

Development Concept Summary	
Site Use: Globally and regionally scaled clean technology	
Site Characteristics	
Site Size (Acres)	320
Net Developable Acreage	309.4
In UGB	Yes
Other Incentives	No
Enterprise Zone	No
Development Characteristics	
Site Development Period (In Months)	48 Months
Total All In Cost	\$108,214,769
Development Ready Value	\$79,765,995
Development Gap	
Market Viability Gap/Surplus	- \$28,448,774
Time To Market Feasibility	14.4 Years

Development Issues <input checked="" type="checkbox"/> See Page 3 for more detail		
Environmental and Natural Resource Issues (On-site)	Infrastructure Issues (Off-site)	Land Use Issues
Brownfield Cleanup	Water <input checked="" type="checkbox"/>	Aggregation <input checked="" type="checkbox"/>
Wetland Fill	Sewer <input checked="" type="checkbox"/>	Annexation <input checked="" type="checkbox"/>
Floodplain Fill	Storm <input checked="" type="checkbox"/>	Outside UGB
Slope Mitigation	Transportation <input checked="" type="checkbox"/>	Marine Dock

Washington County Site Ownership (8) Site ID	Hillsboro Hillsboro Urban Reserves 104	Tier 3
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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	282	\$31,320,000	\$15,720,000	4,548	\$3,214,200,000	\$615,900,000
Indirect/Induced	181	\$23,280,000	\$ 7,560,000	28,030	\$4,226,300,000	\$1,369,300,000
Total	463	\$54,600,000	\$23,280,000	32,579	\$7,440,500,000	\$1,985,200,000

Development Annual Fiscal Impacts at Full Capacity See Page 4 for more detail		
	Payroll Tax Revenue	Property Tax Revenue
Direct	\$41,400,000	\$9,200,000
Indirect/Induced	\$91,300,000	Not Available
Total	\$132,700,000	\$9,200,000



Development Concept Plan Option 1



Total Building Size	Projected Electrical Demand	Project Electrical Grade	Total Building Cost	Facility Construction Cost	Facility Construction Cost	Total
3,083,000 Sq. Ft	35 Mega Watts	3	\$279,075,000	Avg. sf = \$91	Hard Costs = \$279,075,000 Soft Costs = \$ 55,815,000	\$334,890,000

Site Use	Description of Development Concept Site Use
2 regionally to nationally scaled clean-tech manufacturer; 1 regionally scaled clean-tech	Site plan includes 3 users on 200 of 320 acres and leaves approximately 85 net developable acres for development; 1 user is a globally scaled campus on 100 acre site similar to Solar World; 2 users are regionally/nationally scaled clean tech/high tech manufacturers, one each on two 50 acre sites, similar use to Novellus Systems

Development Concept Costs

Off-Site Costs and Construction Terms

Water:	\$4,077,000
Start Period (months back):	24
Term:	24
Sewer:	\$4,940,000
Start Period (months back):	24
Term:	24
Stormwater:	\$8,687,500
Start Period (months Back):	24
Term:	24
Transportation:	\$12,310,000
Start Period (months back):	24
Term:	24
Off-Site Total Costs	\$30,014,500

On-Site Costs and Mitigation Terms

Wetland Mitigation:	To be determined
Start Period (months back):	
Term:	
Slope Mitigation:	\$0
Start Period (months back):	
Term:	
Building Pad Surcharge:	\$0
Start Period (months Back):	
Term:	
Floodplain Cut/Fill Mitigation:	\$0
Start Period (months back):	
Term:	
Environmental Cleanup:	\$82,500
Start Period (months back):	48
Term:	6
On-Site Total Costs	\$82,500

Total Costs **\$30,097,000**

Development Concept Plan Option 2



Total Building Size	Projected Electrical Demand	Project Electrical Grade	Total Building Cost	Facility Construction Cost	Facility Construction Cost	Total
3,083,000 Sq. Ft	35 Mega Watts	3	\$279,075,000	Avg. sf = \$91	Hard Costs = \$279,075,000 Soft Costs = \$ 55,815,000	\$334,890,000

Site Use	Description of Development Concept Site Use
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Term:	
Slope Mitigation:	\$0
Start Period (months back):	
Term:	
Building Pad Surcharge:	\$0
Start Period (months Back):	
Term:	
Floodplain Cut/Fill Mitigation:	\$0
Start Period (months back):	
Term:	
Environmental Cleanup:	\$82,500
Start Period (months back):	48
Term:	6
On-Site Total Costs	\$82,500

Total Costs **\$30,097,000**

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. 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 \$82,500.

