Mill Creek Correctional Facility

Large-scale site with agricultural areas and potential redevelopment areas with existing correctional facility
5465 Turner Road Southeast
Salem, Oregon  97317

BBG File #0121001099

Prepared For
Ms. Tracy L. Wilder
Oregon Department of Corrections
3601 State Street
Salem, OR  97301

Report Date
March 15, 2021

Prepared By
BBG, Inc., Portland Office
1220 SW Morrison Street, Suite 800
Portland, OR  97205
503-478-1000

Client Manager: Owen Bartels, MAI
obartels@bbgres.com
March 15, 2021

Ms. Tracy L. Wilder  
Oregon Department of Corrections  
3601 State Street  
Salem, OR  97301

Re: Appraisal of Real Property  
Mill Creek Correctional Facility  
5465 Turner Road Southeast  
Salem, Oregon 97317

BBG File #0121001099

Dear Ms. Wilder,

In accordance with your authorization (per the engagement letter found in the addenda of this report), we have prepared an Appraisal of the above-referenced property.

The subject is the Mill Creek Correctional Facility (MCCF), a minimum-security prison located six miles southeast of downtown Salem on 2,089 acres. The facility is a minimum-security work camp providing inmate labor to the Oregon Department of Corrections, other state and local agencies, and private industries throughout the Willamette Valley. Programs and services offered at MCCF include: cognitive programs, substance abuse programs, education, transition programs, health services, work assignments, and religious services. Governor Kate Brown is planning to close the facility in July 2021. According to a January 2021 article from the Salem Reporter, the facility has 201 prisoners and 52 employees that will be relocated.

As a part of the closure process, the Department of Corrections will declare the subject property to be surplus. The surplus declaration begins a process of selling the asset.

The appraisers are aware of several state-mandated criteria regarding priority for potential offerors. The appraisal question in this case, though, is not the value to a specific user or under a specific scenario. Rather, it is to identify the Market Value of the property, under the Market Value definition provided in this report. Key to that definition are the assumptions of unrelated, disinterested 3rd parties, neither compelled to buy or sell. Those state rules are considered atypical motivations, so this report specifically does not include any specific party or order of offers.

The subject portion consists of 390.5 gross acres and an estimated net site area of 351.4 acres. The subject site is located in SE Salem, within City limits, just south of Corban University and the Mill Creek industrial area. The majority of the site is located in the AE flood zone and has historically been utilized as agricultural land. There are four separate potentially buildable areas totaling 127.38 net acres that currently have some level of improvements located on the northern portion of the site along Turner Road.

According to the Marion County Assessor, there are 29 structures on the site, many of which are barns/sheds that are nearing the end of their economic life. The main prison facility is a three-story,
22,500 SF minimum-security prison built in 1929. The remaining structures have limited utility and would be unlikely to be retained upon redevelopment of the larger site.

The subject is currently encumbered with two leases attributed to the site: a grazing lease through February 2024 and an agricultural lease through September 2025. While considered relatively nominal, the interim lease income would offset some future demolition costs of the majority of the subject’s structures.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations.

The global outbreak of a “novel coronavirus” known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020, with the President of the United States declaring the COVID-19 outbreak a national emergency on March 13.

The impact of the virus has created near-term instability in the capital and real estate markets. The extent of the direct and indirect effects of this event on the national economy, the local economy, and the market in which the subject property is located are only beginning to be reflected in commercial real estate transactions. The reader should note the data and comparables used in this report are data points that occurred in the past and there is projection risk associated with using lagging indicators. While every attempt has been made to determine the impact on value of the subject property, the associated risk may not yet be priced into the real estate market. Our conclusions have been based on best available market evidence including interviews with market participants and analysis of all relevant current market data.

Please reference the COVID-19 Disease overview in the Market Analysis section of the appraisal for further discussion.

Note: Our estimate of market value is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

<table>
<thead>
<tr>
<th>EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards Rule 2-2(a)(xi), it is stated here that the use of any extraordinary assumptions might have affected the assignment results.</td>
</tr>
<tr>
<td>Extraordinary Assumption(s)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Hypothetical Condition(s)</td>
</tr>
</tbody>
</table>
Based on our inspection of the property and the investigation and the analysis undertaken, we have concluded the following value opinion(s).

<table>
<thead>
<tr>
<th>Appraisal Premise</th>
<th>Interest Appraised</th>
<th>Date of Value</th>
<th>Value Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value - As Is</td>
<td>Fee Simple</td>
<td>February 9, 2021</td>
<td>$12,480,000</td>
</tr>
<tr>
<td>Market Value - Contributory Value of Hog Hill</td>
<td>Fee Simple</td>
<td>February 9, 2021</td>
<td>$4,900,000</td>
</tr>
<tr>
<td>Market Value - Contributory Value of Main Building</td>
<td>Fee Simple</td>
<td>February 9, 2021</td>
<td>$680,000</td>
</tr>
<tr>
<td>and Economic Site</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Value - Contributory Value of Flood Zone &amp;</td>
<td>Leased Fee</td>
<td>February 9, 2021</td>
<td>$6,900,000</td>
</tr>
<tr>
<td>Pasture Land</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on recent market transactions, as well as discussions with market participants, a sale of the subject property at the above-stated opinion of market value would have required an exposure time of approximately 12-24 months for the subject site. Furthermore, a marketing time of approximately 12-24 months is currently warranted for the subject property.

This letter must remain attached to the report, which should be transmitted in its entirety for the value opinion set forth to be considered valid. Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,
BBG, Inc.

Owen Bartels, MAI
OR Certified General Appraiser
License #: C000870
503-478-1016
obartels@bbgres.com

Evan Abramowitz, MAI
OR Certified General Appraiser
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OR Certified General Appraiser
License #: C001356
503-478-1011
snicolici@bbgres.com
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SUBJECT PROPERTY

AERIAL PHOTOGRAPH
## Summary of Salient Facts

### Property Data

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Mill Creek Correctional Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>5465 Turner Road Southeast</td>
</tr>
<tr>
<td>Location</td>
<td>Salem, Oregon 97317</td>
</tr>
<tr>
<td>Location Description</td>
<td>The subject site is located in SE Salem, within City limits, just south of Corban University and the Mill Creek industrial area. The site is bounded by Turner Rd SE and Gath Rd SE to the north, the railroad and Eastland Ave to the west, the East Fork of Pringle Creek to the south, and south of Jenniches Lane to the east. Mill Creek runs directly through the middle of the site and is considered unusable area. The majority of the site is located in the AE flood zone and has historically been utilized as agricultural land. There are four potentially buildable areas that currently have some level of improvements located on the northern portion of the site along Turner Road.</td>
</tr>
<tr>
<td>Property Description</td>
<td>Large-scale site with agricultural areas and potential redevelopment areas with existing correctional facility</td>
</tr>
<tr>
<td>County</td>
<td>Marion</td>
</tr>
<tr>
<td>Parcel Number</td>
<td>R327913</td>
</tr>
<tr>
<td>Census Tract No.</td>
<td>18.03</td>
</tr>
<tr>
<td>Site Area</td>
<td></td>
</tr>
<tr>
<td>Potentially Buildable Areas</td>
<td>5,593,975 square feet (128.4200 acres)</td>
</tr>
<tr>
<td>AE Flood Zone Area &amp; Pasture</td>
<td>11,416,205 square feet (262.0800 acres)</td>
</tr>
<tr>
<td>Mill Creek / Easement Unusable Areas</td>
<td>2,314,121 square feet (53.1249 acres)</td>
</tr>
<tr>
<td>Total</td>
<td>17,010,180 square feet (390.5000 acres)</td>
</tr>
<tr>
<td>Zoning</td>
<td>PH; Public Health</td>
</tr>
<tr>
<td>Flood Status</td>
<td>Flood hazard areas identified on the Flood Insurance Rate Map are identified as a Special Flood Hazard Area (SFHA). SFHA are defined as the area that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year. The 1-percent annual chance flood is also referred to as the base flood or 100-year flood. SFHAs are labeled as Zone A, Zone AO, Zone AH, Zones A1-A30, Zone AE, Zone A99, Zone AR, Zone AR/AE, Zone AR/AO, Zone AR/A1-A30, Zone AR/A, Zone V, Zone VE, and Zones V1-V30. Moderate flood hazard areas, labeled Zone B or Zone X (shaded) are also shown on the FIRM, and are the areas between the limits of the base flood and the 0.2-percent-annual-chance (or 500-year) flood.</td>
</tr>
<tr>
<td>Year Built</td>
<td>The main building was built in 1929. The Assessor did not report the size or year built for the remaining structures, most of which are barns or sheds that previously supported agricultural use.</td>
</tr>
<tr>
<td>Number of Buildings</td>
<td>According to the Marion County Assessor, there are 29 structures on the site. With the exception of the main correctional facility building, the existing structures have limited utility and would be unlikely to be retained upon redevelopment of the larger site.</td>
</tr>
<tr>
<td>Net Rentable Area</td>
<td>22,500 square feet</td>
</tr>
<tr>
<td>Overall Condition</td>
<td>Average/Fair</td>
</tr>
<tr>
<td>Overall Quality</td>
<td>Average/Fair</td>
</tr>
<tr>
<td>Overall Design/Functionality</td>
<td>Average/Fair</td>
</tr>
</tbody>
</table>
LEGAL DESCRIPTION

EXHIBIT “A”
LEGAL DESCRIPTION
A tract of land located in the Section 18, the northeast one-quarter of Section 19, the northwest one-quarter of Section 20, and the west one-half of Section 17, Township 8 South, Range 2 West, Willamette Meridian, Marion County, Oregon, described as follows:
Beginning at the Northeast Corner of the J. Herren D.L.C. No. 60; thence North 72°20’01” West, 525.66 feet to a 3” Brass Disk stamped “Marion County Plt5561.54”; thence South 17°44’01” West, 30.00 feet to the southerly line of Gath Road (County Road No. 855); thence along the southerly line of said Gath Road, North 72°15’59” West, 2551.10 feet; thence continuing along said southerly line, North 59°10’46” West, 15.57 feet to a point on the southwesternly line of Turner Road SE (County Road No. 855); thence tracing said southerly line along the following courses: North 59°10’46” West, 170.22 feet; North 61°12’26” West, 362.31 feet to the point of curve right of a 515.00 foot radius curve; thence along the arc of said curve right through a central angle of 26°30’28”, 238.26 feet (chorb bears North 47°57’12” West, 236.14 feet); North 34°41’58” West, 558.94 feet; North 34°52’20” West, 788.42 feet; North 34°50’56” West, 512.55 feet; North 36°00’28” West, 239.28 feet; North 37°42’28” West, 475.67 feet; thence leaving said southerly line, North 87°16’20” West, 1,096.36 feet to a point on the easterly line of the Southern Pacific Railroad; thence tracing said easterly line along the following courses: South 19°59’19” East, 4,115.06 feet to the point of curve left of a 11,429.16 foot radius curve; thence along the arc of said curve left through a central angle of 00°27’00”, 89.76 feet (chorb bears South 20°12’49” East, 89.76 feet) to the point of curve left of a 5,699.59 foot radius curve; thence along the arc of said curve left through a central angle of 12°27’29”, 1,239.28 feet (chorb bears South 26°40’04” East, 1,236.84 feet) to the point of curve left of a 11,429.16 foot radius curve; thence the arc of said curve left through a central angle of 00°27’00”, 89.76 feet (chorb bears South 33°07’18” East, 89.76 feet); South 33°20’48” East, 744.03 feet; thence leaving said easterly line, South 65°17’52” East, 1,496.49 feet; thence North 40°43’44” East, 607.55 feet; thence North 68°27’23” East, 1,713.55 feet; thence North 68°18’41” East, 353.57 feet; thence North 01°47’09” East, 1,674.75 feet to the point of beginning.
EXCEPTING therefrom that portion of the above described tract contained within the rights-of-way of Turner Road SE (Market Road 27), and Gath Road (County Road No. 856)

RISK SUMMARY

Advantages
1. The subject is a large-scale site that would accommodate substantial development.
2. The subject is already located in the City of Salem. Based on conversations with the Salem City planning department, the site would be suitable for a future master-planned development and a zoning change from the current PH (Public Health) zone is likely.

Challenges
1. Mill Creek runs directly through the middle of the subject and the buffer along the creek is unusable area. The majority of the subject is currently in the AE flood zone and future development would potentially require additional costs associated with connectivity/access and flood zone remediation within the site.
2. The recent COVID-19 infections have created near-term risk that may not be priced into the real estate market. The reader should note the data and comparables used in this report are data points that occurred in the past and there is projection risk associated with using lagging indicators. The opinion of value is as of a specific point in time and the value may change.
## PROPERTY HISTORY

The current owner, State of Oregon Department of Corrections is the long-time owner of the subject. To the best of our knowledge and discussions with management, the subject property is not currently listed, nor under a sales contract.

### VALUE INDICATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
<th>Not Developed</th>
<th>Value Conclusion - As Is</th>
<th>Exposure Time</th>
<th>Marketing Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Is as of February 9, 2021</td>
<td></td>
<td></td>
<td>$12,480,000</td>
<td>12-24 months</td>
<td>12-24 months</td>
</tr>
<tr>
<td>Value Conclusion - Contributory Value of Hog Hill</td>
<td>As Is as of February 9, 2021</td>
<td></td>
<td>$4,900,000</td>
<td>$50,215 Per Acre</td>
<td>12-24 months</td>
</tr>
<tr>
<td>Value Conclusion - Contributory Value of Main Building and Economic Site</td>
<td>As Is as of February 9, 2021</td>
<td></td>
<td>$680,000</td>
<td>$30.22 Per Square Foot (NRA)</td>
<td>12-24 months</td>
</tr>
<tr>
<td>Contributory Value Of Flood Zone &amp; Pasture Land as of February 9, 2021</td>
<td></td>
<td></td>
<td>$6,900,000</td>
<td>$32,857 Per Acre</td>
<td>12-24 months</td>
</tr>
</tbody>
</table>

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**MILL CREEK CORRECTIONAL FACILITY APPRAISAL**
## Scope of Work

### Appraisal Information

| Client | Oregon Department of Corrections  
3601 State Street,  
Salem, OR 97301 |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Intended User(s)</td>
<td>This appraisal report may only be relied upon by the client and intended user(s) named herein Oregon Department of Corrections and the State of Oregon Department of Administrative Services.</td>
</tr>
<tr>
<td>Intended Use</td>
<td>This appraisal is to be used for asset valuation in preparation for a declaration of surplus property by the Department.</td>
</tr>
</tbody>
</table>
| Property Rights Appraised / Premise | As Is Market Value (Fee Simple) as of February 9, 2021  
As Is Market Value (Fee Simple) of the Contributory Value of Hog Hill as of February 9, 2021  
As Is Market Value (Fee Simple) of the Contributory Value of Main Building and Economic Site as of February 9, 2021 |
| Date of Inspection | February 9, 2021 |
| Marketing Time | 12-24 months |
| Exposure Time | 12-24 months |
| Owner of Record | State of Oregon-Corrections |
| Most Probable Purchaser | Developer |
| Highest and Best Use | Master-planned development with multifamily, single-family, and more limited commercial on the buildable portion of the site. Continued agricultural use in the flood zone area until redevelopment is supported by market. |
| As Improved | Conversion of the main building to alternative use such as office or educational use and demolition of the other structures to make way for redevelopment on the remaining buildable portion of the site |
SCOPE OF THE INVESTIGATION

General and Market Data Analyzed
- Regional economic data and trends
- Market analysis data specific to the subject property type
- Published survey data
- Neighborhood demographic data
- Comparable cost, sale, rental, expense, and capitalization rate data
- Floodplain status
- Zoning information
- Assessor’s information
- Interviewed professionals knowledgeable about the subject’s property type and market.

Inspection Details
Owen Bartels, MAI conducted an interior and exterior inspection on February 9, 2021. Tracy Wilder, Real Property Manager for the Department of Corrections, accompanied Mr. Bartels on that inspection.

Mr. Bartels and Ms. Wilder walked the interiors of the correctional facility, the out-buildings, the small office, the warehouses, and walked the agricultural acreage.

Evan Abramowitz, MAI conducted an on-site inspection on February 17, 2021 and viewed the property from public rights of way but did not enter the site or the structures.

The appraisers conducted on-site inspections of the properties used as comparables in this report.

