







Development Concept Summary	
Site Use: High technology manufacturing	
Site Characteristics	
Site Size (Acres)	37.17
Net Developable Acreage	33.82
In UGB	Yes
Other Incentives	SIP
Enterprise Zone	No
Development Characteristics	
Site Development Period (In Months)	42 Months
Total All In Cost	\$20,058,514
Development Ready Value	\$4,908,251
Development Gap	
Market Viability Gap/Surplus	- \$15,150,263
Time To Market Feasibility	51.2 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

Multnomah County Site Ownership (1) Site ID	Tier 3 Gresham Jean Johnson 24
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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	86	\$9,600,000	\$4,920,000	497	\$351,300,000	\$ 67,300,000
Indirect/Induced	55	\$7,080,000	\$2,280,000	3,064	\$462,000,000	\$149,700,000
Total	141	\$16,680,000	\$7,200,000	3,561	\$813,300,000	\$217,000,000

Development Annual Fiscal Impacts at Full Capacity See Page 4 for more detail		
	Payroll Tax Revenue	Property Tax Revenue
Direct	\$ 4,500,000	\$1,100,000
Indirect/Induced	\$10,000,000	Not Available
Total	\$14,500,000	\$1,100,000



Development Concept Plan



Total Building Size	Projected Electrical Demand	Project Electrical Grade	Total Building Cost	Facility Construction Cost	Facility Construction Cost	Total
620,000 Sq. Ft	4 Mega Watts	2	\$49,880,000	Avg. sf = \$80	Hard Costs = \$49,880,000 Soft Costs = \$ 9,976,000	\$59,856,000

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:	\$1,002,000
Start Period (months back):	30
Term:	30
Sewer:	\$4,268,000
Start Period (months back):	30
Term:	30
Stormwater:	\$2,914,000
Start Period (months Back):	30
Term:	30
Transportation:	\$250,000
Start Period (months back):	9
Term:	9
Off-Site Total Costs	\$8,434,000

On-Site Costs and Mitigation Terms

Wetland Mitigation:	\$788,000
Start Period (months back):	9
Term:	9
Slope Mitigation:	\$342,000
Start Period (months back):	33
Term:	9
Building Pad Surcharge:	\$0
Start Period (months Back):	
Term:	
Floodplain Cut/Fill Mitigation:	\$0
Start Period (months back):	
Term:	
Environmental Cleanup:	\$15,000
Start Period (months back):	42
Term:	6
On-Site Total Costs	\$1,145,000

Total Costs \$9,579,000

Development Issues

Environmental (On-site Development) : Total Cost \$15,000

- The property was used for agricultural purposes between at least 1936 and present. Residual pesticides may be present in soil. Investigation of the magnitude and extent of pesticide impacts will be necessary prior to site development. Total timeline for mitigation is estimated at 6 months, and mitigation cost of \$15,000.

Land Use Issues: (Annexation)

- This site is currently within the UGB, however has not been annexed into the City of Gresham. Per conversations with City Planning staff, the standard annexation process could take 28 weeks, with an expedited annexation process of 11 weeks. Appropriate zoning designation is applied during this time. In order to be annexed into the City of Gresham, the property must be adjacent to the current City boundary. This site is not currently adjacent to the City boundary and would therefore 1) wait until adjacent neighbors annexed and annex at that time or 2) proceed with a cherry stem annexation.
- This site is in single ownership and does not require land assembly.
- The net developable acreage of 33.8 excludes the on-site regional detention pond.

Transportation (Off-Site Development) : Total Cost \$250,000

- A short-term southbound right-turn lane at US26/ SE 267th Ave/Anderson Rd improvements may be necessary to provide acceptable property access to the public roadway system and to mitigate off-site transportation impacts.
- The Springwater Community Interchange Area Management Plan (IAMP) identifies two, grade separated US26 overcrossings; one connecting SE Orient Drive to SE Rugg Road and including a US26 interchange. These are long term future projects and are not necessary to develop this site.

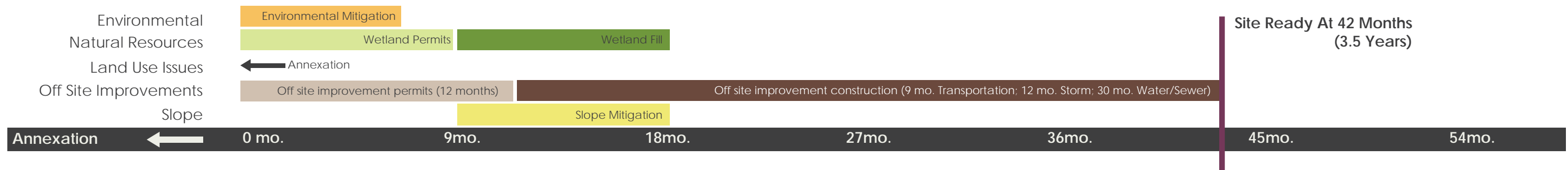
Utility Infrastructure (Off-Site Development) : Total Cost \$8,184,000