Land Use (Aggregation, Annexation)

- The site is made up of 10 separate parcels and 8 separate ownerships. Parcel aggregation is necessary in order to deliver the site as shown.
- The 8 property owners have entered into an agreement to consolidate their properties, jointly list and market their properties, and be represented by a single point of contact in order to supply parcels of 50 acres or more to meet the needs of buyers of large-lot industrial land. This agreement will be recorded and run with the land for a five year commitment.
- Metro added the property into the UGB in October 2011 but is located outside of the Hillsboro City Limits and will require annexation. The Metro UGB decision is considered a "final land use decision" unless set aside by LCDC or the Court.
- Prior to annexation, a concept planning process and adoption of a local wetland inventory will need to occur. The annexation process will then bring this site into the City and the recently adopted new Industrial Sanctuary (IS) zone and North Hillsboro Industrial Area Community Plan will apply. The total timeline for this process is anticipated to be 6 months.

Transportation (Off-Site Development) : Total Cost \$12,310,000

- The site has direct access to NW Meek Road which will require improvement to urban standards.
- It should be noted any future roadway alignments are not specifically defined or programmed in the City of Hillsboro Transportation System Plan (TSP). Rather, the roadway alignments have been identified via recent long-term transportation infrastructure planning efforts occurring in the immediate area.
- Discussions with City staff have further clarified the transportation infrastructure improvements necessary to serve immediate subject property development including:
 - Construct full-width street improvements on 253rd from Meek to south property line; \$2.52M.
 - Construct full-width street improvements on 264th from Meek to south property line; \$2.94M. (Note: conceptual site plan shows the roadway alignment adjacent the west property line; however, full-width improvements are assumed).
 - Improve/reconstruct Meek from east property edge to 264th Avenue: \$6.3M
 - Construct shoulder improvements on Meek from 264th to Jackson School Road: \$250,000
 - Construct 264th/ Sewell Road intersection improvements and connection: \$300,000
- The assumption is that 253rd and 264th will be constructed separately from Evergreen Road to the south property lines.
- Long-term plans also contemplate realigning Meek to intersect with Brookwood north of OR26. This realignment will require a grade separated over crossing and is believed necessary to accommodate future year traffic volumes. This improvement is not assumed to be necessary to serve the site.

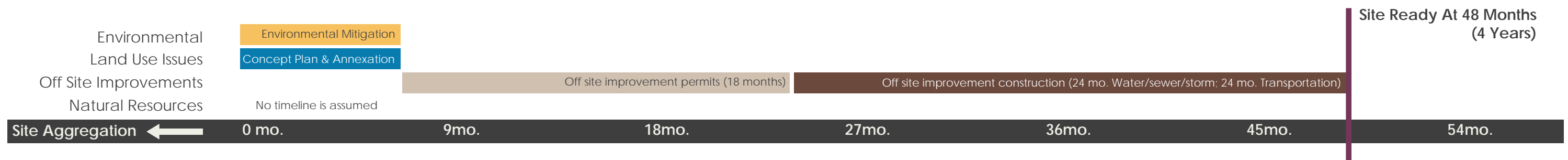
Utility Infrastructure (Off-Site Development) : Total Cost \$17,704,500

- Public Water: Extend 18" distribution lines north along both 253rd and 264th Avenues, and an 18" line along Meek Road, creating a looped system connecting to the 18" line in Evergreen Road. Total pipe footage: approximately 15,100 ft. Anticipate 12 months design and permitting, and 24 months construction, with a cost of approximately \$4,077,000.
- Public Sewer: Extend gravity lines along 253rd (15" pipe), Meek Road (18" pipe), and 264th (18" pipe). Requires construction of a new 3.0-MGD pump station at Huffman/264th, with approximately 5,200 feet of force main running east along Huffman to an existing Clean Water Services trunk line. Anticipate 12 months for design and permitting, and 24 months for construction, with a cost of approximately \$4,940,000.
- Public Storm: Construct lines along 253rd (24" pipe), 264th (24"-30" pipe) and Meek Rd (24" pipe). Assumed approximately 48 ac-ft of storm detention required, distributed across 4 ponds. Anticipate 12 months for design and permitting, and 24 months for construction, with a cost of approximately \$8,687,500.

