Development Concept Summary

Site Use: General manufacturing	
Site Characteristics	
Site Size (Acres)	46.36
Net Developable Acreage	42.84
In UGB	Yes
Other Incentives	SIP
Enterprise Zone	No
Development Characteristics	
Site Development Period (In Months)	36 Months
Total All In Cost	$15,202,665
Development Ready Value	$11,228,914
Development Gap	
Market Viability Gap/Surplus	- $3,973,751
Time To Market Feasibility	13.3

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

Washington County	Sherwood
Site Ownership (1)	Orr Family
Site ID	37(A)

Development Economic Impacts

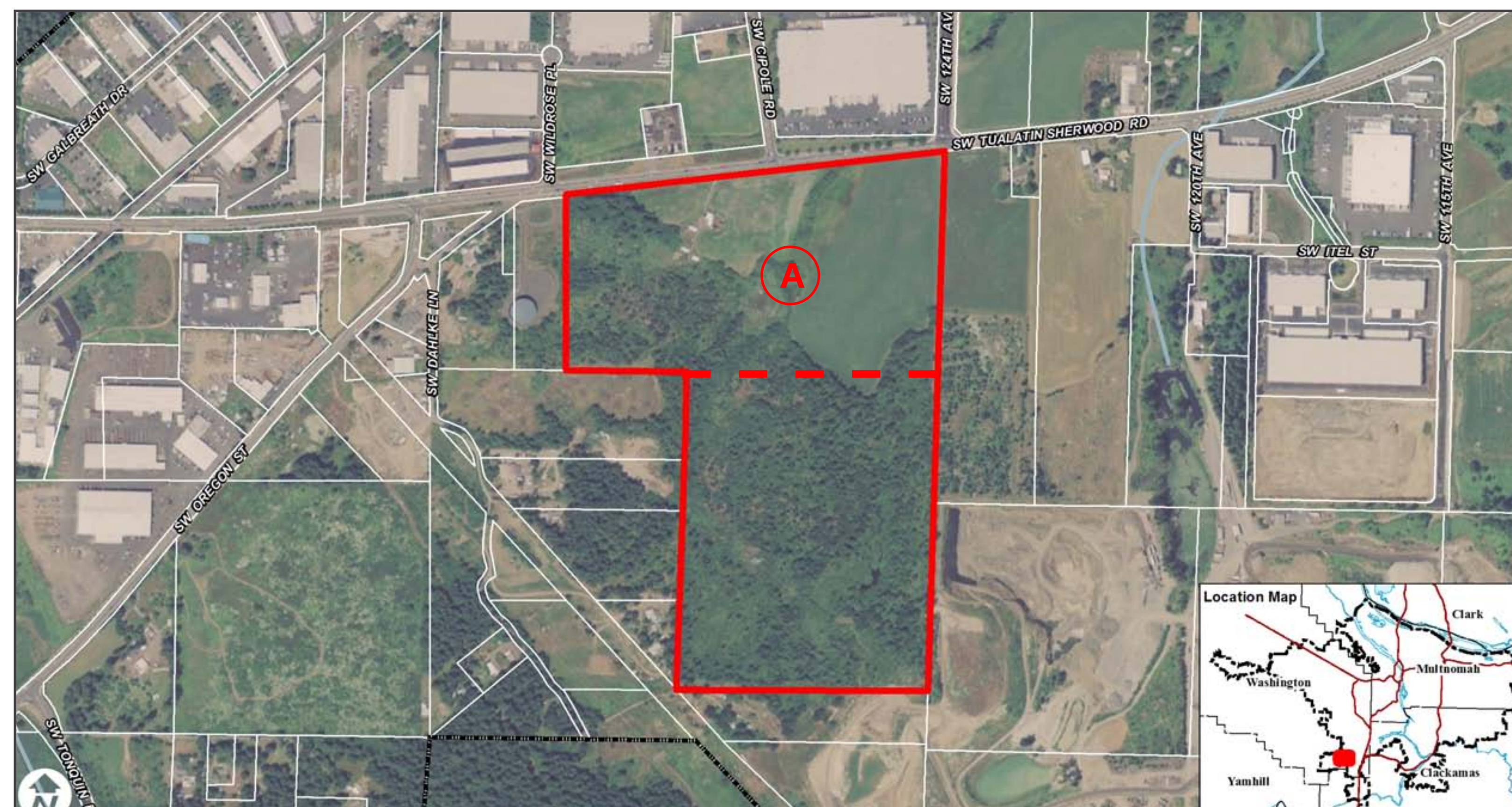
See Page 4 for more detail

	Total Annual Construction Impacts			Total Annual Operations At Full Capacity		
	Jobs	**Economic Activity**	**Payroll**	**Jobs**	**Economic Activity**	**Payroll**
Direct	61	$6,720,000	$3,360,000	630	$208,200,000	$28,500,000
Indirect/ Induced	39	$5,040,000	$1,560,000	875	$135,600,000	$45,700,000
Total	**100**	**$11,760,000**	**$4,920,000**	**1,504**	**$343,800,000**	**$74,200,000**

Development Annual Fiscal Impacts at Full Capacity

See Page 4 for more detail

	Payroll Tax Revenue	Property Tax Revenue
Direct	$1,900,000	$1,400,000
Indirect/Induced	$3,100,000	Not Available
Total	**$5,000,000**	**$1,400,000**



Development Concept Plan

Total Building Size	Projected Electrical Demand	Project Electrical Grade	Total Building Cost	Facility Construction Cost	Facility Construction Cost	Total
789,500 Sq. Ft	3 Mega Watts	2	$61,265,000	Avg. sf = $78	Hard Costs = $61,265,000 Soft Costs = $12,253,000	$73,518,000

Site Use	Description of Development Concept Site Use
General manufacturing	Single user, multi-building manufacturing; similar use to Precision Castparts

Development Concept Costs

Off-Site Costs and Construction Terms	
Water: Start Period (months back): Term:	$207,000 24 24
Sewer: Start Period (months back): Term:	$805,000 24 24
Stormwater: Start Period (months Back): Term:	$855,000 24 24
Transportation: Start Period (months back): Term:	$1,480,000 12 12