- Public Water: Site is served from existing lines to the northeast, requiring approximately 7,940' of new lines to serve the site. Anticipate 12 months for design and permitting, and 24 months for construction, with a cost of approximately \$2,260,000. This site is centrally located in the Springwater Area, so public investment in the water system will open additional land for development along the water corridor.
- Public Sewer: The Springwater Area is not currently served by public sewer. Significant public investment is required to construct the Telford Road interceptor main, plus approximately 3,000' additional main extension needed to reach the site. Assume 12 months for design and permitting, and 24 months for construction, with a cost of approximately \$4,268,000. This investment will be needed for any "first in" site in the area, but sewer construction will open up additional land along the sewer corridor for development.
- Public Storm: Drainage swales are required along north and west frontage roads. An approximately 5 acre regional detention pond is required at the southwest corner of the site (on-site with public easement) for water quality treatment and detention of runoff draining to North Fork Johnson Creek. Assume 12 months for design and permitting, and 12 months for construction, with a cost of approximately \$2,914,000.

Natural Resources (On-Site Development) : Total Cost \$1,130,000

- There are approximately 6 acres of wetlands on site; 4.5 of which are impacted with the conceptual site plan. DSL recommends a formal wetland delineation to be conducted to determine the current wetland location and acreage. Necessary Corps/DSL permits will be necessary for the fill and mitigation of this wetland. This site is currently served by the Foster Creek Mitigation Bank. The property owner is able to pay into this mitigation bank in order to mitigate the wetlands. Total timeline for all approvals is estimated at 9 months and mitigation cost of \$788,000.
- Slope mitigation: Requires approximately 28,500 cy of earthwork to flatten steep slopes on site and establish building pads, which will take approximately 9 months and cost approximately \$342,000.

Site Development Process Timeline



Timeline Notes :

Annexation: This is the first step to site development. In order to be annexed into the City of Gresham, the property must be adjacent to the current City boundary. If the property is not adjacent, the property is not able to be annexed, unless other properties adjacent to the City boundary annex as well. The timeframe for annexation can not be estimated at this time. This timeframe assumes annexation is complete.

Natural Resources: Wetland permit timeline is 9 months plus 9 months for on-site wetland fill. Wetland permit timeframe includes local land use approval.

Slope Mitigation: Slope mitigation can occur during wetland fill once the appropriate permits are in place and slope mitigation can impact wetland fill area. This timeframe includes land use review.

Figure 1 Market Viability Gap Analysis

- Costs of acquiring and making the Jean Johnson site development ready exceeds the expected development ready value of the site. The site has a Market Viability Gap of \$15.1 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 utility improvements. 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 perspective¹.
1. This exercise assumes conditions where aggregation costs are minimal and there is a reasonable expectation that a motivated user will emerge.