Natural Resources (On-Site Development) : Total Cost and Timeline To Be Determined

- The site contains areas of mapped hydric soils that could contain wetland areas. However, no delineation or other mapped wetland resources are available to confirm existence and location. As such a delineation needs to be complete in order to determine potential wetland areas and necessary impacts, mitigation, and costs. Should wetland mitigation be necessary, Corps/DSL permits will be required and are estimated to be 270 days. This site is currently served by the Tualatin Valley Mitigation Bank, and impacted wetlands are able to be mitigated through a payment of \$150,000/acre.
- No estimate of wetland mitigation costs was made for this site due to lack of reliable wetland information. The expectation is that some costs will be incurred for mitigation.
- Pending on the outcome of a Local Wetland Inventory, there may also be necessary approvals and permits required by CWS and the City of Hillsboro. These permits could run concurrent with necessary Corps/DSL permits.

Site Development Process Timeline



Timeline Notes :

Aggregation: As the property owners are willing to transact together, the aggregation period is assumed to be between 6 months and 2.5 years, at the calculation of 3 months per property owner.

Land Use: Concept planning process may be required prior to annexation. This process is estimated to occur in 6 months.

Off Site Improvements: Permits are submitted after site is annexed into the City.

Natural Resources: If wetland mitigation is necessary on site, allow 9 months for permitting plus 18 months (or less) for on-site wetland fill. Wetland permit timeframe includes local land use approval.

Figure 1 Market Viability Gap Analysis

- Costs of acquiring and making the Hillsboro Urban Reserves site development ready exceeds the expected development ready value of the site. The site has a Market Viability Gap of \$28.4 million. A rational market participant is not likely to invest in site improvements under these conditions.
 - A significant contributor to the gap is transportation and other public utilities. 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.