Off-Site Total Costs	$3,347,000
On-Site Costs and Mitigation Terms	
Wetland Mitigation: Start Period (months back): Term:	$525,000 30 6
Slope Mitigation: Start Period (months back): Term:	$611,000 30 15
Building Pad Surcharge: Start Period (months Back): Term:	$0
Floodplain Cut/Fill Mitigation: Start Period (months back): Term:	$0
Environmental Cleanup: Start Period (months back): Term:	$18,750 36 6
On-Site Total Costs	$1,154,750
Total Costs	**$4,501,750**

Development Issues

Environmental (On-site Development) : Total Cost $18,750

- The property was used for agriculture purposes and forest land between at least 1936 and present. Residual pesticides may be present in soil. 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. This will take less than 6 months and cost $18,750.

Land use Issues: (Annexation)

- This site is currently within the UGB, however has not been annexed into the City of Sherwood. Per conversations with City Planning staff, the annexation process requires voter approval and takes a minimum of 6 months prior to election dates in either May or November. Annexation is owner initiated.
- The site is in single ownership, however the owner is currently not willing to transact.
- The net developable acreage of 42.84 acres excludes the portion of the site with significant undevelopable slopes.

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

- With property development, it is anticipated primary development access will be to the east (124th) and a possible secondary access to the north (Tualatin-Sherwood Road at Cipole). Even with good direct property access, overall Tualatin-Sherwood Road and US99W corridor mobility is poor.
- 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. Construction of SW 124th Avenue improvements along the east property frontage; $1.08M
  2. Construction of SW Tualatin-Sherwood Road/SW 124th Avenue intersection improvements; $200,000.
  3. Construction of SW Tualatin-Sherwood Road/SW Cipole Road intersection improvements; $200,000.