Property Specific Data Requested and Received

<table>
<thead>
<tr>
<th>PROPERTY DATA RECEIVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leases</td>
</tr>
<tr>
<td>Sale contract</td>
</tr>
<tr>
<td>Title report</td>
</tr>
<tr>
<td>Land Sales</td>
</tr>
<tr>
<td>Legal Description</td>
</tr>
<tr>
<td>Tax Lot</td>
</tr>
</tbody>
</table>

Data Sources

<table>
<thead>
<tr>
<th>DATA SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Size</td>
</tr>
<tr>
<td>Building Size</td>
</tr>
<tr>
<td>Tax Data</td>
</tr>
<tr>
<td>Zoning Information</td>
</tr>
<tr>
<td>Flood Status</td>
</tr>
<tr>
<td>Demographics Reports</td>
</tr>
<tr>
<td>Comparable Land Sales</td>
</tr>
<tr>
<td>Assessor's Records</td>
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<td>Assessor's Records</td>
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<tr>
<td>Assessor's Records</td>
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<tr>
<td>Planning Dept</td>
</tr>
<tr>
<td>FEMA</td>
</tr>
<tr>
<td>Spotlight</td>
</tr>
<tr>
<td>Appraiser's files; CoStar</td>
</tr>
</tbody>
</table>
VALUATION METHODOLOGY

Most Probable Purchaser
To apply the most relevant valuation methods and data, the appraiser must first determine the most probable purchaser of the subject property.

The most probable purchaser of the subject "As Is" is a developer.

Valuation Methods Utilized
This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Furthermore, because the subject property is a specialized land use, it is not typically marketed, purchased or sold on the basis of anticipated lease income. Therefore, we have employed neither the Cost Approach nor the Income Capitalization Approach to develop an opinion of market value.

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards Rule 2-2(a)(xi), it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

Extraordinary Assumption(s)
1. The Assessor did not report the size of the subject's existing structures. We have estimated the size of the main building using aerial measuring tools. A professional measurement by a licensed architect is recommended.
2. The subject's unusable areas including easements and the Mill Creek wetland buffer were estimated using aerial measuring tools.

Hypothetical Condition(s)
This appraisal employs no hypothetical conditions.

DEFINITIONS

Market Value
The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms
of financial arrangements comparable thereto; and

- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

**As Is Market Value**

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”


**Definition of Property Rights Appraised**

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Leased fee interest is defined as, “The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary rights when the lease expires.”

Leasehold interest is defined as, “The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.”

Lease is defined as: “A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”

*Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*
Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and
- Applicable state appraisal regulations.

LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report. USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.
Significant Professional Assistance

It is acknowledged that Tyler Soo (Registered Appraiser Assistant License No. AA03435) provided significant professional contribution to this appraisal in the categories indicated below, all under the supervision of the persons signing.

<table>
<thead>
<tr>
<th>Acknowledgement of Real Estate Appraisal Assistance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define the appraisal problem</td>
</tr>
<tr>
<td>Conduct preliminary analysis, select, and collect applicable data</td>
</tr>
<tr>
<td>Conduct an analysis of the subject property</td>
</tr>
<tr>
<td>Conduct highest and best use analysis</td>
</tr>
<tr>
<td>Estimate land value, including on-site improvements</td>
</tr>
<tr>
<td>Estimate value of the property using each of the following approaches to value:</td>
</tr>
<tr>
<td>Cost</td>
</tr>
<tr>
<td>Sales Comparison</td>
</tr>
<tr>
<td>Income Capitalization</td>
</tr>
<tr>
<td>Reconcile each value indication and reconcile the final value estimate</td>
</tr>
<tr>
<td>Report estimate(s) of value(s) as defined</td>
</tr>
</tbody>
</table>

Mr. Soo is a graduate of California Polytechnic State University with a Bachelor of Science in Business Administration, concentrating in Finance.
COVID-19 DISEASE; SARS-CoV-2 VIRUS

INTRODUCTION
As the pandemic has drug on, it has begun to be more of a known risk in real estate markets. This lessens the speculative impacts on valuations conducted during this COVID-effected era. Still, it is important to understand the state of the pandemic in order to better understand its effects on the marketplace. This section provides a brief overview of the pandemic and its effects to set the stage for some judgements relating to timing and price appreciation required for the valuation sections later in this report.

CDC
On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization (WHO) declared the outbreak a “public health emergency of international concern” (PHEIC). On January 31, Health and Human Services Secretary Alex M. Azar II declared a public health emergency (PHE) for the United States to aid the nation’s healthcare community in responding to COVID-19. On March 11, WHO publicly characterized COVID-19 as a pandemic. On March 13, the President of the United States declared the COVID-19 outbreak a national emergency.

COSTAR | MARCH 1, 2021
The process for writing this column every week generally starts with updating a set of charts tracking high-frequency data on the economy and then discussing what they mean. The narrative direction for the week is born out of your authors’ ongoing Microsoft Teams chat, trading charts back and forth, sending quotes from Federal Reserve speeches, talking markets.

That process last week led to something of a landmark event for CoStar Economy: We’re feeling quite optimistic on the economy for the first time in a long time. Let’s explain why.

First, let’s check in on the most important graph for the economy: COVID-19 infection rates. This has been the graph to watch for nearly a full year as we are approaching the anniversary of the quarantine. As fast and furious as the rise in coronavirus infection rates was to close out 2020, they have come down just as quick. For the West and Midwest in particular, positive test rates are as low as they have been since the pandemic began.
This is great news as the third wave of cases clearly affected economic and job growth, with net negative job growth over the months of December 2020 and January 2021. It appears that activity picked up quickly as the spread began to subside, almost concurrently. Some of our favorite high-frequency indicators are showing very strong signs that things are starting to get better. And quickly. Data from the reservation service OpenTable on restaurant traffic, below in red, is already back to its highest levels since the summer of 2020, when massive rehiring of leisure, hospitality and entertainment workers was driving monthly jobs gains into the millions. Credit and debit card spending, as measured by Affinity Solutions in blue, is also clearly rising in 2021 and currently stands at pandemic highs — even though the trend is pretty volatile.
While restaurant traffic is still down a hefty 40% from a year ago, a combination of vaccinations, healthier restaurant practices and possibly herd immunity effects are pushing activity higher much faster. With Johnson & Johnson’s single-shot vaccine getting very positive news last week, this dynamic of increasing in-person activity should accelerate through the spring.

Consumer spending has been on an absolute tear as well, for all the reasons mentioned above but more importantly because of the fiscal stimulus enacted at the close of 2020. The chart below measures total personal income growth against personal income without emergency fiscal stimulus. Personal income in January 2021 skyrocketed to levels not seen since $1,200 checks were sent out in April 2020. While this time around the checks were only $600, these government benefits completely overshadowed the income growth weakness that began in December as hiring slowed to a standstill.
With incomes boosted once again, and more freedom for individuals to move around and spend money, we can say with confidence this is the most optimistic backdrop we’ve had since the start of the crisis. The bond market has noticed this too, with 10-year U.S. Treasury rates hitting 1.6% briefly before falling back to close the week just below 1.5%. These are levels not seen since February 2020. Federal Reserve Chairman Jerome Powell stuck to his dovish script in front of Congress this past week, indicating “monetary policy is accommodative and it continues to need to be accommodative. ... Expect us to move carefully, patiently, and with a lot of advance warning.”

We feel compelled to offer a few reminders. First, rising long-term bond yields aren’t necessarily a bad thing! It’s less important to know that yields are rising than it is to know why they are rising. In this case, they are rising because economic growth is picking up. As of this writing, the Atlanta Fed’s GDPNow forecast for gross domestic product growth for the first quarter of 2021 is near 9%. That’s a good thing and will help make up the shortfall in GDP from pre-pandemic levels as well as assist in putting the roughly 10 million people without jobs back to work.

Second, the level of interest rates matters, not just the direction. The worry is that fast-rising interest rates will choke off economic growth. Does anyone here think 1.5% or even 2% interest rates are restrictive, hovering around zero when adjusted for inflation? As we wrote last week, housing market tailwinds will occur even at higher mortgage rates. Both mortgage and Treasury yields remain lower than at any level ever prior to 2020.

Lastly, the Fed has held strong in its conviction to keep short-term interest rates low until a rebound in the economy and labor market is well underway. The two-year Treasury rate agrees with them. While rates at points further out the curve have risen sharply, the two-year has barely budged and remains at
only 0.14% as of this writing. That tells us that the Fed won’t be raising rates anytime soon to slow down the economy. That means the yield curve has been steepening quickly. Bizarrely, this has been pointed out as a bad sign for growth, or at least a reason to worry that growth will be crimped by higher interest rates. In fact, a steepening yield curve has been a clear leading indicator for an improving economy coming out of a recession. The move steeper over the last few weeks has been fairly sharp, but it’s actually just catching levels typically seen when coming out of a recession.

The yield curve tracks consumer and business sentiment indices quite closely. If this is an indication of anything, it’s of more strength to come.

We don’t want to miss the forest through the trees here: there is still a long, long way to go before cumulative conditions return to where we were a year ago, and millions upon millions are still out of work. But if these trends keep up, and especially if new stimulus passes, that could happen quite quickly. As our opening quote suggests, many households and industries were broken in 2020. The world itself broke, in a way. But it appears that we are healing, and becoming stronger in those broken places.

The Week Ahead ...

Next week is all about jobs, with an update on employment in February to be released on Friday. As activity remained depressed as of early February, the report is unlikely to capture the optimism we discussed above. But we will continue to keep a close eye on hiring of employment service employees, a reliable leading indicator for broader hiring, as well as the working conditions for long-term unemployed and disaffected workers.

Secondary to the jobs report, but still important and perhaps more forward-looking, are the Institute for Supply Management surveys. Business confidence has been strong in light of improved vaccine news, and look to continue that way as the ISM manufacturing index is released on Monday and ISM services index on Wednesday.

APPLE: DIRECTION REQUESTS | MARCH 1, 2021

Requests for walking and driving directions from Apple’s navigation tool, Maps, has shown a material recovery since the bottom in April although transit remains well below pre-covid levels. In any event Americans’ mobility has improved greatly.
OpenTable: Restaurant Bookings | March 2, 2021

U.S. restaurant bookings have increased off the April lows but remain much lower than pre-covid.
U.S. weekly hotel occupancy reached its highest level since late October, according to STR’s latest data through 20 February.

Popular leisure markets in Florida, with leftover demand from the long holiday weekend, posted the week’s highest levels. Among STR-defined markets, the Florida Keys reached 93.5% occupancy, followed by Fort Lauderdale (80.1%). Miami saw the highest occupancy (75.8%) among the Top 25 Markets.
Additionally, displaced Texans pushed week-over-week occupancy gains across STR-defined markets in the state. Texas’ occupancy added almost a point to overall U.S. occupancy for the week. Top 25 Markets with the lowest occupancy levels for the week included Minneapolis (32.0%) and Oahu Island (32.8%). Aggregate data for the Top 25 Markets showed slightly lower occupancy (47.0%) but higher ADR (US$107.07) than all other markets.

**TSA: Air Travel | March 2, 2021**

According to data from the Transportation Security Administration, air travel is down about 55% from the same period a year ago, at which time air traffic figures do not appear to have been affected by covid.

![TSA Passenger Throughput (Year over Year Change)](image)

**Mortgage Bankers Association: Home Purchases | February 5, 2021**

Mortgage applications to purchase a home have accelerated in the second half and the housing market remains healthy and active. Home purchases spur economic activity.
INITIAL JOBLESS CLAIMS | FEBRUARY 25, 2021

On March 26th initial jobless claims showed an increase in unemployment by 3.1 million persons for the week of March 16th-20th, setting a record that would be broken the following week at 6.9 million. All weekly claims reported since March 26th are higher than any historical figure prior to COVID-19. The following chart illustrates the weekly initial jobless claims in 2020 and into 2021.

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Jobless claims fell sharply last week despite severe winter storms that swept across Texas and other parts of the South, the Labor Department reported Thursday. First-time filings for unemployment insurance totaled 730,000 for the week ended Feb. 20, well below the Dow Jones estimate of 845,000.
The total also represented a substantial decrease from the 841,000 the previous week, a number that was revised lower by 20,000. Despite the decline to the lowest since Nov. 28, it was still well above anything the U.S. labor market had seen prior to the Covid-19 pandemic.

Continuing claims also fell, decreasing 101,000 to 4.42 million, the lowest since March 21 but also much higher than the pre-pandemic norm.

**BUREAU OF LABOR AND STATISTICS | FEBRUARY 5, 2021**

The US unemployment rate (U-3) has declined to 6.3% in January from an April 2020 high of 14.7%. These improvements in the labor market reflected the continued resumption of economic activity that had been curtailed in March and April due to the coronavirus (COVID-19) pandemic and efforts to contain it. In January, notable job gains in professional and business services and in both public and private education were offset by losses in leisure and hospitality, in retail trade, in health care, and in transportation and warehousing.
GDP Forecasts

The following chart summarizes GDP forecasts from various economists and institutions. Please note the annualized figures are the quarterly change multiplied by four.

<table>
<thead>
<tr>
<th>Source</th>
<th>Date</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Full Year</th>
<th>2021 GDP Forecasts</th>
<th>Annualized</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Full Year</th>
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<tbody>
<tr>
<td>CNBC/Moody’s Consensus</td>
<td>3/1</td>
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<td>5.0%</td>
<td>8.5%</td>
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<td>6.0%</td>
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<td>Mortgage Bankers Association</td>
<td>2/19</td>
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<td>4.8%</td>
<td>5.1%</td>
<td>7.2%</td>
<td>6.4%</td>
<td>5.9%</td>
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<td>Goldman Sachs</td>
<td>2/9</td>
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<tr>
<td>Atlanta Fed GDP Now</td>
<td>3/1</td>
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<td>Actual</td>
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<td>-5.0%</td>
<td>-32.8%</td>
<td>33.4%</td>
<td>4.0%</td>
<td>-3.5%</td>
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Change from Previous Quarter

<table>
<thead>
<tr>
<th>Source</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Full Year</th>
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<tbody>
<tr>
<td>CNBC/Moody’s Consensus</td>
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<td>Mortgage Bankers Association</td>
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<td>Atlanta Fed GDP Now</td>
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<tr>
<td>Actual</td>
<td>-1.3%</td>
<td>-8.2%</td>
<td>8.4%</td>
<td>1.0%</td>
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While Q2 was beyond painful, the worst is behind us and Q3 was outstanding. The fourth quarter was strong and the outlook for 2021 is much improved. High growth rates are expected into 2022.

Rent Collections

The following chart from NAREIT summarizes rent collections by property type showing retail the most affected. This table shows the estimated REIT rent collections as a share of typical rent collections. A total of 34 equity U.S. REITs were included in the survey sample across six property sectors. NAREIT discontinued the publication in September as most property types had stabilized.
The following chart illustrates deferrals and forebearances granted.

**Table 1**
Share of Typical Rent Received April-September

<table>
<thead>
<tr>
<th>Property Sector</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>97.0%</td>
<td>95.7%</td>
<td>97.8%</td>
<td>99.4%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Office</td>
<td>93.2%</td>
<td>92.6%</td>
<td>97.5%</td>
<td>96.4%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Apartments</td>
<td>93.8%</td>
<td>94.8%</td>
<td>96.0%</td>
<td>95.4%</td>
<td>96.0%</td>
<td>95.7%</td>
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<tr>
<td>Health Care</td>
<td>90.2%</td>
<td>89.9%</td>
<td>94.8%</td>
<td>95.2%</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Retail</td>
<td></td>
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<tr>
<td>Free Standing</td>
<td>72.6%</td>
<td>70.0%</td>
<td>79.5%</td>
<td>90.9%</td>
<td>90.5%</td>
<td>94.9%</td>
</tr>
<tr>
<td>Shopping Centers</td>
<td>50.3%</td>
<td>49.3%</td>
<td>60.9%</td>
<td>72.8%</td>
<td>80.2%</td>
<td>81.6%</td>
</tr>
</tbody>
</table>

Source: Equity market capitalization weighted. Nareit survey of members, public disclosures, and FTSE Nareit All REITs Index equity market capitalization as of August 31, 2020 via FactSet.
NMHC tracks multi-family collections which are summarized in the following chart.