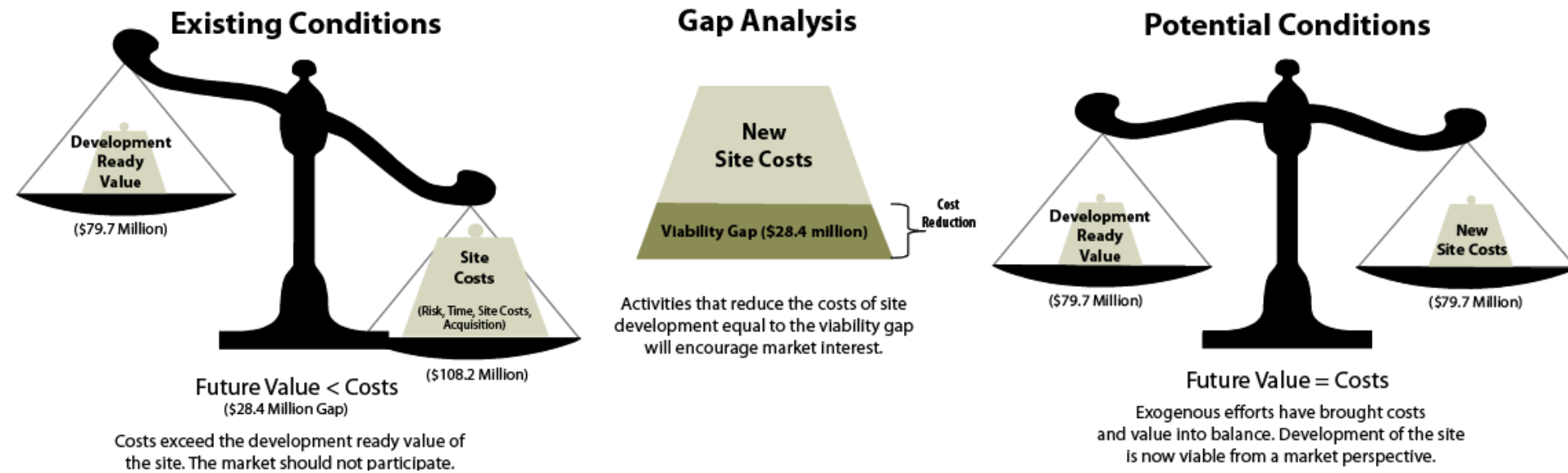


Figure 2 : Development Economic Impacts

- When fully developed, a clean-tech campus on this site would employ over 4,500 workers on-site. Indirect and Induced impacts would support and additional 28,000 jobs elsewhere in the economy.
 - New direct job creation on-site would eventually generate an additional \$616 million in annual payroll. Indirect and induced payroll impacts would create an additional \$1.3 billion in annual payroll
 - Build-out of the Urban Reserves site would support a total of 32,500 jobs at an average wage of roughly \$61,000, 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.

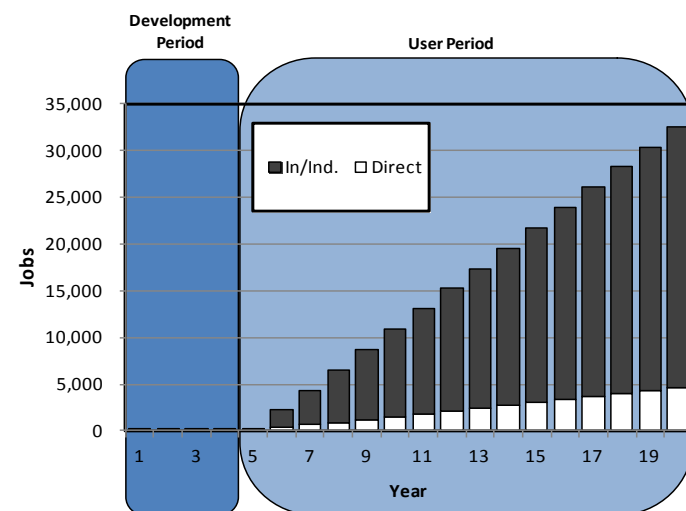


Figure 3 : Development Fiscal Impacts

- 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 \$9 million annually at full build-out.
- State payroll tax revenues from on-site (direct) employment would reach \$41 million annually at full-capacity. Indirect and induced impacts would further generate \$91 million annually to the state.

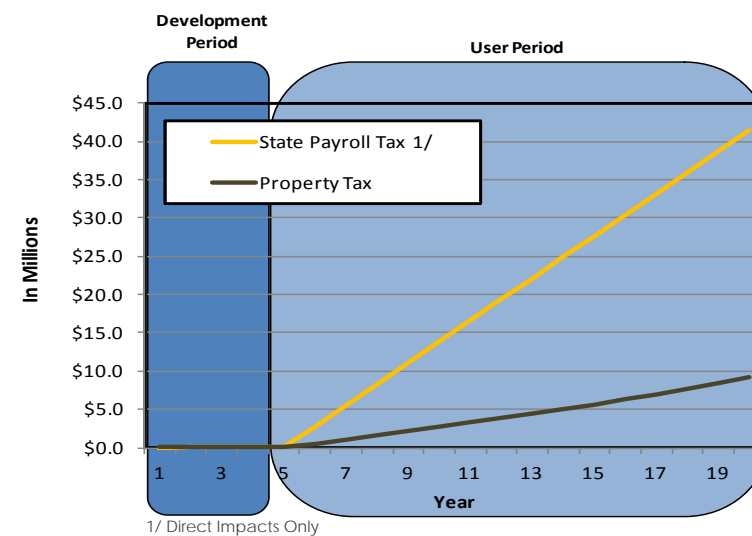


Figure 4 : Financing Return

- 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.
- Cumulative building only property tax revenues would equal financed viability gap in the 14th year. This translates into positive stakeholder pay-off of \$32.7 million over the remainder of the finance period and \$9 million in annual net-new revenue thereafter. If property taxes paid on capital equipment was included in this analysis the time period would be shorter.
- Similarly, payroll tax revenues would break even with financed viability gap in only the 8th year. This translates into positive stakeholder pay-off of \$295 million over the remainder of the finance period and \$41 million in annual net-new revenue thereafter.

