.
Site fill: This includes filling the wetland area and can begin after environmental clean up is complete.
Surcharge: This occurs 6 months after the site fill has begun, as this is occurring on the area that is being filled.

Figure 1 Market Viability Gap Analysis

- The costs of acquiring and making the TRIP site development ready greatly exceeds the expected development ready value of the site. The TRIP site has a Market Feasibility Gap of $45.7 million. A rational market participant is unlikely to invest in site improvements under these conditions.
- TRIP has severe physical constraints and risk associated with a long site development period and brownfield cleanup. The site is far from market viable and will likely require significant public investment to reduce or eliminate the Market Viability Gap. 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.

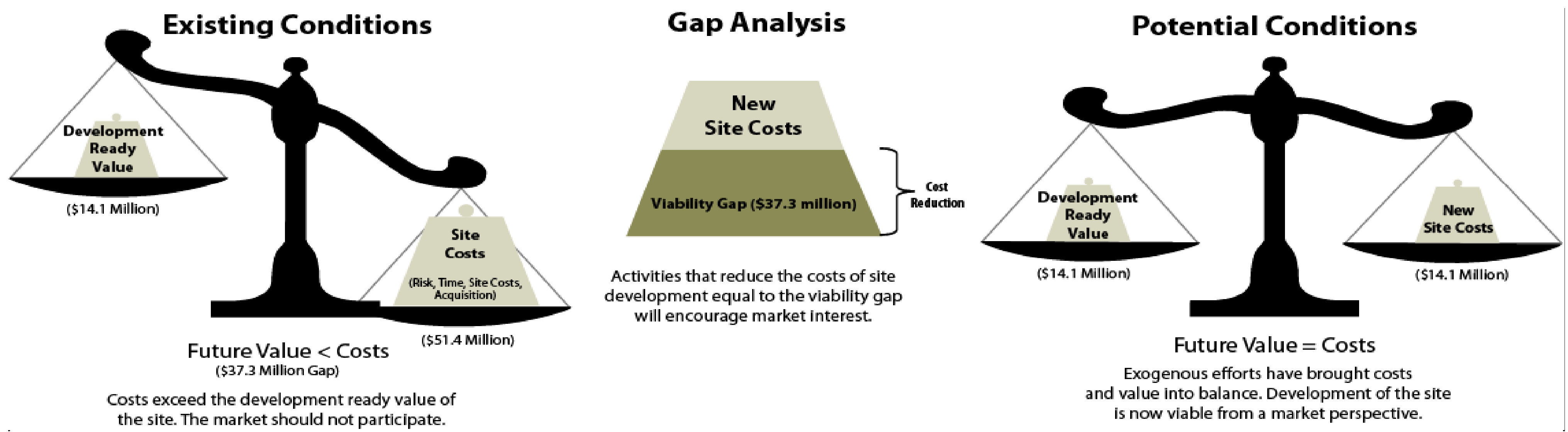


Figure 2 : Development Economic Impacts

- When fully developed, a warehouse and distribution user on this site would employ 534 workers on-site. Indirect and Induced impacts would support and additional 166 jobs elsewhere in the economy.
- New direct job creation on-site would eventually generate an additional $24 million in annual payroll. Indirect and induced payroll impacts would create an additional $6.9 million in annual payroll.
- Build-out of the TRIP site would support a total of 700 jobs at an average wage of $44,137, slightly below 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.

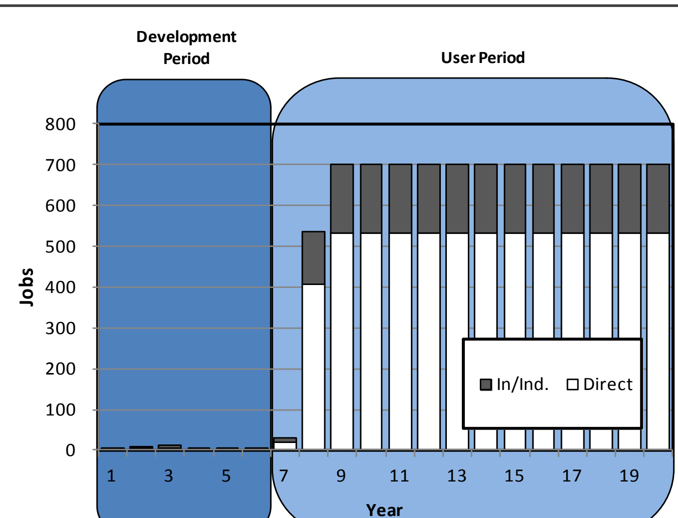


Figure 3 : Development Fiscal Impacts

- TRIP'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 $600,000 annually at full build-out.
- State payroll tax revenues from on-site (direct) employment would reach $1.6 million annually at full-capacity. Indirect and induced impacts would further generate $500,000 annually to the state.

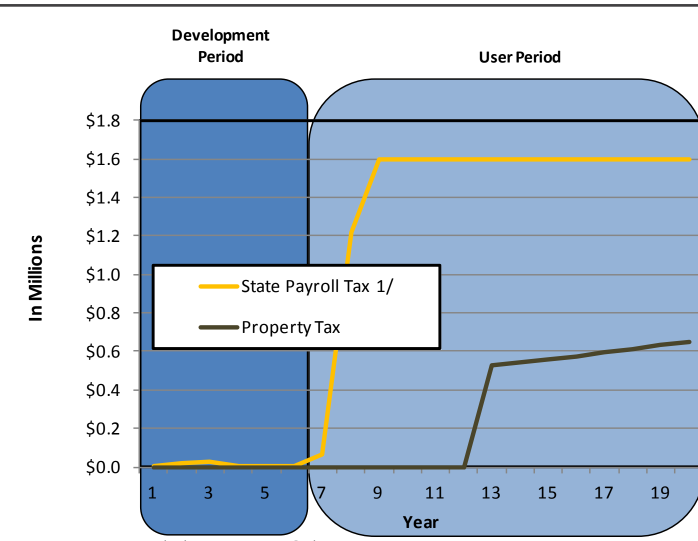


Figure 4 : Financing Return

- 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 TRIP's long site development period and enterprise zone, significant property tax revenue would not be created until 2025. This limits fiscal recovery to 12% over the 20-year period.
- Similarly, payroll tax revenues would achieve roughly $20 million or 52% recovery over the 20-year period.