**Data collected from between 11.1 - 11.5 million apartment units each month**

<table>
<thead>
<tr>
<th>Month</th>
<th>Year</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
<th>90%</th>
<th>100%</th>
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<tbody>
<tr>
<td>Aug</td>
<td>2019</td>
<td>95.8%</td>
<td>95.5%</td>
<td>95.2%</td>
<td>95.9%</td>
<td>95.8%</td>
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<td></td>
<td>2020</td>
<td>94.5%</td>
<td>94.6%</td>
<td>94.8%</td>
<td>93.6%</td>
<td>93.8%</td>
<td>93.2%</td>
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<tr>
<td>Sept</td>
<td>2019</td>
<td>96.6%</td>
<td>96.0%</td>
<td>95.6%</td>
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<td></td>
<td>2020</td>
<td>94.6%</td>
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<td>94.8%</td>
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<td>Oct</td>
<td>2019</td>
<td>96.6%</td>
<td>96.0%</td>
<td>95.6%</td>
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<td>2020</td>
<td>94.6%</td>
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<td>Nov</td>
<td>2019</td>
<td>95.2%</td>
<td>94.8%</td>
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<td>2020</td>
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<td>Dec</td>
<td>2019</td>
<td>95.9%</td>
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<td>2020</td>
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<td>Jan</td>
<td>2020</td>
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<td>2021</td>
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**Week Ending:**
- **6th**: light orange
- **20th**: dark orange
- **End of Month**: dark grey

**NareIT/Trepp: CMBS Delinquency | March 2021**

In February, the Trepp CMBS Delinquency Rate generated its largest improvement since the beginning of the pandemic. After two huge jumps in the reading in May and June of last year, the rate has now declined for eight consecutive months. The Trepp CMBS Delinquency Rate in February was 6.80%, a decline of 78 basis points from the January number, which is the biggest drop over the last eight months. The percentage of loans in the 30 days delinquent bucket is 0.58% – down 16 basis points for the month.
**Urban Land Institute: Real Estate Economic Forecast | October 2020**

ULI compiled forecasts from 43 economist/analysts at 37 real estate organizations. The key findings are noted as follows.

**Transaction Volume**

Commercial real estate transaction volume reached $593 billion in 2019, a post-Great Financial Crisis peak. Volume is expected to be about 50% lower in 2020 with a forecast of $300 billion. Forecasts for ’21 and ’22 show growth to $400 billion and $500 billion, respectively.
**CRE Pricing**

The RCA Commercial Property Price Index (CPPI) has experienced strong growth over the last nine years, staying consistently above 6 percent annually. Prices are expected to drop by 2% in 2020, remaining at that level with no change in ‘21 and then resuming growth in ‘22 with a 4% growth rate.

**RCA Commercial Property Price Index (annual change)**

![Chart showing CRE pricing from 2008 to 2020](chart.png)

*Source: 2000-2019, Real Capital Analytics (RCA); 2020-2022, ULI Real Estate Economic forecast.*

*Indicated directions (↑ u -) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous forecast (released in May, 2020) projected -7.0% for 2020, 1.0% for 2021, and 5.0% for 2022.*

**CRE Returns**

NCREIF total returns in 2020 for the industrial sector in 2020 are expected to be positive, the only sector for which this is the case. Still, at 4.5%, this is a significant decline from industrial returns in 2019 of 13.4% and well below its long-term average of 10.4%. Apartment returns for 2020 are expected to be flat, while office and retail returns for 2020 are both forecast to be negative, at -2% and -9.9%, respectively. Industrial total returns are forecast to continue to increase in ‘21 and ‘22, at 6.2% and 10%, respectively, not yet returning to the recent growth rates experienced prior to the pandemic. Apartment and office total returns are forecast to turn positive in ‘21, at 4% and 0.3%, respectively and continuing to gain strength in ‘22, at 6.0% and 4.3%, respectively. Retail total returns are expected to further decline in 2021 by 4.0%, and then experience positive growth in 2022 of 2%.
Rent Growth

Commercial property rent growth differs widely by property type, as well. In 2020, industrial rent growth is forecast to be 1.0%, while apartments, office and retail are forecast at -2.5%, -2.4%, and -4.0%, respectively. In ’21, both the industrial and multifamily sectors experience positive growth, at 2.1% and 0.1%, respectively, while office rental rate growth is -1.0% and retail is -2.8%. By ’22, positive rental growth is forecast for all sectors, ranging from 3.3% in the industrial sector to 1.9% in the office sector. The exception is the retail sector that plateaus in ’22.

Vacancy

Change in vacancy and availability rates differ widely by property type. In 2020, industrial availability is forecast to move up 50 basis points, while apartments are forecast to move up 100 basis points and both office and retail are forecast to move up 200 basis points. In ’21, industrial availability is expected to reverse direction and notch down slightly, apartment vacancy notches up slightly, and both office and...
retail vacancy rates continue to increase, albeit more moderately. In '22, all sectors show slight improvement, with the exception of retail which remains unchanged over '21.

Vacancy Rate Change 2019-2022 (bps)

![Vacancy Rate Change Chart]

Source: 2020-2022, ULI Real Estate Economic Forecast.

**Hotel Occupancy**

Hotel occupancy rates, according to STR, were steadily improving over the last ten years, coming in at 66.1% in 2019, above the twenty-year average. The occupancy forecast for the full 2020, 49.1%, reflects the sector’s relative strength in the few months prior to the pandemic, the near halt during the initial phases of the pandemic, and then some level of return to travel the balance of the year. Rates are forecast to improve over subsequent forecast years, increasing to 57.1% in '21 and 62.1% in '22.

**Hotel Occupancy Rates**

![Hotel Occupancy Rates Chart]


*Indicated directions (↑ ↓ →) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous ULI Real Estate Economic Forecast (released in May, 2020) projected 40.1% for 2020, 54.9% for 2021, and 59.9% for 2022.
**Hotel RevPar**

Following seven years of above-average hotel revenue per available room (RevPAR) growth, the RevPAR growth rate dipped to the long-term average in ‘17 and ‘18, and then experienced minimal growth, 0.8%, in 2019. RevPAR is forecast to drop 35% in 2020. Growth is expected to begin recovery in ‘21 at positive 15%, and continue in ‘22 at 10%. Given the steep decline in ‘20, the growth rates in the subsequent forecast years will not yet be sufficient to bring RevPAR to 2019 levels.

*Hotel Revenue per Available Room (RevPAR) Change*

**McKinsey & Company | October 30, 2020**

The following from McKinsey & Company illustrates the many possible scenarios for the economic impact of the COVID-19 crisis. With a strong public health response and the stimulus package the most likely scenarios are A1 through A4. Other, more extreme scenarios can also be conceived, and some of them are already being discussed (B1–B5 in Exhibit 3). One can’t exclude the possibility of a “black swan of black swans”: structural damage to the economy, caused by a yearlong spread of the virus until a vaccine is widely available, combined with the lack of policy response to prevent widespread bankruptcies, unemployment, and a financial crisis.

Other Federal, State and Local Considerations
The federal government, states and municipalities have enacted legislation to lessen the economic impact of COVID-19. Landlords’, owners’ and tenants’ rights may be affected by such legislation. Many states and cities issued shelter-in-place orders forcing most residents to remain indoors except for essential needs like groceries and essential businesses. Several states have proposed legislation that would forgive rent and/or would allow termination of contracts. These issues should be closely monitored as they could place downward pressure on value.

Force Majeure
Force majeure clauses are contract provisions that excuse a party’s inability to perform its obligations under the contract if an unforeseeable event prevents such performance. Most leases have similar clauses. We are not experts with regard to force majeure contacts and laws. Should COVID-19 become accepted in the US as a force majeure event there may be additional risk for landlords.

Conclusion
COVID-19 infections and overall economic implications are the primary concern of US and international investors; however, as vaccines are becoming more available and GDP growth rates have rebounded the worry among investors has been greatly reduced. Strong economic growth is expected throughout 2021 and into 2022 as rates are expected to remain near historical lows. Given recent bond yield increases, investors have expressed worries over upward pressure on interest rates; however, rates remain well below historical norms.
Medium and long-term outlooks are favorable and interest rates are expected to remain low into 2023, which could bode well for commercial real estate. Over the short-term hotels, restaurants and non-credit retail have taken the brunt of the declines while industrial, self-storage and multi-family have been the least affected. Office demand has faced downward pressures due to remote working trends and elevated levels of unemployment, which are declining. We will continue to interview market participants regarding changes in market conditions.
REGIONAL ANALYSIS

The subject is in the Salem, OR Metropolitan Statistical Area, hereinafter called the Salem MSA, as defined by the U.S. Office of Management and Budget. The Salem MSA is 1,923 square miles. Its population of 438,980 ranks 144th out of the nation’s 382 metropolitan statistical areas.

The overall economic health of the region is important in setting the stage for valuation judgements. This section provides a brief overview of some of the more salient features of the regional demography and economic position. Trends or averages noted herein are not intended to be reflective of any particular property, but rather to show directions and magnitudes of pricing and changes over time.

Since 2009, Oregon has consistently been among the top ranked “inbound” states in the nation. While most of the State’s population growth has gone to the Portland MSA, Salem maintains a crucial demographic edge that will help the MSA maintain growth in the future. “The largest age cohorts in Salem today are all younger than 20 years old.” As the following decades unfold, today’s youth in Salem will become tomorrow’s economic engines.

Up through 2019 Salem experienced job growth in stride with the national economy. In 2019, the Salem MSA’s total year-over-year job growth was 1.3%. Leading areas of job growth were construction, which improved by 8.4%, and professional and business services which improved by 5.7%. On the other hand, manufacturing declined by 0.4% and education and health services declined by 0.5%. Post-recession, manufacturing growth has been hampered by employers seeking to replace workers with technology.

POPULATION

The Salem MSA is estimated to have a population of 551,785 in 2021. Between 2010 and 2021 its population increased by an average of 0.9 % per year. Oregon grew at a rate of 1.0% per year during the same time period. The Salem MSA added an average of 8,896 residents per year over the 2010-2021 period.

Looking forward, the Salem MSA’s population is projected to increase by 5,207 people per year between 2020 and 2026, or 0.9%. Oregon’s is projected to increase at a rate of 1.0% per year during this time period.

<table>
<thead>
<tr>
<th>POPULATION TRENDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
</tr>
<tr>
<td><strong>Salem MSA</strong></td>
</tr>
<tr>
<td><strong>Oregon</strong></td>
</tr>
</tbody>
</table>

Source: Environics Analytics
EMPLOYMENT

At the end of 2021 total employment in the Salem MSA was 186,493 jobs. Between 2010 and 2021, employment rose by 17,874 jobs, or 10.6% increase over the entire period. There were gains in employment in nine out of the past ten. Although the Salem MSA's employment rose over the last decade, it underperformed Oregon, which experienced an increase in employment of 11.7% or 209,682 jobs over this period.

A comparison of unemployment rates is another way of gauging an area’s economic health. Over the past decade, the Salem MSA unemployment rate has been slightly higher than that of Oregon, with an average unemployment rate of 6.4% in comparison to a 6.2% rate for Oregon. A higher unemployment rate is a negative indicator, although the difference is small.

The most recent data shows that the Salem MSA unemployment rate is 5.8% in comparison to a 6.0% rate for Oregon.

<table>
<thead>
<tr>
<th>Year</th>
<th>Salem MSA</th>
<th>% Change</th>
<th>Oregon</th>
<th>% Change</th>
<th>Salem MSA</th>
<th>Oregon</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>168,619</td>
<td></td>
<td>1,794,730</td>
<td></td>
<td>10.7%</td>
<td>10.1%</td>
</tr>
<tr>
<td>2011</td>
<td>168,335</td>
<td>-0.2%</td>
<td>1,804,002</td>
<td>0.5%</td>
<td>10.0%</td>
<td>9.2%</td>
</tr>
<tr>
<td>2012</td>
<td>162,537</td>
<td>-3.4%</td>
<td>1,758,815</td>
<td>-2.5%</td>
<td>9.6%</td>
<td>8.6%</td>
</tr>
<tr>
<td>2013</td>
<td>165,998</td>
<td>2.1%</td>
<td>1,771,555</td>
<td>0.7%</td>
<td>7.8%</td>
<td>7.3%</td>
</tr>
<tr>
<td>2014</td>
<td>172,394</td>
<td>3.9%</td>
<td>1,833,334</td>
<td>3.5%</td>
<td>6.2%</td>
<td>6.1%</td>
</tr>
<tr>
<td>2015</td>
<td>179,882</td>
<td>4.3%</td>
<td>1,909,296</td>
<td>4.1%</td>
<td>5.3%</td>
<td>5.1%</td>
</tr>
<tr>
<td>2016</td>
<td>186,375</td>
<td>3.6%</td>
<td>1,975,823</td>
<td>3.5%</td>
<td>4.2%</td>
<td>4.3%</td>
</tr>
<tr>
<td>2017</td>
<td>189,495</td>
<td>1.7%</td>
<td>2,011,131</td>
<td>1.8%</td>
<td>4.0%</td>
<td>4.1%</td>
</tr>
<tr>
<td>2018</td>
<td>190,787</td>
<td>0.7%</td>
<td>2,018,316</td>
<td>0.4%</td>
<td>4.2%</td>
<td>4.2%</td>
</tr>
<tr>
<td>2019</td>
<td>193,502</td>
<td>1.4%</td>
<td>2,031,743</td>
<td>0.7%</td>
<td>3.1%</td>
<td>3.4%</td>
</tr>
<tr>
<td>2020</td>
<td>186,493</td>
<td>-3.6%</td>
<td>2,004,412</td>
<td>-1.3%</td>
<td>5.8%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Overall Change 2010-2020</td>
<td>17,874</td>
<td>10.6%</td>
<td>209,682</td>
<td>11.7%</td>
<td>6.4%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Avg Unemp. Rate 2010-2020</td>
<td>17,874</td>
<td>10.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment Rate - December 2020</td>
<td>5.8%</td>
<td>6.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Local Area Unemployment Statistics (LAUS). The figures are not seasonally adjusted.

It should be noted that the 2.7% increase in unemployment is mainly due to the COVID-19 pandemic. The levels of unemployment in Salem and throughout the country are now higher. We do not have data on the current levels of employment in the Salem MSA.
**Employment Sectors**

The composition of the Salem MSA job market is depicted in the following chart, along with that of Oregon. Total employment for each area is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Salem MSA jobs in each category.

**Source:** Economy.com, November 2020

The Salem MSA has greater concentrations than Oregon in the following employment sectors:

- **Government** was 24.4% of Salem MSA payroll employment compared to 15.4% for Oregon. This sector includes employment in local, state, and federal government agencies.

- **Education and Health Services** was 17.1% of Salem MSA payroll employment compared to 15.5% for Oregon. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.

- **Construction** was 7.1% of Salem MSA payroll employment compared to 5.5% for Oregon. This sector includes construction of buildings, roads, and utility systems, as well as mining, quarrying, and oil and gas extraction.

The Salem MSA is underrepresented in the following sectors:

- **Wholesale Trade, Transportation, and Utilities** was 5.7% of Salem MSA payroll employment compared to 7.3% for Oregon. This sector includes jobs in wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
Leisure and Hospitality was 9.3% of Salem MSA payroll employment compared to 11.2% for Oregon. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

Professional and Business Services was 9.0% of Salem MSA payroll employment compared to 12.8% for Oregon as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.

Manufacturing was 7.7% of Salem MSA payroll employment compared to 10.2% for Oregon as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

Again, we note that these numbers depict the reality of employment in Salem prior to the onset of the Covid-19 Pandemic.

**Major Employers**

According to Salem’s 2019 Comprehensive Annual Financial Report, the top employers in the area are on the following table compared to the 2011 year.

<table>
<thead>
<tr>
<th>Employer</th>
<th>2020 Number of Employees</th>
<th>Rank</th>
<th>Percentage of Salem (MSA) Labor Force</th>
<th>2020 Number of Employees</th>
<th>Rank</th>
<th>Percentage of Salem (MSA) Labor Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Oregon</td>
<td>20,100</td>
<td>1</td>
<td>24.73%</td>
<td>21,700</td>
<td>1</td>
<td>28.10%</td>
</tr>
<tr>
<td>Salem Health/Salem Hospital*</td>
<td>5,200</td>
<td>2</td>
<td>6.40%</td>
<td>4,900</td>
<td>3</td>
<td>5.18%</td>
</tr>
<tr>
<td>Salem-Keizer School District*</td>
<td>4,759</td>
<td>3</td>
<td>5.88%</td>
<td>5,034</td>
<td>2</td>
<td>6.52%</td>
</tr>
<tr>
<td>Federal Government</td>
<td>1,800</td>
<td>4</td>
<td>2.21%</td>
<td>1,600</td>
<td>4</td>
<td>2.07%</td>
</tr>
<tr>
<td>Marion County</td>
<td>1,757</td>
<td>5</td>
<td>2.16%</td>
<td>1,492</td>
<td>5</td>
<td>1.93%</td>
</tr>
<tr>
<td>City of Salem</td>
<td>1,305</td>
<td>6</td>
<td>1.61%</td>
<td>1,354</td>
<td>7</td>
<td>1.75%</td>
</tr>
<tr>
<td>Chemeketa Community College</td>
<td>960</td>
<td>7</td>
<td>1.18%</td>
<td>1,400</td>
<td>6</td>
<td>1.81%</td>
</tr>
<tr>
<td>Amazon Fulfillment Center</td>
<td>800</td>
<td>8</td>
<td>0.94%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>State Accident Insurance Fund (SAIF)</td>
<td>798</td>
<td>9</td>
<td>0.99%</td>
<td>814</td>
<td>10</td>
<td>1.05%</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>781</td>
<td>10</td>
<td>0.94%</td>
<td>900</td>
<td>9</td>
<td>1.17%</td>
</tr>
<tr>
<td>Norpac Foods Incorporated</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>1,057</td>
<td>8</td>
<td>1.42%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38,238</strong></td>
<td></td>
<td><strong>47.05%</strong></td>
<td><strong>39,391</strong></td>
<td></td>
<td><strong>51.00%</strong></td>
</tr>
</tbody>
</table>

**Sources:** Oregon Employment Department (www.qualityinfo.org), Salem Health (www.salemhealth.org), Salem-Keizer Public Schools (www.sailkelz.k12.or.us), Marion County (www.co.marion.or.us), City of Salem, Human Resources, SAIF Corporation (www.saif.com), Chemeketa Community College (www.chemeketa.edu), U.S. Department of Labor, Bureau of Labor Statistics (www.bls.gov)
**Household Income**

The Salem MSA has a slightly lower level of household income than Oregon. Median household income for the Salem MSA is $59,856, which is 13.4% less than the corresponding figure for Oregon.