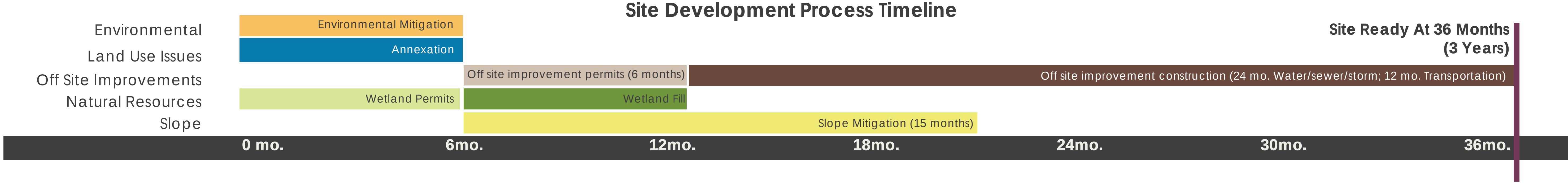
Utility Infrastructure (Off-Site Development) : Total Cost $1,867,000

- Public Water: Service line is already extended to the site; only need lateral connection to serve the site. Extend 1,150' of 12" line along SW 124th to the south boundary of the site. Anticipate 6 months for design and permitting, and 12 months for construction, with a cost of $207,000.
- Public Sewer: Extend Area 48 trunk line (12" gravity pipe) approximately 3,500 feet along Tualatin-Sherwood Road. Anticipate 12 months for design and permitting, and 24 months for construction, with a cost of approximately $805,000.
- Downstream Sewer Upgrades: Construction of downstream trunk line upgrades ($6,188,000) are identified in the Sewer Master Plan (2007) to serve the full build-out of Area 48. Depending on the timing of development at this site, the downstream upgrades may not be needed to serve the site.
- Public Storm: Existing lines currently serve the site, but approximately 1.7 acre of regional detention ponds are needed to discharge to this public system. Anticipate 6 months for design and permitting, and 9 months for construction, with a cost of approximately $855,000.

Natural Resources (On-Site Development) : Total Cost $1,136,000

- There are approximately 7.2 acres of wetlands on site; 3 of which are impacted with the conceptual site plan. Necessary Corps/DSL permits will be required for the fill and mitigation of these wetlands. This site is currently served by the Tualatin Valley Mitigation Bank and the Mud Slough 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 6 months and mitigation cost of $525,000.
- DSL recommends a formal wetland delineation to be conducted.
- Slope Mitigation: Requires approximately 51,000 cy of earthwork to flatten slopes and establish building pads. This will take 9 months and cost approximately $611,000.

Site Development Process Timeline



Timeline Notes :

Annexation: Voter approval is required. A minimum of 3 months to get on the City Council agenda then goes on the May or November ballot. Annexation is owner initiated. This property owner is not willing to transact. This timeframe assumes that the owner is willing to transact and has initiated the annexation process.
Natural Resources: Wetland permit timeline is 5 months plus 6 months for on-site wetland fill. Wetland permit timeframe includes local land use approval.
Slope Mitigation: Slope mitigation can occur during wetland fill once wetland permits are obtained. This timeframe includes land use review.

Figure 1 Market Viability Gap Analysis

- Costs of acquiring and making the Orr(A) site development ready exceeds the expected development ready value of the site. The site has a Market Viability Gap of $4 million. A rational market participant is not likely to invest in site improvements under these conditions.
- The primary contributor to the site's viability gap is transportation. 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.*