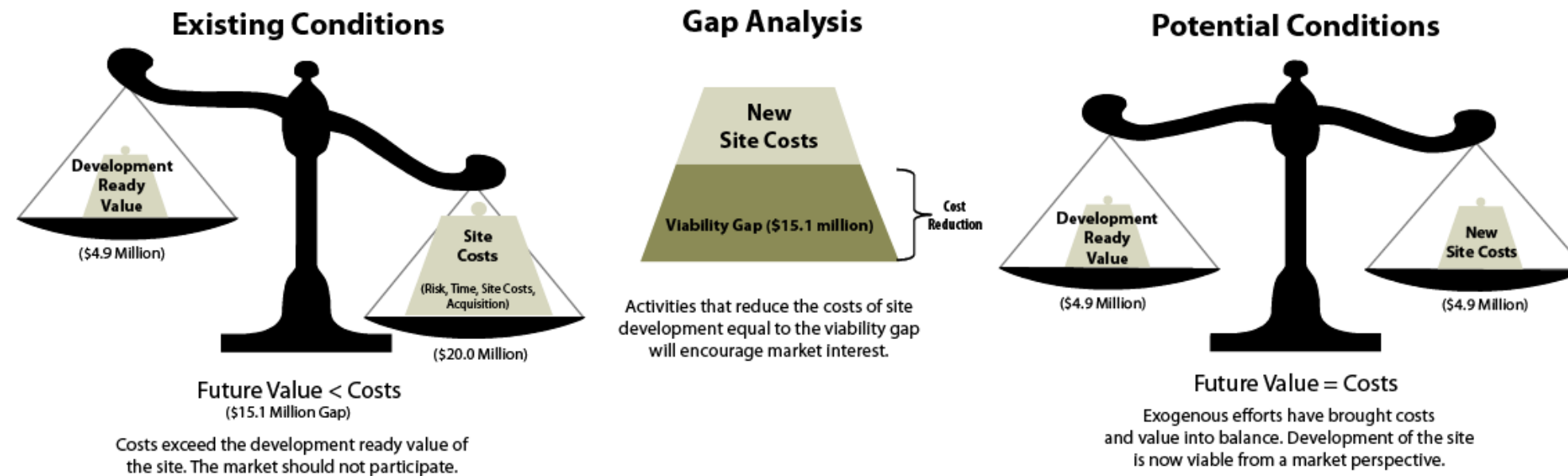


Figure 2 : Development Economic Impacts

- When fully developed, a high-tech user on this site would employ roughly 497 workers on-site. Indirect and Induced impacts would support and additional 3,000 jobs elsewhere in the economy.
 - New direct job creation on-site would eventually generate an additional \$67 million in annual payroll. Indirect and induced payroll impacts would create an additional \$149 million in annual payroll.
 - Build-out of this site would support over 3,500 jobs at 21% above the regional average wage².
2. Regional Average is \$50,332 (Clackamas, Multnomah, and Washington County) (in 2011 dollars) SOURCE: Oregon Employment Department 2011 QCEW.

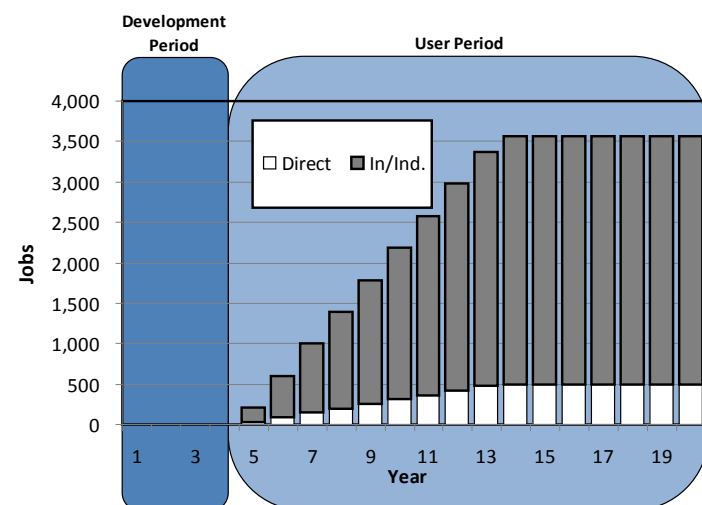


Figure 3 : Development Fiscal Impacts

- Property tax revenues on the Jean Johnson site would reach a minimum of \$1.1 million annually at full build-out, beginning at the expiration of the enterprise zone abatement period.
- This amount is low because capital equipment is not included.
- State payroll tax revenues from on-site (direct) employment would reach \$4.5 million annually at full-capacity. Indirect and induced impacts would further generate \$10.0 million annually.

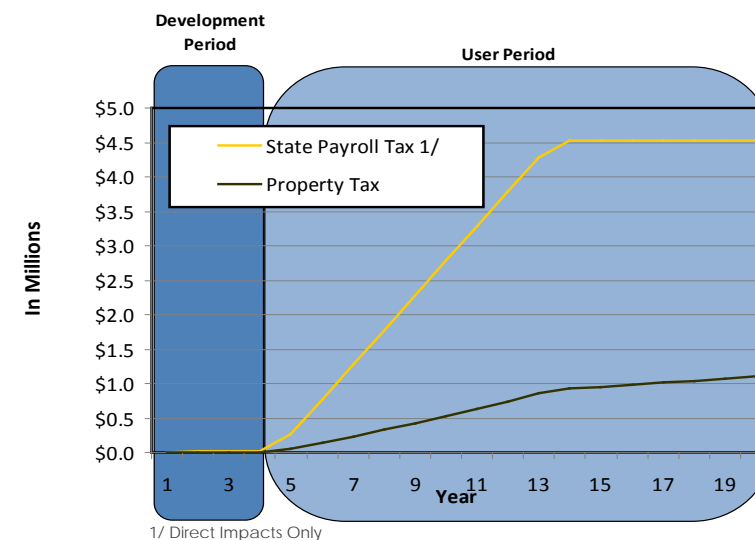


Figure 4 : Financing Return

- 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 the site's large feasibility gap and limited revenues during the enterprise zone period, property tax revenues would cover only 55% of investment within a 20-year window. This period would be shorter if capital equipment were included in the analysis.
- 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 11th year, translating into positive stakeholder return of \$32 million over the remainder of the finance period and \$4.5 million in annual net-new revenue thereafter.