<table>
<thead>
<tr>
<th>Household Income Level</th>
<th>Average</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salem MSA</td>
<td>$77,769</td>
<td>$59,856</td>
</tr>
<tr>
<td>Oregon</td>
<td>$95,518</td>
<td>$69,151</td>
</tr>
</tbody>
</table>

Comparison of Salem MSA to Oregon

- 18.6%
- 13.4%

Source: Environics Analytics

The following chart shows the distribution of households across twelve income levels. The Salem MSA has a greater concentration of households in the middle-income levels than Oregon. Specifically, 23.4% of Salem MSA households are between the $35,000 - $75,000 levels in household income as compared to 29% of Oregon households. A lesser concentration of households is apparent in the higher income levels, as 39.06% of Salem MSA households are at the $75,000 or greater levels in household income versus 46.3% of Oregon households.

Source: Environics Analytics
EDUCATION AND AGE
Residents of the Salem MSA have a lower level of educational attainment than those of Oregon. An estimated 23.3% of Salem MSA residents are college graduates with four-year degrees, versus 33% of Oregon residents. People in the Salem MSA are younger than their Oregon counterparts. The median age for the Salem MSA is 39 years, while the median age for Oregon is 40 years.

CONCLUSION
The Salem MSA economy will be affected by a growing population base and lower income and education levels. The employment levels will be positively affected by the introduction of the Amazon distribution center, which is expected to employ 1,000 people. However, employment levels will be negatively affected at least in the near term by the onset of the COVID-19 pandemic.
Regional Map
SURROUNDING AREA ANALYSIS

INTRODUCTION
The neighborhood and surrounding area affect development trends and likely market reactions. Again, this analysis is brief and provided only to help set the stage for the reader. It is not intended to be a comprehensive outline of the area.

BOUNDARIES
The subject is located in the southeast portion of Salem as shown below.

This area is part of the Southeast Mill Creek neighborhood. Founded in 1986, Southeast Mill Creek Neighborhood Association (SEMCA) encompasses a large section of Southeast Salem bordered by Mission Street and 25th Street extending out to the city limits. This area includes the Airport, Corban University, and Salem’s third largest park, Cascades Gateway, which features a fishing lake and an 18-hole disc golf course. It is also home to Mill Creek Corporate Center.
ACCESS AND LINKAGES

Primary access to the area is provided by Interstate 5, which runs in a north/south direction along the area’s western border. Interstate 5 is a major west coast freeway that connects the US-Canadian border to the US-Mexican border and connects Salem to Portland to the north and Eugene to the south. Access to Interstate 5 is provided by a combination of Kuebler Blvd and Turner Rd SE with a driving time of about four minutes.

Secondary access to the area is provided by Highway 22 (N Santiam Hwy SE), a major arterial that crosses the Salem MSA in an east/west fashion. Access to the subject from Highway 22 is provided by Interstate 5. Travel time from Highway 22 to the subject is about six minutes. Overall, vehicular access is good.

Public bus service is provided to the Salem MSA by Cherriots. The nearest bus station to the subject is located next to Interstate-5 and is not an optimal method of commuting to the subject property. The local market perceives public transportation as average compared to other areas in the region. However, the primary mode of transportation in this area is the automobile.

The Salem Municipal Airport is located about three and a half miles northwest of the property; travel time is about seven minutes, depending on traffic conditions. The Salem CBD, the economic and cultural center of the region, is approximately six and a half miles from the property.
DEMAND GENERATORS

Hayesville is adjacent to Salem and benefits from Salem’s employers. In the regional analysis section, we presented Salem’s ten largest employers. The subject is located less than eight miles from the Salem CBD, where some of Salem’s largest employers are located. These include the offices of the State of Oregon (recall that the State of Oregon is Salem’s largest employer at nearly 20,000 jobs) and Salem Heath Hospital (4,600 jobs). Furthermore, the main campus of Chemeketa Community College (1,400 jobs) is less than one-half of a mile southeast of the subject.

Nearby residential communities such as Keizer and Woodburn are within commuting distance from the property. They provide a reliable source of workers and generate demand for services in the area. These demand generators support the demographic profile described in the following section.

These demand generators support the demographic profile described in the following section.
Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

<table>
<thead>
<tr>
<th>Description</th>
<th>5465 Turner Road SE - 1 mi Radius</th>
<th>5465 Turner Road SE - 3 mi Radius</th>
<th>5465 Turner Road SE - 5 mi Radius</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td><strong>Totals</strong></td>
<td><strong>Totals</strong></td>
<td><strong>Totals</strong></td>
</tr>
<tr>
<td>2026 Projection</td>
<td>1,075</td>
<td>43,419</td>
<td>132,081</td>
</tr>
<tr>
<td>2021 Estimate</td>
<td>1,038</td>
<td>41,012</td>
<td>126,119</td>
</tr>
<tr>
<td>2010 Census</td>
<td>962</td>
<td>35,372</td>
<td>113,455</td>
</tr>
<tr>
<td>2000 Census</td>
<td>846</td>
<td>29,674</td>
<td>103,621</td>
</tr>
<tr>
<td>2021 Est. Median Age</td>
<td>37.78</td>
<td>38.01</td>
<td>38.01</td>
</tr>
<tr>
<td>2021 Est. Average Age</td>
<td>39.82</td>
<td>39.44</td>
<td>39.41</td>
</tr>
<tr>
<td><strong>Households</strong></td>
<td><strong>Totals</strong></td>
<td><strong>Totals</strong></td>
<td><strong>Totals</strong></td>
</tr>
<tr>
<td>2026 Projection</td>
<td>311</td>
<td>15,896</td>
<td>49,027</td>
</tr>
<tr>
<td>2021 Estimate</td>
<td>299</td>
<td>14,995</td>
<td>46,687</td>
</tr>
<tr>
<td>2010 Census</td>
<td>278</td>
<td>12,922</td>
<td>41,702</td>
</tr>
<tr>
<td>2000 Census</td>
<td>265</td>
<td>10,712</td>
<td>38,016</td>
</tr>
<tr>
<td>2021 Est. Average Household Size</td>
<td>2.65</td>
<td>2.52</td>
<td>2.53</td>
</tr>
<tr>
<td><strong>2021 Est. Households by Household Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income &lt; $15,000</td>
<td>6.7</td>
<td>6.6</td>
<td>7.4</td>
</tr>
<tr>
<td>Income $15,000 - $24,999</td>
<td>3.0</td>
<td>7.9</td>
<td>8.9</td>
</tr>
<tr>
<td>Income $25,000 - $34,999</td>
<td>5.7</td>
<td>9.8</td>
<td>9.2</td>
</tr>
<tr>
<td>Income $35,000 - $49,999</td>
<td>8.4</td>
<td>13.6</td>
<td>13.9</td>
</tr>
<tr>
<td>Income $50,000 - $74,999</td>
<td>16.7</td>
<td>19.3</td>
<td>17.8</td>
</tr>
<tr>
<td>Income $75,000 - $99,999</td>
<td>17.1</td>
<td>14.0</td>
<td>13.9</td>
</tr>
<tr>
<td>Income $100,000 - $124,999</td>
<td>13.7</td>
<td>10.7</td>
<td>10.7</td>
</tr>
<tr>
<td>Income $125,000 - $149,999</td>
<td>7.0</td>
<td>6.7</td>
<td>6.7</td>
</tr>
<tr>
<td>Income $150,000 - $199,999</td>
<td>10.7</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Income $200,000 - $249,999</td>
<td>4.3</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Income $250,000 - $499,999</td>
<td>5.0</td>
<td>2.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Income $500,000+</td>
<td>1.3</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>2021 Est. Average Household Income</strong></td>
<td>$111,226</td>
<td>$83,709</td>
<td>$83,095</td>
</tr>
<tr>
<td><strong>2021 Est. Median Household Income</strong></td>
<td>$88,420</td>
<td>$64,841</td>
<td>$63,905</td>
</tr>
<tr>
<td><strong>2021 Est. Tenure of Occupied Housing Units</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>83.3</td>
<td>63.8</td>
<td>60.4</td>
</tr>
<tr>
<td>Renter Occupied</td>
<td>16.7</td>
<td>36.2</td>
<td>39.6</td>
</tr>
<tr>
<td><strong>2021 Est. Median All Owner-Occupied Housing Value</strong></td>
<td>$392,181</td>
<td>$329,291</td>
<td>$319,675</td>
</tr>
</tbody>
</table>

Source: 2021 Claritas, Inc.
**Services and Amenities**

The nearest shopping facilities serving the area are located on Kuebler Blvd, about four miles west of the subject. In this area there are multiple grocery stores, restaurants and other retail and public services which include: WinCo, Walgreens, McDonald’s, Walmart, Safeway and other smaller stores.

The nearest fire station is within three miles from the subject and the nearest police station is within two miles of the property. The Oregon Department of Public Safety Standards and Training is located five minutes from the subject.

**LAND USE**

In the immediate vicinity of the subject, predominant land uses are Employment Center, Residential Agriculture, Industrial Park or Single-Family Residential land uses. Other land use characteristics are summarized in the following table.

<table>
<thead>
<tr>
<th>Character of Area</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predominant Age of Improvements</td>
<td>20-100 years</td>
</tr>
<tr>
<td>Predominant Quality and Condition</td>
<td>Average</td>
</tr>
<tr>
<td>Approximate Percent Developed</td>
<td>60%</td>
</tr>
<tr>
<td>Infrastructure/Planning</td>
<td>Average</td>
</tr>
<tr>
<td>Predominant Location of Undeveloped Land</td>
<td>Infill</td>
</tr>
<tr>
<td>Prevailing Direction of Growth</td>
<td>South</td>
</tr>
</tbody>
</table>

**SUBJECT’S IMMEDIATE SURROUNDINGS**

<table>
<thead>
<tr>
<th>North</th>
<th>Steelhead Metal &amp; Fabrication (Industrial development)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>Water/undeveloped land</td>
</tr>
<tr>
<td>East</td>
<td>Undeveloped land</td>
</tr>
<tr>
<td>West</td>
<td>K &amp; E Excavating (Industrial development)/Residential Agriculture development</td>
</tr>
</tbody>
</table>

**Development Activity and Trends**

During the last three years, development in Salem has been predominantly of Multi-family and Retail uses with several industrial uses. The following are some of the most recent developments relevant to our subject property:

- 4775 Depot Ct SE (Amazon Distribution Center) – 1,018,020 SF industrial distribution center (2018)
- 5129 Countryside Dr NE (North Place Apartments) – 324,000 SF with 324 units Multi-Family apartment complex (2020)
- 1948 Linwood Rd NW (Acero West Salem) – 320,000 SF with 312 units Multi-Family apartment complex (2019)
- 2540 Rose Garden St NE (Cornerstone Apartments) – 180,000 SF with 180 units Multi-Family apartment complex (2020)
- 5164 SE Caplinger Rd (Fruitland Meadow Apartments) – 152,237 SF with 168 units Multi-Family apartment complex (2018)
**Under construction or proposed developments:**

- Deer Park SE – 1,064,000 SF industrial distribution center (proposed)
- Wallace Rd – 190,000 SF with 190 units Multi-Family apartment complex (proposed)
- Crawford Crossing – Turner, OR 130 units
- 2950 Boone Rd (Boone Ridge Senior Living) – 114,647 SF assisted living health care development (under construction)
- 5400 Windsor Island Rd North – 100,249 SF industrial development (proposed)

**Outlook and Conclusions**

The area is in the stability stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will slowly increase in the near future, although they may be negatively affected by the COVID-19 pandemic, which has increased our uncertainty about the future direction of the market.

In comparison to other areas in the region, the area is rated as follows:

<table>
<thead>
<tr>
<th>SURROUNDING AREA ATTRIBUTE RATINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Highway Access</strong></td>
</tr>
<tr>
<td><strong>Demand Generators</strong></td>
</tr>
<tr>
<td><strong>Convenience to Support Services</strong></td>
</tr>
<tr>
<td><strong>Convenience to Public Transportation</strong></td>
</tr>
<tr>
<td><strong>Employment Stability</strong></td>
</tr>
<tr>
<td><strong>Police and Fire Protection</strong></td>
</tr>
<tr>
<td><strong>Property Compatibility</strong></td>
</tr>
<tr>
<td><strong>General Appearance of Properties</strong></td>
</tr>
<tr>
<td><strong>Appeal to Market</strong></td>
</tr>
<tr>
<td><strong>Price/Value Trend</strong></td>
</tr>
</tbody>
</table>
NEIGHBORHOOD MAP
MARKET ANALYSIS

The subject is currently zoned PH (Public Health). The subject is already located in the City of Salem. Based on conversations with City planners, the site would be suitable for future master-planned development and zoning change from the current PH (Public Health) zone is likely.

Therefore, we considered all major property types for the subject and analyzed the multifamily, single-family residential, industrial, office, and retail markets.

SALEM MULTI-FAMILY MARKET

Costar is the source for the following data. The data reflects conditions of 2020 Q4, the most recent data available. The initial discussion provides information on the overall Salem Multi-Family market, followed by the subject’s submarket. The subject is located within the South submarket, which will be discussed later in this report.

CoStar’s Daily Base Case forecast is based on the Oxford Economics Baseline scenario published in March 2020, in which just 270,000 jobs are added in 2020, followed by 1 million jobs in 2021. On average, the forecast calls for 410,000 jobs per year during 2020 through 2025, well below the 2.1 million new jobs added in 2019. The Base Case calls for BBB interest rates to rise to 5% by 2025, up from 3.4% in 2020Q1.

Costar rates multi-family properties using a star rating, in which 1 and 2-star properties generally equate to the more traditional Class C rating; 3-star properties generally equate to Class B; and 4 and 5-star properties generally equate to Class A.