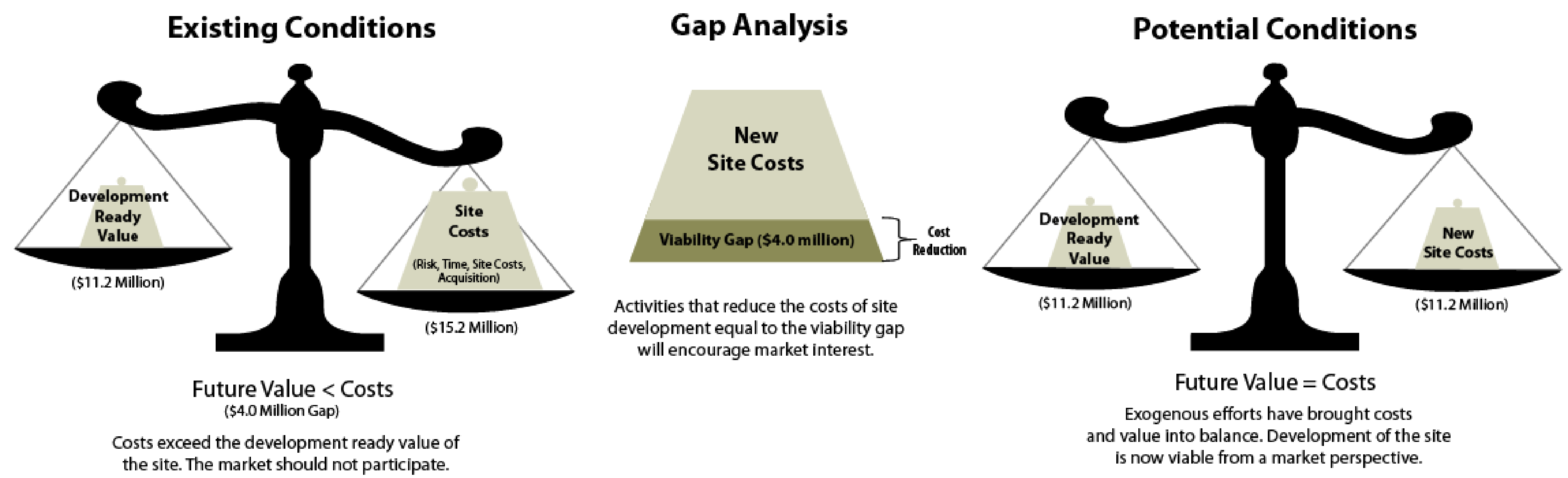


Figure 2 : Development Economic Impacts

- When fully developed, a general manufacturing user on this site would employ roughly 630 workers on-site. Indirect and Induced impacts would support and additional 875 jobs elsewhere in the economy.
- New direct job creation on-site would eventually generate an additional $28.5 million in annual payroll. Indirect and induced payroll impacts would create an additional $45.7 million in annual payroll.
- Build-out of the Orr(A) site would support a total of 1,500 jobs at wages consistent with the regional average wage[2].

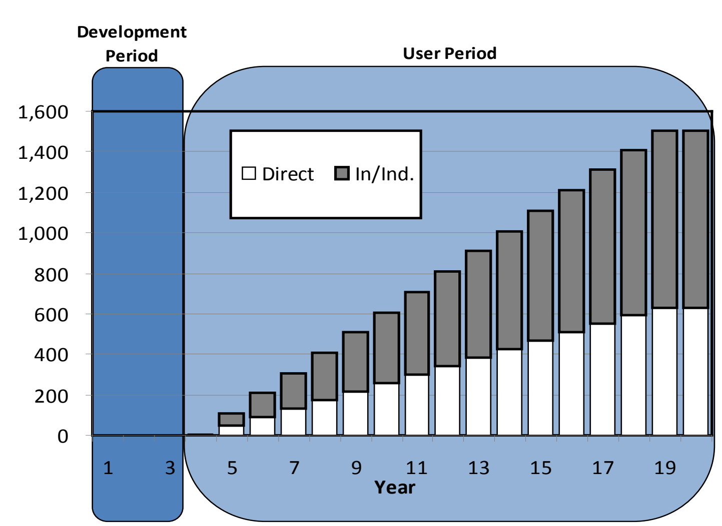
2. *Regional Average is $50,332 (Clackamas, Multnomah, and Washington County) (in 2011 dollars) SOURCE: Oregon Employment Department 2011 QCEW.*