Class A – They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

Class B – These apartment properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

Class C – The lowest quality apartments available in the market are found in Class C buildings. These buildings are generally old, but in fair condition. Rental rates are the lowest within the market and amenities are minimal.
KEY INDICATORS AT A GLANCE

<table>
<thead>
<tr>
<th></th>
<th>Prior Quarter</th>
<th>Current Quarter</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacancy (%)</td>
<td>3.59%</td>
<td>3.39%</td>
<td>decreased 20 Basis Points</td>
</tr>
<tr>
<td>Absorption (Units)</td>
<td>287</td>
<td>240</td>
<td>decreased 47 Units</td>
</tr>
<tr>
<td>Quoted Rental Rates ($/Unit/Month)</td>
<td>$1,061</td>
<td>$1,069</td>
<td>increased $8 Per Unit</td>
</tr>
<tr>
<td>Inventory (Units)</td>
<td>25,650</td>
<td>25,843</td>
<td>increased 193 Units</td>
</tr>
<tr>
<td>Net Deliveries (Units)</td>
<td>235</td>
<td>193</td>
<td>decreased 42 Units</td>
</tr>
<tr>
<td>Under Construction (Units)</td>
<td>760</td>
<td>567</td>
<td>decreased 193 Units</td>
</tr>
<tr>
<td>Overall Comparison</td>
<td></td>
<td></td>
<td>From the previous quarter, vacancy decreased by 20 basis points along with absorption. Inventory in the market remains low. Rental rates are continuing to slowly increase.</td>
</tr>
</tbody>
</table>

SALEM MULTI-FAMILY MARKET STATISTICS

<table>
<thead>
<tr>
<th>Period</th>
<th>Existing Inventory (Units)</th>
<th>Vacancy %</th>
<th>Net Absorption (Units)</th>
<th>Net Completions (Units)</th>
<th>Under Const. (Units)</th>
<th>Quoted Rates ($/Unit/Month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Q4</td>
<td>25,843</td>
<td>3.39%</td>
<td>240</td>
<td>193</td>
<td>567</td>
<td>$1,069</td>
</tr>
<tr>
<td>2020 Q3</td>
<td>25,650</td>
<td>3.59%</td>
<td>287</td>
<td>235</td>
<td>760</td>
<td>$1,061</td>
</tr>
<tr>
<td>2020 Q2</td>
<td>25,415</td>
<td>3.82%</td>
<td>290</td>
<td>324</td>
<td>995</td>
<td>$1,052</td>
</tr>
<tr>
<td>2020 Q1</td>
<td>25,091</td>
<td>3.74%</td>
<td>154</td>
<td>61</td>
<td>1,319</td>
<td>$1,042</td>
</tr>
<tr>
<td>2020</td>
<td>25,843</td>
<td>3.39%</td>
<td>971</td>
<td>813</td>
<td>567</td>
<td>$1,069</td>
</tr>
<tr>
<td>2019</td>
<td>25,030</td>
<td>4.12%</td>
<td>333</td>
<td>586</td>
<td>849</td>
<td>$1,033</td>
</tr>
<tr>
<td>2018</td>
<td>24,444</td>
<td>3.18%</td>
<td>396</td>
<td>250</td>
<td>940</td>
<td>$991</td>
</tr>
<tr>
<td>2017</td>
<td>24,194</td>
<td>3.81%</td>
<td>267</td>
<td>480</td>
<td>312</td>
<td>$948</td>
</tr>
<tr>
<td>2016</td>
<td>23,714</td>
<td>2.99%</td>
<td>321</td>
<td>180</td>
<td>585</td>
<td>$896</td>
</tr>
<tr>
<td>2015</td>
<td>23,534</td>
<td>3.62%</td>
<td>746</td>
<td>464</td>
<td>343</td>
<td>$832</td>
</tr>
<tr>
<td>2014</td>
<td>23,070</td>
<td>4.89%</td>
<td>398</td>
<td>432</td>
<td>356</td>
<td>$768</td>
</tr>
<tr>
<td>2013</td>
<td>22,638</td>
<td>4.83%</td>
<td>323</td>
<td>210</td>
<td>406</td>
<td>$740</td>
</tr>
<tr>
<td>2012</td>
<td>22,428</td>
<td>5.38%</td>
<td>41</td>
<td>59</td>
<td>312</td>
<td>$724</td>
</tr>
</tbody>
</table>

The Salem Multi-Family market ended the fourth quarter with a vacancy rate of 3.39%. The vacancy rate decreased over the previous quarter, with net absorption totaling 240 units in the fourth quarter. Rental rates increased compared to the previous quarter, ending fourth quarter at $1,069. A total of 193 units was delivered to the market, with 567 units still under construction at the end of the quarter.
Net absorption for the overall Salem Multi-Family market was 240 units in the fourth quarter 2020. That compares to 287 units in the third quarter 2020, 290 units in the second quarter 2020, and 154 units in the first quarter 2020. Net absorption in the market over the prior 12 months totaled 971 units.

The Class A (4 & 5 Star) Multi-Family market recorded net absorption of 161 units in the fourth quarter 2020, compared to 119 units in the third quarter 2020, 227 units in the second quarter 2020, and 99 units in the first quarter 2020.

The Class B (3 Star) Multi-Family market recorded net absorption of 55 units in the fourth quarter 2020, compared to 144 units in the third quarter 2020, 39 units in the second quarter 2020, and 33 units in the first quarter 2020.

The Class C (1 & 2 Star) Multi-Family market recorded net absorption of 23 units in the fourth quarter 2020, compared to 24 units in the third quarter 2020, 24 units in the second quarter 2020, and 22 units in the first quarter 2020.

Net absorption for the South submarket was 136 units in the fourth quarter 2020. That compares to 89 units in the third quarter 2020, 76 units in the second quarter 2020, and -21 units in the first quarter 2020.
Vacancy for the overall Salem Multi-Family market decreased to 3.39% in the fourth quarter 2020. That compares to 3.59% in the third quarter 2020, 3.82% in the second quarter 2020, and 3.74% in the first quarter 2020.

Class A (4 & 5 Star) projects reported a vacancy rate of 9.24% at the end of the fourth quarter 2020, 9.15% at the end of the third quarter 2020, 9.30% at the end of the second quarter 2020, and 7.45% at the end of the first quarter 2020.

Class B (3 Star) projects reported a vacancy rate of 2.03% at the end of the fourth quarter 2020, 2.45% at the end of the third quarter 2020, 2.80% at the end of the second quarter 2020, and 3.19% at the end of the first quarter 2020.

Class C (1 & 2 Star) projects reported a vacancy rate of 2.44% at the end of the fourth quarter 2020, 2.64% at the end of the third quarter 2020, 2.85% at the end of the second quarter 2020, and 3.06% at the end of the first quarter 2020.

The overall vacancy rate in the Salem South submarket at the end of the fourth quarter 2020 was 3.89%. The vacancy rate was 3.30% at the end of the third quarter 2020, 3.00% at the end of the second quarter 2020 and 4.21% at the end of the first quarter 2020.
RENTAL RATES

The average asking rental rate for available Multi-Family space, all classes, was $1,069 per unit per month at the end of the fourth quarter 2020 in the Salem market area. This represented a 0.8% increase in quoted rental rates from the end of the third quarter 2020, when rents were reported at $1,061 per unit.

The average quoted rate within the Class A (4 & 5 Star) sector was $1,325 at the end of the fourth quarter 2020, while Class B (3 Star) rates stood at $1,097, and Class C (1 & 2 Star) rates at $921. At the end of the third quarter 2020, Class A (4 & 5 Star) rates were $1,314 per unit, Class-B (3 Star) rates were $1,088, and Class C (1 & 2 Star) rates were $915.

The average quoted asking rental rate in Salem’s South district was $1,074 per unit per month at the end of the fourth quarter 2020. In the third quarter 2020, quoted rates were $1,067.

INVENTORY & CONSTRUCTION

During the fourth quarter 2020, a total of 193 units was completed in the Salem market area. This compares to a total of 235 units completed in the third quarter 2020, a total of 324 units completed in the second quarter 2020, and 61 units completed in the first quarter 2020.

There were 567 units of Multi-Family space under construction at the end of the fourth quarter 2020.

<table>
<thead>
<tr>
<th>SUBTYPE</th>
<th>EXISTINGVENTORY (UNITS)</th>
<th>NET DELIVERIES (12 MONTHS)</th>
<th>UNDER CONSTRUCTION (UNITS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A (4 &amp; 5 Star)</td>
<td>4,217</td>
<td>634</td>
<td>383</td>
</tr>
<tr>
<td>Class B (3 Star)</td>
<td>10,000</td>
<td>166</td>
<td>184</td>
</tr>
<tr>
<td>Class C (1 &amp; 2 Star)</td>
<td>11,626</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>25,843</td>
<td>813</td>
<td>567</td>
</tr>
</tbody>
</table>
**Market Outlook**

The Salem Multi-Family market ended the fourth quarter 2020 with an overall vacancy rate of 3.39%. The vacancy rate decreased over the previous quarter, with net absorption totaling 240 units in the fourth quarter 2020. Rental rates increased $8.27 per unit per month over the previous quarter and ended at $1,069 per unit per month. A total of 193 units was delivered in the quarter, with 567 units still under construction at the end of the quarter.

The Crawford Crossing Apartments, located 1.5 miles southeast of the subject along Turner Rd SE, is a 130-unit apartment community that opened in February 2021. The project demonstrates interest from developers in the immediate area.

The Salem Multi-Family market has seen increased new construction in recent years, yet vacancy has remained under 4%. Salem is a more affordable alternative to the Portland MSA, which has attracted new residents to the area. It appears that multifamily would be a viable component to a new master-planned community.
RESIDENTIAL MARKET ANALYSIS

Market Area Analysis

The subject is located within the City of Salem, which is part of the Polk and Marion County market area, according to RMLS. Housing market trends specific to the Polk and Marion Counties will be analyzed in the following section. The tables and charts in this section are based on data obtained from the Realtors’ Multiple Listing Service (RMLS) and are, therefore, limited by the level of detail and depth of data available in the RMLS.

The RMLS Market Action Report for January 2021 (most recent available) notes the following Residential Highlights:

![Inventory in Months table]

New listings (186) decreased 24.1% from the 245 listed in January 2020 and increased 0.5% from the 185 listed in December 2020.

Pending sales (192) decreased 9.9% from the 213 offers accepted in January 2020 and increased 3.8% from the 185 offers accepted in December 2020.

Closed sales (135) decreased 4.3% from the 141 closings in January 2020 and decreased 47.7% from the 258 closings in December 2020.

Inventory increased to 1.2 months in January. Total market time decreased to 32 days.

Overall, the counties residential market is seeing a steady stream of inventory over the past six months but a slight decrease in marketing time. Generally speaking, six months of inventory is considered a stable market. Therefore, the current market has a lack of inventory, which is consistent with the residential market across most of the United States.

Polk and Marion Counties Residential Highlights

The chart on the following page shows the highlights within the Polk and Marion counties, comparing 2021 to 2020. As will be seen, new listings have decreased, along with closed and pending sales decreasing slightly. More importantly, average sale price has increased a fair amount, from $349,900 in January 2020
to $411,700 in January 2021. The median sale price has also increased. This reflects stability within our residential market. Due to persistent low inventory in the market, prices are expected to remain strong.

The next three graphs show historical data regarding closed sales, new listings and total active listings.
The total number of active listings is shown in the chart below.

The 2021 listings reflect a distinct decrease from what was seen in 2019 and 2020. At this time last year there were 477 listings as compared to the current 168 listings.
We compare the rolling sale prices for the 12 months ending in January 2021 with those of the 12 months prior. As can be seen, the average sale price has increased 17.7% from $349,900 to $411,700. In the same comparison, the median sale price has increased 14.5% from $310,000 to $355,000 in Polk and Marion Counties.

The graph above reflects the average and median sale prices from January 2015 through January 2021. As noted in the graph, prices have been steadily increasing since the beginning of the survey period. Overall, the area’s housing increased in value by roughly 10%-15% each year since 2015. The year over year appreciation seen is anticipated to stabilize over the coming years as the market returns to a more normalized level from the Covid-19 pandemic.
SALEM INDUSTRIAL MARKET

Costar is the source for the following data. The data reflects conditions of 2020 Q4, the most recent data available. The initial discussion provides information on the overall Salem Industrial market, followed by the subject’s submarket. The subject is located within the Marion County submarket, which will be discussed later in this report.

CoStar’s Daily Base Case forecast is based on the Oxford Economics Baseline scenario published in March 2020, in which just 270,000 jobs are added in 2020, followed by 1 million jobs in 2021. On average, the forecast calls for 410,000 jobs per year during 2020 through 2025, well below the 2.1 million new jobs added in 2019. The Base Case calls for BBB interest rates to rise to 5% by 2025, up from 3.4% in 2020 Q1.

Costar provides statistics related to the industrial market based on the following subtypes: Flex, Logistics and Specialized.

KEY INDICATORS AT A GLANCE

<table>
<thead>
<tr>
<th></th>
<th>Prior Quarter</th>
<th>Current Quarter</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacancy (%)</td>
<td>4.04%</td>
<td>5.42%</td>
<td>increased 138 Basis Points</td>
</tr>
<tr>
<td>Absorption (SF)</td>
<td>-47,810</td>
<td>-409,539</td>
<td>decreased 361,729 SF</td>
</tr>
<tr>
<td>Quoted Rental Rates ($/SF/Year)</td>
<td>$8.00</td>
<td>$8.04</td>
<td>increased $0.04 PSF</td>
</tr>
<tr>
<td>Inventory (SF)</td>
<td>29,672,226</td>
<td>29,672,226</td>
<td>no change SF</td>
</tr>
<tr>
<td>Net Deliveries (SF)</td>
<td>0</td>
<td>0</td>
<td>no change SF</td>
</tr>
<tr>
<td>Under Construction (SF)</td>
<td>119,161</td>
<td>119,161</td>
<td>no change SF</td>
</tr>
</tbody>
</table>

Overall Comparison

From the previous quarter, vacancy increased by 1.38% and absorption decreased a significant amount, due to additional supply coming online.

SALEM INDUSTRIAL MARKET STATISTICS

<table>
<thead>
<tr>
<th>Period</th>
<th>Existing Inventory (SF)</th>
<th>Vacancy %</th>
<th>Net Absorption (SF)</th>
<th>Net Completions (SF)</th>
<th>Under Const. (SF)</th>
<th>Quoted Rates ($/SF/YEAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Q4</td>
<td>29,672,226</td>
<td>5.42%</td>
<td>-409,539</td>
<td>0</td>
<td>119,161</td>
<td>$8.04</td>
</tr>
<tr>
<td>2020 Q3</td>
<td>29,672,226</td>
<td>4.04%</td>
<td>-47,810</td>
<td>0</td>
<td>119,161</td>
<td>$8.00</td>
</tr>
<tr>
<td>2020 Q2</td>
<td>29,672,226</td>
<td>3.88%</td>
<td>-13,250</td>
<td>20,549</td>
<td>12,000</td>
<td>$7.96</td>
</tr>
<tr>
<td>2020 Q1</td>
<td>29,651,677</td>
<td>3.77%</td>
<td>36,973</td>
<td>137,369</td>
<td>20,549</td>
<td>$7.90</td>
</tr>
<tr>
<td>2020</td>
<td>29,672,226</td>
<td>5.42%</td>
<td>-433,626</td>
<td>157,918</td>
<td>119,161</td>
<td>$8.04</td>
</tr>
<tr>
<td>2019</td>
<td>29,514,308</td>
<td>3.45%</td>
<td>-54,377</td>
<td>8,963</td>
<td>157,918</td>
<td>$7.84</td>
</tr>
<tr>
<td>2018</td>
<td>29,505,345</td>
<td>3.23%</td>
<td>1,063,401</td>
<td>1,195,959</td>
<td>11,965</td>
<td>$7.53</td>
</tr>
<tr>
<td>2017</td>
<td>28,309,386</td>
<td>2.90%</td>
<td>206,185</td>
<td>276,052</td>
<td>1,200,149</td>
<td>$7.10</td>
</tr>
<tr>
<td>2016</td>
<td>28,033,334</td>
<td>2.68%</td>
<td>442,524</td>
<td>64,473</td>
<td>248,252</td>
<td>$6.66</td>
</tr>
<tr>
<td>2015</td>
<td>27,968,861</td>
<td>4.04%</td>
<td>1,528,899</td>
<td>229,416</td>
<td>53,113</td>
<td>$6.25</td>
</tr>
<tr>
<td>2014</td>
<td>27,739,445</td>
<td>8.76%</td>
<td>1,046,544</td>
<td>168,760</td>
<td>158,705</td>
<td>$5.87</td>
</tr>
<tr>
<td>2013</td>
<td>27,570,685</td>
<td>11.99%</td>
<td>-10,880</td>
<td>85,241</td>
<td>225,000</td>
<td>$5.54</td>
</tr>
<tr>
<td>2012</td>
<td>27,485,444</td>
<td>11.68%</td>
<td>-105,116</td>
<td>0</td>
<td>91,903</td>
<td>$5.36</td>
</tr>
</tbody>
</table>
The Salem Industrial market ended the fourth quarter with a vacancy rate of 5.42%. The vacancy rate was increased over the previous quarter, with net absorption totaling -409,539 square feet in the fourth quarter. Rental rates increased compared to the previous quarter, ending fourth quarter at $8.04. A total of 0 square feet was delivered to the market, with 119,161 square feet still under construction at the end of the quarter.

**Absorption**

![12-Month Absorption](image)

Net absorption for the overall Salem Industrial market was -409,539 square feet in fourth quarter 2020. That compares to -47,810 square feet in third quarter 2020, -13,250 square feet in second quarter 2020, and 36,973 square feet in first quarter 2020.
Vacancy for the overall Salem Industrial market increased to 5.42% in the fourth quarter 2020. That compares to 4.04% in the third quarter 2020, 3.88% in the second quarter 2020, and 3.77% in the first quarter 2020.

The rental rates shown below are per square foot per year on a NNN basis.
The average quoted asking rental rate for available Industrial space, all classes, was $8.04 psf at the end of the fourth quarter 2020 in the Salem market area. This represented a 0.5% increase in quoted rental rates from the end of the third quarter 2020, when rents were reported at $8.00.

**Inventory & Construction**

During the fourth quarter 2020, a total of 0 square feet was completed in the Salem market area. This compares to a total of 0 square feet that was completed in the third quarter 2020, a total of 20,549 square feet completed in the second quarter 2020, and 137,369 square feet completed in the first quarter 2020.

There were 119,161 square feet of Industrial space under construction at the end of the fourth quarter 2020.

<table>
<thead>
<tr>
<th>Subtype</th>
<th>Existing Inventory (SF)</th>
<th>Net Deliveries (12 Months)</th>
<th>Under Construction (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flex</td>
<td>1,488,625</td>
<td>16,653</td>
<td>0</td>
</tr>
<tr>
<td>Logistics</td>
<td>16,659,775</td>
<td>141,265</td>
<td>119,161</td>
</tr>
<tr>
<td>Specialized</td>
<td>11,523,826</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>29,672,226</td>
<td>157,918</td>
<td>119,161</td>
</tr>
</tbody>
</table>

**Market Outlook**

The Salem Industrial market ended the fourth quarter 2020 with a vacancy rate of 5.42%. The vacancy rate increased over the previous quarter, with net absorption totaling -409,539 square feet in the fourth quarter 2020. Rental rates increased $0.04 PSF over the previous quarter and ended at $8.04.

The subject is located just south of the Mill Creek Industrial Park Master Plan, which is owned by the State of Oregon Department of Administrative Services. Historically, the Oregon Department of Corrections (DOC) used the land as a prison farm. Currently, there are three prisons operating on the land with various other buildings used by DOC for storage and maintenance facilities. Most of the land is leased to private individuals for agricultural activities. The State Legislature has earmarked approximately 650 acres of the site as industrial land. The State and City of Salem formed a partnership to create the Mill Creek Industrial Master Plan for the site, which has been advanced through a variety of land use approval processes to make the site “shovel ready.”

Over the past several years, the area has developed with several large, build-to-suit distribution buildings for various company including Amazon, Henningsen Cold Storage, Home Depot, and FedEx. The remaining available Mill Creek Corporate Center sites are being marketed by (SEDCOR) Strategic Economic Development Corporation, the lead economic development entity for Oregon’s mid-Willamette Valley. There are currently six sites listed for sale totaling 326 acres.

Although industrial development would likely be supported by the market, with abundant industrial sites still available in Mill Creek Corporate Center, it is unlikely that additional land would be earmarked for industrial development.
A future master-planned development may incorporate a commercial component which may include a small amount of office space as an ancillary portion of a residentially focused development.

Due to the uncertainties in the market stemming from the rise of working-from-home, large-scale office development as an anchor is not considered a viable option as the highest and best use.
SALEM RETAIL MARKET

A future master-planned development may incorporate a commercial component which may include a small amount of retail space. Retail market conditions have remained steady and retail supporting primarily residential development may be viable.

Due to the rise of online shopping and business closures as a result of the Covid-19 pandemic, a significant retail development is not considered a viable option as the highest and best use.
SITE DESCRIPTION

The subject site is located in SE Salem, within City limits, just south of Corban University and the Mill Creek industrial area. The majority of the site is located in the AE flood zone and has historically been utilized as agricultural land. There are four potentially buildable areas totaling 127.38 net acres that currently have some level of improvements located on the northern portion of the site along Turner Road.

AERIAL MAP – GROSS SITE AREA

The subject consists of 390.50 gross acres as shown below.
The subject is affected by wetlands, flood zones, creeks, and other natural features that impact the usability of the site. These areas are generally described in the table below and are the basis of valuation in this report.

<table>
<thead>
<tr>
<th>Area</th>
<th>Gross Site Area</th>
<th>Unusable Areas</th>
<th>Net Site Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transitional Land - Future Development Potential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cropland, Flood Zone and Pastures</td>
<td>262.08</td>
<td>52.08</td>
<td>210.00</td>
</tr>
<tr>
<td>Potentially Buildable Areas - Current Development Potential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hog Hill Area</td>
<td>97.58</td>
<td>0.00</td>
<td>97.58</td>
</tr>
<tr>
<td>Turner Rd Existing Ag Buildings Area</td>
<td>16.80</td>
<td>0.16</td>
<td>16.64</td>
</tr>
<tr>
<td>Turner Rd Existing Office Building Area</td>
<td>9.42</td>
<td>0.88</td>
<td>8.54</td>
</tr>
<tr>
<td>Economic Site Supporting Main Building</td>
<td>4.62</td>
<td>0.00</td>
<td>4.62</td>
</tr>
<tr>
<td>Total Potentially Buildable Areas</td>
<td>128.42</td>
<td>1.04</td>
<td>127.38</td>
</tr>
<tr>
<td>Total Site Area</td>
<td>390.50</td>
<td>53.12</td>
<td>337.38</td>
</tr>
</tbody>
</table>

**AERIAL MAP: SUBJECT AREAS**

The map below illustrates the various subject areas. The blue labels below are considered to be potentially buildable areas that have existing structures and are located outside of the AE flood zone.

The “Hog Hill” area has areas of sloping topography and some native trees.

The AE flood zone areas are generally south of Turner Rd. SE and have historically been used for agricultural purposes. A small portion of this area, is outside of a flood zone. This is identified as pastures in this report and totals approximately 7 acres (utilizing an aerial measurement tool). While this portion of the property is outside of the flood zone it consists of four small areas which are irregularly shaped, location south of the roadways, separated from the larger economic units of buildable land. Utilities would have to be extended to these pasture areas. Overall, these portions of the property are not ideally situated on the property to have significantly higher value that the surrounding farmed, flood land. Due to this, it is considered transitional land with potential for future development, when remediation of wetlands and flood zones is supportable.

The AE flood zoned land also includes areas of hydrologic soils which are the results of wetlands. They would need to be allocated and improved prior to any development occurring on this portion of the property.
The following map generally demonstrates the areas previously discussed.
**Unusable Areas**

The subject has several unusable areas. The largest is the 52.08 acres impacted by Mill Creek. The diagram below shows the leased flood land area which indicates it is 210 acres. Utilizing an aerial measuring tool, the gross land area is 262.08 acres. The difference between the two is the indicated unusable area associated with the creek.

*Mill Creek*
**Pump Station Easement**

According to the title report, there is an easement associated with the pump station. We have considered the impacted area of 0.88 acres to be unusable.
**Herrin Cemetery**

According to the State of Oregon Parks & Reference department, the John Herrin DLC#60, OC#1152 cemetery has an estimated Lat 44.871598, Long -122.966107. The approximate location and dimensions are shown on the diagram below:

There are two options available to a potential developer or owner: to disinter any decadents on the property and re-inter them elsewhere or to retain the cemetery and a 20% buffer around it.

The disinter/reinter process is timely, and typically costs in the range of $20,000 per decedent. So, depending on the number of interred remains, that may be financially feasible. However, it is also important in both state law and social norms to honor those buried at this property.

As a PUD or large-scale development on the property would require dedication of open spaces, it is perhaps even more likely and appropriate that the cemetery might be cleaned up, memorialized with informational signage, and retained as a part of the open space requirement in a development.

If the property remains State-owned, there are no requirements aside from maintenance of the cemetery facility.
GENERAL DESCRIPTION OVERVIEW

Location
The subject site is located in SE Salem, within city limits, just south of Corban University and the Mill Creek industrial area. The site is bounded by Turner Rd SE and Gath Rd SE to the north, the railroad and Eastland Ave to the west, the East Fork of Pringle Creek to the south, and south of Jenniches Lane to the east. Mill Creek runs directly through the middle of the site and is considered unusable area. The majority of the site is located in the AE flood zone and has historically been utilized as agricultural land. There are four potentially buildable areas that currently have some level of improvements located on the northern portion of the site along Turner Road.

Parcel Number
R327913

Site Area
Potentially Buildable Areas

<table>
<thead>
<tr>
<th>Description</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>AE Flood Zone Area &amp; Pasture</td>
<td>11,416,205 square feet (262.0800 acres)</td>
</tr>
<tr>
<td>Mill Creek / Easement Usable Areas</td>
<td>2,314,121 square feet (53.1249 acres)</td>
</tr>
<tr>
<td>Total</td>
<td>17,010,180 square feet (390.5000 acres)</td>
</tr>
</tbody>
</table>

Configuration
Irregular

Drainage
Appears adequate

Floodplain

<table>
<thead>
<tr>
<th>Zone AE/Zone X5</th>
<th>Map</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>410154 - 41047C0363H</td>
<td>January 2, 2003</td>
<td></td>
</tr>
</tbody>
</table>

Environmental Concerns
An environmental assessment report was not provided for review, and during our inspection, we did not observe any evidence to the contrary during our physical inspection of the property. It is assumed that the property is not adversely affected by environmental hazards.

Census Tract No.
18.03

Soil/Subsoil Conditions
We did not receive nor review a soil report. However, we assume that the soil’s load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.

Frontage
3,372 feet on Turner Road Southeast; 3,090 feet on Gath Road SE; 2,858 feet on Eastland Ave SE.

Access
There are currently four access points along Turner Road Southeast and one access point along Gath Road SE. The subject site runs along the railroad tracks just east of Eastland Ave SE, but there are no access points on Eastland Ave SE.

Visibility
Average/Good

Surrounding Land Uses
Primarily agricultural, institutional and industrial

Opportunity Zone
The subject property is not located within an Opportunity Zone.
**FLOODPLAIN**

As shown in the diagram on the following page, the majority of the subject site is located in the AE flood zone. The flood zone AE are areas within the 100 year flood plain where flood elevations are known. In this case, the flood risk is associated with potential high water events in Mill Creek, which crosses the property.

Any development of structures in this zone would require flood insurance. There would also almost certainly be development regulations preventing installation of any living areas or utilities in structures, such as outlets, within 1 foot of the flood elevation.

The appraiser discussed this property with a realty specialist with the Army Corps of Engineers, which monitors dike and levee systems in the region. Notes from those conversations are retained in the appraiser’s files.

It seems that it would be possible to install some flood prevention apparatus, likely a levee, along the creek to mitigate flood risk. That might also accommodate a multi-modal path or some other community feature. However, the engineering costs associated with mitigating the flood risks of developing the subject site are unknown. Due to this, we anticipate a buyer would purchase the property on a speculative basis and undertake the necessary steps to permit development upon demand from the market.

The map below shows the general location of the flood zone.
**Wetlands**

The subject is affected by wetlands, as confirmed by the State Wetlands Map below and subsequent discussions with City, County and State representatives, as retained in our file.

The subject is affected by hydric soils or wetlands areas (denoted by black arrows). According to the various agencies interviewed, these areas could not be developed outright. However, a developer could allocate some hydric soils to be improved wetlands. In turn, they would be allowed to convert other hydric areas into developable land. A similar process occurred in the industrial park to the southwest of the subject.

The total area of the hydric soils is not known. Therefore, we estimate it at 65 acres (rounded) utilizing Google Maps, as shown on the following page.
**Land Use Restrictions**

We were provided with a preliminary title report from Amerititle dated January 18, 2021. The report identifies exceptions to title, which include various utility and access easements that are typical for a property of this type. These utility and access easements from the City of Salem and the City of Turner run along Mill Creek corridor, which is concluded to be unusable area. There are also permanent easement for stream, fish, and riparian easement and some permanent slope easements for ODOT. Temporary construction and access easements have now expired. These areas do not have an impact on the subject’s buildable area.

There is an easement to access the pump station, which was identified above. We have considered the impacted area of 0.88 acres to be unusable, which has a very nominal impact on value.

There is an underground water line easement benefitting the City of Salem, which is reportedly for a 4-foot diameter main water line feeding the City’s municipal water system. The water line is identified on the utilities map that follows. Construction of any future neighborhood or redevelopment would not be able to build permanent structures atop this easement area.

Other than the pump station easement, the remaining exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.
Utilities Map

Water and sewer lines run through the northern portion of the site, north of Mill Creek.

The significant water line that travels north/south through the site is the location of the water line easement. That is a service line into the City of Salem, and special care would be needed in planning any development atop or around that line.
**WATER RIGHTS**

The subject includes irrigation and stock water rights. The map below generally demonstrates their place of use, as provided by the State of Oregon Water Resource Department.

The property has use of rights from Certificates 51351, 14837, and 68673. The certificates describe the total amount of water, state of priority, and specified uses. Uses include irrigation, stock watering, State Penitentiary, State Hospital, and State Capitol Buildings grounds uses.

The water certificates and related particulars for the rights are retained in our files. The points of diversion are located on the subject property and are accessible.
STREETS, ACCESS AND FRONTAGE

Details pertaining to street access and frontage are provided in the following table.

<table>
<thead>
<tr>
<th>Street</th>
<th>Turner Road Southeast</th>
<th>Gath Road SE</th>
<th>Eastland Ave SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frontage Feet</td>
<td>3,372 feet</td>
<td>3,090 feet</td>
<td>2,858 feet</td>
</tr>
<tr>
<td>Paving</td>
<td>Asphalt</td>
<td>Asphalt</td>
<td>Asphalt / Gravel</td>
</tr>
<tr>
<td>Curbs</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Sidewalks</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Lanes</td>
<td>2 way, 1 lane each way</td>
<td>2 way, 1 lane each way</td>
<td>2 way, 1 lane each way</td>
</tr>
<tr>
<td>Direction of Traffic</td>
<td>North/South</td>
<td>East/West</td>
<td>North/South</td>
</tr>
<tr>
<td>Condition</td>
<td>Average</td>
<td>Average</td>
<td>Average/Fair</td>
</tr>
<tr>
<td>Traffic Levels</td>
<td>6,965</td>
<td>616</td>
<td>90</td>
</tr>
<tr>
<td>Signals/Traffic Control</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Access/Curb Cuts</td>
<td>4 access points</td>
<td>1 access point</td>
<td>No access points</td>
</tr>
<tr>
<td>Visibility</td>
<td>Average/Good</td>
<td>Average</td>
<td>Average/Fair</td>
</tr>
<tr>
<td>Transportation Facilities</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

ZONING

The subject is zoned PH, Public Health. The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

<table>
<thead>
<tr>
<th>ZONING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designation</td>
</tr>
<tr>
<td>Description</td>
</tr>
<tr>
<td>Zoning Intent</td>
</tr>
<tr>
<td>Compliance</td>
</tr>
</tbody>
</table>

ZONING REQUIREMENTS

| Permitted Uses                          | A variety of Public Health uses: single family, group living, nonprofit shelters, retail sales, office, recreational services, health services, educational services, etc... |
| Minimum Lot Size                        | 10,000 SF |
| Minimum Lot Width                        | 50 ft. |
| Maximum Coverage Ratio                  | 60% |
| Front (min. ft.)                        | None |
| Rear, alley/no alley (min. ft.)         | None |
| Side (min. ft.) interior                | None |
| Minimum Lot Depth                       | 80 ft. |
| Minimum Street Frontage                 | 16 ft. |
| Minimum Setbacks When Abutting Street   | 20 ft. |
| Maximum Height                          | 70 ft. |
| Required No. Parking Spaces             | 0 |
| Subject’s Total Parking Spaces          | 78 |
City of Salem planners are in the process of generating the new 20-year comprehensive plan, called Salem Vision. Drafts of that plan incorporate the subject and the surrounding neighborhood as one suited to residential development.

The appraiser discussed the subject property and potential zoning designations with a City Planner. The indication in that discussion was that the City would most like to see an application for a Planned Unit Development (PUD) on this property were it to be redeveloped. She noted that there are few PUD applications due to the requirement in the PUD process that some lands be set aside for public use. In this case, though, the Mill Creek frontage and the small cemetery on the site are already prime locations for public use dedication. The property would likely be well suited for that type of zoning application.

**Potentially Buildable Areas**

“Hog Hill”

ODOT is interested in purchasing approximately 97.58-acres of the subject property for their own future use. It is the eastern portion of the subject property between streets Gath Rd SE and Turner Rd SE. This area has sloping topography.
“Turner Road Existing Ag Buildings Area”

The graphic on the following page depicts the Turner Road Existing Ag Buildings Area. Many buildings in this area are open-sided barns and sheds that supported former agricultural use. The area has good exposure from Turner Road and is located just west of the main correctional facility buildings. The topography is generally level with some gently sloping areas.

“Turner Road Existing Office Building Area”

This area is located just east of the main entrance along Turner Road. There is an existing office building that has been used for administrative uses with direct access from Turner Road. The topography is generally level with some gently sloping areas.
**Economic Site Supporting Existing Improvements to Remain**

The diagram below illustrates the economic site of the improvements that would likely remain including the main building and supporting structures. The area is elevated above Turner Road and situated around a circular driveway. The resulting floor-area-ratio (FAR) is 0.11 (22,500 SF building / 201,247 SF or 4.62-acre site), which is near the average of the improved sale comparables (0.13). The FAR represents the proportion of the improvements to site area.
TOPOGRAPHY

The diagram on the following page illustrates elevations throughout the site. The highest elevations are in the Hog Hill area and the economic site supporting the main building.