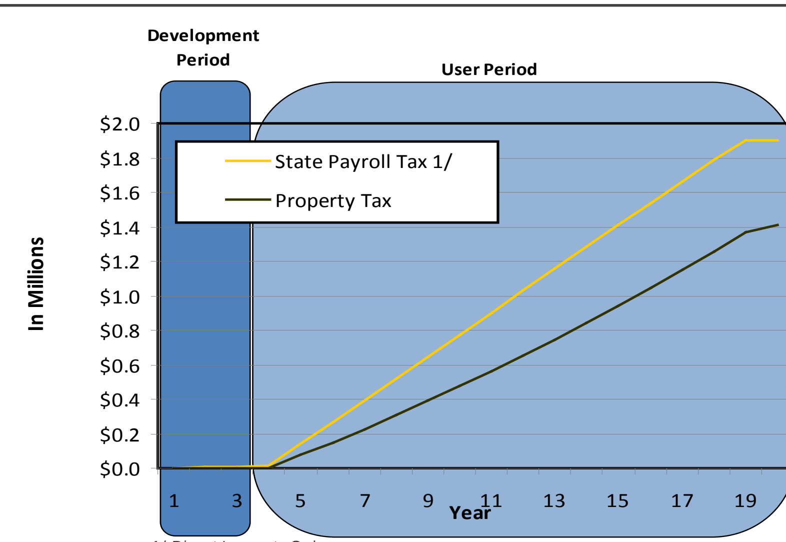
Figure 3 : Development Fiscal Impacts

- This site is not currently in an enterprise zone. Therefore, property tax impacts would begin immediately on construction. Property tax revenues, excluding capital equipment, would reach over $1.4 million annually at full build-out.
- State payroll tax revenues from on-site (direct) employment would reach $1.9 million annually at full-capacity. Indirect and induced impacts would further generate $3.1 million annually to the state.

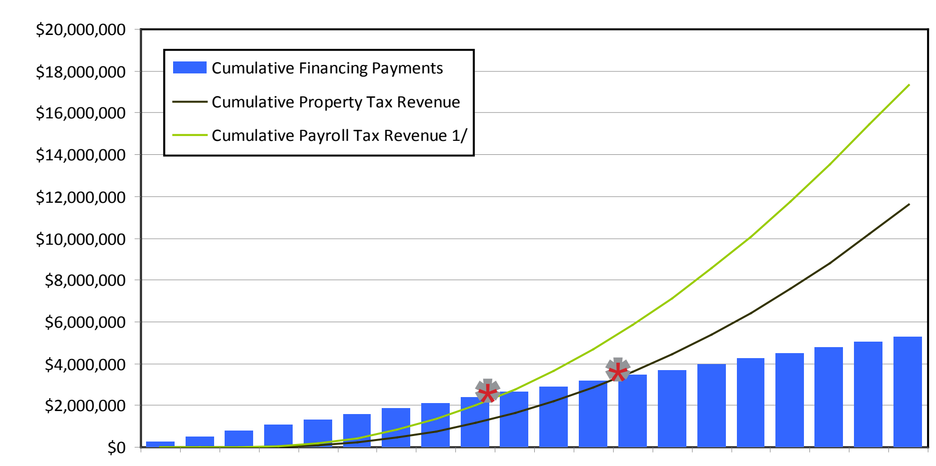
Figure 4 : Financing Return

- 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.
- This site is not in an enterprise zone, so property tax impacts begin immediately after construction. Estimated property tax revenues are forecast to surpass necessary gap investment in the 13th year, translating into $6.2 million in surplus revenue over the 20-year period. If property taxes paid on capital equipment was included in this analysis, the time period would be shorter.
- Similarly, impacts fiscal impacts from direct payroll on site are expected to surpass financed investment in the 10th year, with a 20-year surplus of over $12 million.





1/ Direct Impacts Only



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