EXISTING LEASES

As previously discussed, the subject is currently encumbered by two leases. The leases can be found in the addenda. A summary follows below:

- Thomas Creek Cattle Co, 105 acres through Feb 2024; The current rent is $6,367/year
- Flat Tail Farms, 210 acres through Sept 2025; five-year lease, free first year then starts at $4,800/annually

While considered relatively nominal, the interim lease income of $44,000 (rounded) would offset some of the future demolition costs of the majority of the subject’s structures.
Conclusion of Site Analysis

The subject site contains 128.42 net acres (390.5 gross acres) of Public Health zoned land in Southeast Salem. The subject site is located in SE Salem, within City limits, just south of Corban University and the Mill Creek industrial area. The majority of the site is located in the AE flood zone and has historically been utilized as agricultural land. There are four potentially buildable areas totaling 127.38 net acres that currently have some level of improvements located on the northern portion of the site along Turner Road.

Mill Creek runs directly through the middle of the site and is considered unusable area. The northern portion of the site, specifically the “Hog Hill” area and economic site have sloping topography.

The portion of the site located in the AE flood zone is encumbered by Mill Creek and a lack of access to major roads. However, the northern portions of the site not in the AE flood zone, could be developed with a variety of uses.

To develop the AE portions of the site, some process to elevate proposed buildings or to install dikes and levees would be required. The cost to complete is not known.

As discussed, a portion of the property is also affected by wetlands soils which would need to partially be restored in order to permit development of other wetlands as part of a banking system. The cost to remediate for the industrial project to the southwest of the property is known. We apply these indicated costs to the subject in order to determine the highest and best use of the property.

In the end, there is not adequate demand to develop the AE portions of the subject. Instead, their current agricultural uses are considered interim until such demand would offset the wetlands restoration and flood zone designation removal.

There are water rights on the property which permit a variety of uses. However, if the state no longer utilizes the property a large portion of the rights will no longer be applicable. Also, if the farmed portion of the property is developed to alternative uses, the irrigation rights will be revoked. Due to the specificity of uses, selling the water rights does not appear permitted. Confirmation with the Water Resourced department and applicable governing agencies is recommended. In the interim, the water may be used for the existing uses but would have no value to alternative users.
ZONING MAP
IMPROVEMENTS DESCRIPTION

The following description is based on our inspection of the property and discussions with ownership. According to the Marion County Assessor, there are 29 structures on the site, many of which are barns/sheds that are nearing the end of their economic life. The main prison facility is a three-story, 22,500 SF minimum-security prison built in 1929. The remaining structures have limited utility and would be unlikely to be retained upon redevelopment of the larger site.

<table>
<thead>
<tr>
<th>GENERAL DESCRIPTION OVERVIEW: MAIN BUILDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
</tr>
<tr>
<td>Property Description</td>
</tr>
<tr>
<td>Year Built</td>
</tr>
<tr>
<td>Number of Stories</td>
</tr>
<tr>
<td>Building Construction Class</td>
</tr>
<tr>
<td>Net Rentable Area</td>
</tr>
<tr>
<td>Gross Building Area</td>
</tr>
<tr>
<td>ADA Compliance</td>
</tr>
</tbody>
</table>

CONSTRUCTION DETAIL

| General Layout                                      | The subject is a three story minimum security prison. |
| Foundation                                          | Reinforced concrete slab |
| Construction                                        | Reinforced concrete      |
| Floor Structure                                     | Concrete block           |
| Exterior Walls                                      | Stucco                   |
| Roof Type                                           | Flat                     |
| Windows                                             | Metal barred             |

INTERIOR DETAIL

| Interior Walls                                      | A mixture of Concrete block and Drywall |
| Ceilings                                            | A mixture of concrete block and 2 x 4 acoustical tile |
| Floor Coverings                                     | A mixture of tiles and carpet |
| Lighting                                            | Fluorescent and Incandescent |
| Restrooms                                           | Assumed to code and adequate. |
DEFERRED MAINTENANCE

Although no deferred maintenance was specified, the main building and many of the other buildings are older and are determined to be in average/fair condition.

PERSONAL PROPERTY

No personal property items or intangible items are included in this valuation.

CONCLUSION OF IMPROVEMENTS ANALYSIS

This building was constructed for a specific use as a minimum-security prison. However, the building may have utility to be converted into future office or educational use. Overall, the quality, condition, and functional utility of the improvements are below average for their age and location.

SUMMARY

<table>
<thead>
<tr>
<th>Building Condition</th>
<th>Average/Fair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Quality</td>
<td>Average/Fair</td>
</tr>
<tr>
<td>Design and Functionality</td>
<td>Average/Fair</td>
</tr>
<tr>
<td>Actual Age</td>
<td>92 years</td>
</tr>
<tr>
<td>Expected Economic Life</td>
<td>50 years</td>
</tr>
<tr>
<td>Effective Age</td>
<td>30 years</td>
</tr>
<tr>
<td>Remaining Economic Life</td>
<td>20 years</td>
</tr>
</tbody>
</table>
Subject Photographs

Subject property main entrance

Main building

Subject property gate

Subject property ingress/egress from Turner Rd SE

Subject property improvement

Subject property improvement
Railroad running along western side of subject property

Subject exterior

Interior of MCCF

Interior of MCCF

Interior of MCCF office

Interior of MCCF office
Interior of MCCF

MCCF restroom

MCCF kitchen

MCCF exterior kitchen access

Interior of MCCF

Interior of MCCF
Interior of MCCF

Interior of MCCF

Subject property outdoor greenhouse

Subject property improvement

Interior of the office portion of the subject

Subject property improvement
Subject property improvement

Subject property improvement

Subject property improvement

Subject property improvement

Subject site with Mill Creek in view

Subject site
PROPERTY TAX ANALYSIS

State and local taxation in Oregon relies on income taxation at the state level and property taxes at the local level. The following is a summary of the Oregon property tax system.

- Real estate taxes in the state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to assessed value.
- Property taxes are collected locally to fund schools and governments in the area. The State does not receive any property tax revenue.
- Property taxes are divided into school taxes and non-school taxes; non-school taxes raise revenue for City and County Governments, and educational service districts (community colleges, etc.).
- In 1998, assessed value was rolled back to the 1996 real market value less 10%, and growth in assessed value was limited to 3% per year. Thus, property taxes are no longer directly tied in with real market value. There are some exceptions with respect to the 3% growth limit, such as new construction.
- Property taxes may not exceed a limit of $5.00 per $1,000 of real market value for schools and $10.00 per $1,000 for non-schools.
- The limitation does apply to exempt bond levies that are approved by general election with at least half of the registered voters eligible to vote.
- The tax year runs from July 1 through June 30, and the County Assessor’s Office estimates value as of January 1 of each year. Property taxes are due and payable on November 15. A 3% discount is available if paid in full by November 15. A 2% discount is also obtainable if two-thirds of the amount is paid by this date. Another alternative is to make three equal (one-third) payments, on or before the 15th of November, February and May. Any balance owed begins to accrue interest after May 15, and counties initiate foreclosure if three years of taxes become delinquent.

Real estate taxes and assessments for the most recent tax year are shown in the following table.

<table>
<thead>
<tr>
<th>REAL ESTATE TAXES - 2019-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assessor’s Real Market Value</strong></td>
</tr>
<tr>
<td><strong>Land</strong></td>
</tr>
<tr>
<td>R327913</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
</tr>
</tbody>
</table>

It is noted that the according to the Assessor, the 2020-2021 taxes are not available. The subject property has no assessed value and is tax exempt because it is currently owned by a government entity. If sold to a tax eligible entity, the subject would be assessed and taxed.

The assessed value above appears to be based on a general developable lands assessment. Since the site is not taxed there has been little scrutiny given to these values. Were the property sold to a private developer and brought back into a taxed status, a tax appeal to reset the values is recommended.
**HIGHEST AND BEST USE**

**INTRODUCTION**

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

**HIGHEST AND BEST USE CRITERIA**

The site’s highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property’s highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

**HIGHEST AND BEST USE AS VACANT**

**LEGALLY PERMISSIBLE**

The site is currently zoned PH, Public Health. Based on conversations with the Salem City planning department, the site would be suitable for a future master-planned development and a zoning change from the current PH (Public Health) zone is likely.

The subject is currently encumbered with two leases attributed to the site: a grazing lease through February 2024 and an agricultural lease through September 2025. While considered relatively nominal, the interim lease income would offset some future demolition costs of the majority of the subject’s structures.

We were provided with a preliminary title report from Amerititle dated January 18, 2021. The report identifies exceptions to title, which include various utility and access easements that are typical for a property of this type. These utility and access easements from the City of Salem and the City of Turner run along Mill Creek corridor, which is concluded to be unusable area. There are also permanent easement for stream, fish, and riparian easement and some permanent slope easements for ODOT. Temporary construction and access easements have now expired. These areas do not have an impact on the subject’s buildable area.

There is an easement to access the pump station, which was identified above. We have considered the impacted area of 0.88 acres to be unusable, which has a very nominal impact on value.

Other than the pump station easement, the remaining exceptions would not appear to have an adverse effect on value.
There are water rights on the property which permit a variety of uses. However, if the state no longer utilizes the property a large portion of the rights will no longer be applicable. Also, if the farmed portion of the property is developed to alternative uses, the irrigation rights will be revoked.

**Physically Possible**

The subject site contains 128.42 net acres (390.5 gross acres) of Public Health zoned land in Southeast Salem. The subject site is located in SE Salem, within City limits, just south of Corban University and the Mill Creek industrial area. The majority of the site is located in the AE flood zone and has historically been utilized as agricultural land. There are four potentially buildable areas totaling 127.38 net acres that currently have some level of improvements located on the northern portion of the site along Turner Road.

Mill Creek runs directly through the middle of the site and is considered unusable area. The northern portion of the site, specifically “Hog Hill” and the economic site have sloping topography.

The portion of the site located in the AE flood zone is encumbered by Mill Creek and a lack of access to major roads. However, the northern portions of the site not in the AE flood zone, could be developed with a variety of uses.

**Flood zone and Wetlands Areas**

To develop the AE portions of the site, some process to elevate proposed buildings or to install dikes and levees would be required. The cost to complete is not known.

The flooded portions of the property and the pasture areas are generally level have historically be farmed to annual crops. Based on a USDA agricultural soils survey for the subject (as retained in our files), the soils are adequate for a variety of crops. However, some are poorly drained and would benefit from tiling. Discussions with government agencies indicate tiling is considered an improvement to the site which would trigger the need to improve wetlands. Based on market indications, the value of tiling is about $200 per acre while the cost to improve wetlands is $18,500 per acre (rounded). Due to the high costs of wetlands restoration, the market would not support the installation of tile on the property.

Without tiling, the site is limited to the type of crops that can be grown, namely ones that can withstand poorly drained soils such as grass, hay, or annual vegetable crops. Permanent plantings are not likely supportable. Water rights are available and would be adequate to support continued crop growth. Access to the water is from on-site, which is ideal.

This flooded portions of the property are of adequate size and topography to accommodate development to uses allowed by zoning. However, prior to development the wetlands would need to be improved and a solution to remove the property from the flood zone would need to be developed. It is assumed any potential developer would adequately research the development and costs associated with this portion of the site.
**Highest and Best Use**

Based on our analysis of the market, there is currently adequate demand for all types of development in the subject’s area; however, development anchored by a combination of multifamily and residential with a limited amount of office/retail space appears to be a sensible option.

As demonstrated in the market analysis section, the multifamily and single-family residential markets have previously and continued to perform well in the Salem area.

As previously discussed, there is abundant industrial land available just north of the subject at the Mill Creek Corporate Center. There are currently six sites listed for sale totaling 326 acres. Although there is strong demand for industrial development, there appears to be adequate supply to meet the demand.

Working from home is a macroeconomic threat to the office sector in the present and future, and an office park would be risky and not likely a realistic option. However, the local office and retail markets appear to be relatively steady and a limited amount in support of the residential development would likely be viable.

Overall, it appears that a newly developed master-planned development with multifamily, single-family, and more limited commercial on the site would have a value commensurate with its cost and is considered to be financially feasible on the buildable portions of the property.

**Flood zone and Wetlands Areas**

As discussed, the subject wetlands and flood zone designation would need to be addressed prior to development. The cost to improve wetlands in a banking system was determined to be $18,500 per acre. This cost was determined by reviewing the wetlands costs for the industrial park to the southwest of the subject. These costs would only be applied to the wetlands area of the subject (65 acres). This would result in a total cost of $1,200,000 (rounded).

The cost to remove the subject outside of the flood zone is unknown. However, utilizing a paired sale, we determine a discount which is discussed in the valuation section of this report.

Currently, the flood, wetlands, and pasture areas are being farmed, and produce some income through a lease. However, due to zoning and the proximity of the site to development, we explored the option that the current use is not financially feasible. Although currently leased, the income stream is not significant and is not the motivating factor for agricultural properties. Instead, value is derived from comparable sales.

We conducted a sales search for both irrigated and dry farmland sales and found values to range from $5,000 to $10,000 per acre. These sales are retained in our files and do not indicate a discount for the presence of the flood zone or wetlands. Instead values are driven by the presence of irrigation water rights. The lower level of the range is set by dry cropland with no rights while the upper level is set by properties with full rights. The subject has partial water rights, with about 60% of the property being dry farmland. Considering these factors, it has an approximate value of $7,500 per acre. Similar agricultural properties are valued on a gross site size (262.08 ac.) or $2,000,000 rounded.

The difficulty in valuing the subject as agricultural land is that comparables are zoned for exclusive farm use, and have limited development potential. Often times they are located significantly outside of an
urban growth boundary. Therefore, they would not appeal to an investor/developer, resulting insignificantly lower prices than commercial, residential or industrially zoned properties.

To capture the development potential of site, we considered the sales of non-agriculturally zoned land and then deduct the cost to restore wetlands. We also apply a discount for the unknown factor and costs associated with removing the flood designation. When this is completed, the value of the subject is higher indicating that the current agricultural use is an interim one until such time as the market would support the costs of development. The income from the current lease could offset some development costs and would not impede any future development plans, as approvals would take some time.

The methodology of deducting the cost to restore wetlands and discounting value for flood status is developed later in this report.

**Maximally Productive**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than master-planned development with multifamily, single-family, and more limited commercial development on the buildable portions of the property. Accordingly, it is our opinion that multifamily development, developed to the normal market density level permitted by zoning, is the maximally productive use of the property that is outside of the flood zone.

Due to costs and current demand, the flood zoned portions of the property should be used for agricultural purposes until such time the cost to develop this portion of the property can be absorbed by the market. Income from the existing lease can offset future development costs. This represents the maximally productive use of the property that is within the flood zone. As an interim use, the water rights should be maintained by the tenant farmers.
HIGHEST AND BEST USE AS IMPROVED

PHYSICALLY POSSIBLE

According to the Marion County Assessor, there are 29 structures on the site, many of which are barns/sheds that are nearing the end of their economic life. The main prison facility is a three-story, 22,500 SF minimum-security prison built in 1929. The remaining structures have limited utility and would be unlikely to be retained upon redevelopment of the larger site.

The subject’s current improvements are not consistent with the highest and best use of the site as if it were vacant. For the property as improved to be maximally productive, the improvement should closely match the ideal improvement, or alternatives should be considered, such as:

- Renovation: The main building would likely be upgraded in order to facilitate a conversion.
- Conversion: The main building is currently being operated as a correctional facility but is expected to close later in 2021 and will soon be vacant. The building may have utility to be converted into an alternative use such as a school or office.
- Expansion: Expansion on the economic site could be possible, but is unlikely as the size of the main building would likely be adequate to the majority of potential users.
- Demolition: Demolition of the ancillary structures to make way for redevelopment is likely.

Based on our analysis, there does not appear to be an alternative use that could reasonably be expected to provide a higher present value than conversion of the main building to alternative use such as office or educational use and demolition of the other structures to make way for redevelopment on the remaining buildable portion of the site.

For these reasons, conversion of the main building to alternative use such as office or educational use and demolition of the other structures to make way for redevelopment on the remaining buildable portion of the site is concluded to be maximally productive and the highest and best use of the property as improved.
Valuation Process

Valuation in the appraisal process generally involves three techniques, including the Cost Approach, Sales Comparison Approach and the Income Approach.

These three valuation methods are defined in the following table:

<table>
<thead>
<tr>
<th>VALUATION METHODS</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Approach</td>
<td>In this approach, value is based on adding the contributing value of any improvements (after deductions for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts.¹</td>
</tr>
<tr>
<td>Sales Comparison Approach</td>
<td>In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property. This comparison is typically accomplished by extracting “units of comparison”, for example, price per square foot, and then analyzing these units of comparison for differences between each comparable and the subject. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.</td>
</tr>
<tr>
<td>Income Approach</td>
<td>In this approach, a property is viewed through the eyes of a typical investor, whose primary objective is to earn a profit on the investment principally through the receipt of expected income generated from operations and the ultimate resale of the property at the end of a holding period.</td>
</tr>
</tbody>
</table>

Valuation Methods Utilized

Summary:
This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. The subject’s age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Furthermore, because the subject property is a specialized land use, it is not typically marketed, purchased or sold on the basis of anticipated lease income. Therefore, we have employed neither the Cost Approach nor the Income Capitalization Approach to develop an opinion of market value.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.
To apply the Sales Comparison Approach, we searched for sale transactions within the following parameters:

- Property Type: Large sites with highest and best use as master-planned development focused on residential/multifamily. In this case, our primary search was for properties within urban growth boundaries, and preferably inside municipal boundaries, that were purchased without final plat approvals for a large-scale development.

- Location: Emphasis on Salem and surrounding area with secondary consideration to outlying sites. Given the scale of the subject property, we included the entire state of Oregon in our search, as well as areas outlying the Seattle metro.

- Size: We searched for the largest possible sites but considered sites as small as 30 acres if meeting other criteria. With that 30-acre limit as our low-end limit, we did not set an upper limit for size.

- Transaction Date: We endeavored to identify sales that would meet similar economic cycle pressures as the subject would meet, were it offered for sale. With that in mind, we extended our search from January 1, 2015 through the present. We of course endeavored to use the most current data possible, but there were few available large-scale sales available for analysis.

**Other Sales Considered, but With Different Highest and Best Use**

We also considered two large-scale sites that we ultimately chose not to include as comparables in the adjustment grid.

The 190-acre, former International Paper mill site along I-5 in Albany sold for $10,000,000 ($52,000/acre) on August 20, 2019. This property has superior exposure directly along I-5 and more level topography. It was also improved with a 60,000 SF building and may have environmental issues. For these reasons, this sale was not utilized as a comparable.

The 220-acre former paper mill in Newberg, OR sold for $7,000,000 ($56,000 net acre) on September 17, 2020. Approximately 125 acres of the site are considered usable. The sale included corporate indemnification for legacy environmental liabilities associated with the site. The buyer plans to sell the equipment, demolish the improvements, and redevelop the site with a mix of uses. The industrial buildings reportedly have some value in the equipment, but the site also has some environmental contamination. For this reason, we did not analyze this sale in the grid.

On the following pages, we present a summary of the land sales that we compared to the subject property, a map showing their locations, and the adjustment process.
## SUMMARY OF LAND SALES

<table>
<thead>
<tr>
<th>No.</th>
<th>Property / Location</th>
<th>Date of Sale</th>
<th>Transaction Status</th>
<th>Net Site Size (Ac)</th>
<th>Zoning</th>
<th>Property Use</th>
<th>Cash Eqv Sales Price</th>
<th>Price per Acre</th>
<th>Price per SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stevens Rd Tract</td>
<td>Nov-20</td>
<td>Closed</td>
<td>382.05</td>
<td>UA &amp; SDR, Urbanizable Area / Standard Density Residential</td>
<td>Future Master Planned Development</td>
<td>$22,000,000</td>
<td>$57,584</td>
<td>$1.32</td>
</tr>
<tr>
<td>2</td>
<td>Marcola Meadows MDR Site</td>
<td>Jan-20</td>
<td>Closed</td>
<td>100.38</td>
<td>MDR, Medium Density Residential</td>
<td>Future Master Planned Development</td>
<td>$6,150,000</td>
<td>$61,267</td>
<td>$1.41</td>
</tr>
<tr>
<td>3</td>
<td>State St &amp; Cordon Rd Future Mixed-Use State Street / Cordon Road Salem, OR</td>
<td>Aug-19</td>
<td>Closed</td>
<td>117.90</td>
<td>Single, Multifamily, Commercial</td>
<td>Future Master Planned Development</td>
<td>$10,650,000</td>
<td>$90,331</td>
<td>$2.07</td>
</tr>
<tr>
<td>4</td>
<td>Dry Canyon Subdivision Site (R4 / R5) 2966 Northwest Northwest Way Redmond, OR</td>
<td>Aug-18</td>
<td>Closed</td>
<td>61.14</td>
<td>R4 / RS, General &amp; High Density Residential</td>
<td>Future Single-Family Development</td>
<td>$5,520,600</td>
<td>$90,294</td>
<td>$2.07</td>
</tr>
<tr>
<td>5</td>
<td>Portland Road RM Site 9250 Charity Ave NE Brooks, OR</td>
<td>May-17</td>
<td>Closed</td>
<td>37.99</td>
<td>RM, Medium-Density Residential</td>
<td>Primarily Future Single-Family Development</td>
<td>$1,100,000</td>
<td>$28,955</td>
<td>$0.66</td>
</tr>
</tbody>
</table>

**Subj:** Mill Creek Correctional Site: Potentially Buildable Areas Turner Rd SE Salem, Oregon

127.38 PH, Public Health Future Master Planned Development
1 - The property sold free of entitlements although the land is designated for development to a mix of residential, commercial, and industrial land uses within the City of Bend Comprehensive Plan. Located at 21425 Stevens Rd., the site is located adjacent to 27th St and Reed Market Rd, major arterial streets serving this part of Bend. Highways 20 and 97 are both conveniently located within a few miles, with downtown Bend also closely proximate. Approximately 369.9 acres of the site offering are zoned Urbanizable Area (UA) and will need to be annexed into the City as part of the project, while 12.15 acres are already within the City boundary and designated as Standard Density Residential (SDR).

2 - Purchased by large developer. The property was foreclosed on in 2008. Meadows was originally master planned for ±54.78 acres of Medium Density Residential, (MDR), ±26.00 acres of Mixed Use Commercial (MUC), and ±19.60 acres of Community Commercial (CC) in 2008. The market determined that changes were needed to the mix of residential/commercial and associated densities. In order to achieve such changes to the Master Plan, Type III land use and zoning map amendments were required for a desired end result of ±54.78 acres of MDR, ±45.60 acres of MUC and no CC. The MUC allows for an integration of both commercial and residential uses so the development can adapt to market demands as development of the property progresses. The amount of commercial space was reduced considerably to the minimum percentage required of the MUC portions, which allows the developers to construct the residential portions independent of the commercial portions. The revisions to the Master Plan also amended the phasing of the street and utility infrastructure to allow the residential portions on the north portions of the site to be developed independent of having to build infrastructure on the southern portion of the site. This reduces the up front infrastructure costs and allows for development to occur in the portions of the site designated MDR where market demand is perceived to be the greatest.

Went under contract for $7MM to Portland developer with DR Horton “in their pocket” in the back end. Once they got to the 3rd or 4th extension. Bank wanted to offer a “buy it now” price, as the bank wanted to clear this off their books. Buyers paid for master planning to get 330 residential lots plus the multifamily. Eliminated as much of the commercial land as they could. Carved out 13 acres of commercial for a school site use. City allowed the 13 acres to be credited toward the open space allowance. That is part of the 100 acres.

3 - The buyers are planning on building approximately 800 residences on the 117 acre site and there will be a mix of single family homes, townhome duplexes, apartments, and a commercial development. There will also be space for a park on the property. There will be approximately 8 houses per acre. The single family homes are proposed to be similar to row houses with alleys and garage access at the rear of the house. The lot sizes will vary depending on the size of the structures but the row house lots are proposed to be 20 feet wide & 90 to 100 feet deep and duplex lots 30 feet wide by 90 feet deep. The property was being marketed for $16,000,000. The actual sale price of $10,650,000 was reflective of the significant required improvements. The property was in contract for over one year getting the zoning and initial city approvals in place.117.9 total acres made up of 2 large tracts separated by a 3.25 acre abandoned rail parcel which is currently owned by unrelated third parties. 71.85 acres to the north are zoned Single Family, 24.52 of the south acres are zoned Multi-Family, 19.93 acres on the corner of State and Cordon are zoned Commercial/Retail.

4 - The sale was off-market and purchased by builder for residential subdivision. The site is zoned R4 & R5.

5 - Sale of former Christian University campus to developer. There were approximately 75,000 SF in total improvements. The buyer retained a 7,000 SF building that is now leased to NW Christian University. The buyer valued this building at $600,000. The remaining buildings were demolished. There were also 12 rental houses that were valued at approximately $100,000 each. The property was off-market. The buyer made an offer based on land value at $1.1 million or $0.66/SF. The buyer has now platted 64 single-family lots that will be developed in the future. Demolition costs were reportedly $300,000 for the large building and there were a significant number of smaller buildings that were demolished at an estimated cost of $200,000. The effective sale price is adjusted downward by $1.6 million for the contributory value of the site less existing improvements.
COMPARABLE LAND SALES MAP
LAND SALES COMPARABLE PHOTOS

Land Sale Comparable #1

Land Sale Comparable #2

Land Sale Comparable #3

Land Sale Comparable #4

Land Sale Comparable #5
DISCUSSION OF ADJUSTMENTS

The adjustment process is typically applied through either quantitative or qualitative analysis. Unless otherwise noted, adjustments presented in our analysis represent numeric expressions of our opinion of the degree to which a comparable is superior or inferior to the subject. Our qualitative adjustments are based on 5% increments with a minor adjustment (for a slightly superior or slightly inferior characteristic) considered to be 5% and a large adjustment (for a significantly superior or inferior characteristic) considered to be 25% or greater.

EXPENDITURES IMMEDIATELY AFTER SALE

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

Similar to the subject, some of the land sales had existing improvements at the time of sale that were or will be demolished for redevelopment. The demolition costs are considered a nominal line item in the scope of a large-scale redevelopment, and developers typically factor demolition costs into their site costs and consider them separately from acquisition costs. Therefore, no adjustments have been made.

MARKET CONDITIONS

The sales included in this analysis transacted between May-17 and Nov-20. Market conditions have generally been improving for all types of real estate including bare land through this period. The comparable sales received an upward market conditions adjustment.

PROPERTY ADJUSTMENTS

LOCATION

The appeal of a property’s location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

Sale 1 was adjusted downward for its superior location in the Bend market, where values are higher. Sale 2 is considered to have a generally similar location quality to the subject on the edge of Springfield in a predominantly commercial/industrial area. Sale 3 is considered to have a slightly superior location within Salem, north of the subject at the intersection of State Street and Cordon Road. Sale 4 was adjusted downward for its slightly superior location in Redmond. The Redmond area has benefitted from Bend’s explosive growth and is experiencing strong demand, pushing values slightly higher in comparison to the subject’s area. Sale 5 is located on the northern edge of Salem in an area that also has an agricultural setting. This location was considered to be similar and was not adjusted.

SITE SIZE (Ac)

Size and pricing typically have an inverse relationship, whereby larger sites tend to achieve lower pricing on a per-acre basis. This is attributable to economies of scale, as well as the narrower pool of prospective buyers for a larger property.
Sale 1 was adjusted upward for its larger size. Sales 4 and 5 were adjusted downward for their smaller size. Sales 2 and 3 were considered to be generally similar in size and were not adjusted.

**ZONING / INTENDED USE**

The value of vacant land is largely contingent upon its potential use. This factor considers the uses permitted by the applicable development standards, per the subject's zoning designation. The maximum density to which a property can be developed typically impacts total value positively; however, depending upon property type, location, and type of construction higher permitted densities can have an inverse relationship to pricing on a per-unit or per-square-foot basis.

The subject is located within Salem City limits but is zoned PH (Public Health). This will need to be changed to allow for any of the most likely types of development on the site (multifamily, residential, or commercial). According to the City of Salem planning department, the site would be suitable for a future master-planned development and a zoning change from the current PH (Public Health) zone is likely.

The majority of Sale 1 is zoned UA (Urbanizable Area) located outside of the Bend City limits and will take additional time and money to annex into the City. This sale was adjusted upward for its inferior zoning.

Sale 2 is zoned Medium Density Residential and Medium Density Commercial. This zoning is considered to be superior to the subject at the current time and the sale was adjusted downward.

Sale 3 is zoned single-family, multifamily, and commercial/retail. This zoning is considered to be superior to the subject at the current time and the sale was adjusted downward.

Sale 4 was adjusted downward for its superior single-family zoning / intended use as a subdivision.

Sale 5 is zoned Medium Density Residential and was adjusted downward for its superior zoning.

**SHAPE / CONFIGURATION**

The configuration, shape, dimensions and depth of a site determine its developability and overall utility. These factors can impact development costs, usable area of the site, and thereby, achievable pricing. The subject site is comprised of a single parcel.

The subject’s potentially buildable areas are not contiguous areas as they are separated by the economic site supporting the existing structures to remain (main correctional facility building). All of the comparables are contiguous areas that are considered superior to the subject and were adjusted downward.

**ACCESS / VISIBILITY**

Adjustments for access/visibility allow for differences in accessibility to adjacent/nearby roadways, railways and/or waterways. Sites with visibility and exposure to heavier travelled thoroughfares normally command a premium over similar sites along tertiary thoroughfares.

All of the comparables were considered similar to the subject and no adjustments were required for this category.
**Topography**

Topography characteristics can influence pricing, as sites with more radical elevation changes typically increase site preparation/development costs when compared to a level site.

The subject site has areas of sloping topography particularly in the “Hog Hill” area, which may constrain development in some areas. All of the comparables were considered to have more level topography, which is considered to have fewer constraints on development. The comparables received downward adjustments.

**Flood Plain**

The prices of properties located within flood prone areas tend to be proportionately less than otherwise similar parcels not adversely affected by flood plain locations. This is due to the increased development costs associated with alleviating the problem as well as the fact that portions of the site may not be able to be developed or higher expenses related to insurance for buildings located in flood prone areas.

This portion of the subject is not located in a flood plain. All of the comparables were considered similar to the subject and no adjustments were required for this category.
## CONCLUSION OF LAND VALUE

The comparable sales bracket the subject’s physical characteristics. Less weight is placed on Sale 1 due to its larger size and inferior zoning outside of City limits. Sales 2 and 3 appear to be the best indicators, with most weight on Sale 2 due to location quality. Sale 4 is a reasonable indicator after adjustments. Sale 5 is

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**Mill Creek Correctional Facility Appraisal**
a low indicator, as the improvements on the site contributed value which reduced the effective sales price of the land. Our value conclusion of the subject’s buildable site follows below.

### LAND VALUE CONCLUSION - POTENTIALLY BUILDABLE AREAS

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated Value per Acre</td>
<td>$55,000</td>
</tr>
<tr>
<td>Net Site Area (Ac) x 127.38</td>
<td>$7,005,900</td>
</tr>
<tr>
<td>Indicated Value</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>Rounded to nearest $50,000</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>Per Acre</td>
<td>$54,954</td>
</tr>
</tbody>
</table>

### CONTRIBUTORY VALUE OF “HOG HILL”

At the client’s request, we have provided a separate value for the “Hog Hill.” This area consists of 97.58 acres in the eastern portion of the subject property between streets Gath Rd SE and Turner Rd SE. This area has more sloping topography and is also the majority of the potentially buildable area of the subject site. Due to its topography, a lower value conclusion is warranted for this area.

We would expect that the contributory value of the other buildable areas would achieve higher than the average pricing due to size and exposure adjacent to the existing main building. Therefore, the contributory value of the “Hog Hill” is lower.

### LAND VALUE CONCLUSION - CONTRIBUTORY VALUE "HOG HILL"

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated Value per Acre</td>
<td>$50,000</td>
</tr>
<tr>
<td>Net Site Area (Ac) x 97.58</td>
<td>$4,879,000</td>
</tr>
<tr>
<td>Indicated Value</td>
<td>$4,900,000</td>
</tr>
<tr>
<td>Rounded to nearest $50,000</td>
<td>$4,900,000</td>
</tr>
<tr>
<td>Per Acre</td>
<td>$50,215</td>
</tr>
</tbody>
</table>
LAND VALUATION: AE FLOOD ZONE AND PASTURE AREA

As discussed in the highest and best use, we considered the value of the subject’s flood zoned land in two ways. Firstly we considered the sales of agricultural properties displaying similar characteristics to the subject, except zoning. We also considered the value of the site solely based on zoning and then deducted the cost to improve wetlands and discount for the unknown costs to remove the site from the flood zone.

Based on agricultural sales retained in our files, the lower value of the subject is attributed to the agricultural land. Therefore, we utilize the land value determined in the previous section and discount it for wetlands and the flood zone, as follows.

IMPROVING WETLANDS

The Mill Creek Corporate Center (MCCC) is to the southwest of the subject. The site was affected by 23 acres of wetlands which needed to be addressed prior to development. Based on discussions with parties involved in the project and related agencies, the developers had two options: Purchase wetlands from a wetland bank to permit the redevelopment of all the wetlands on the site, or agree to improve some onsite wetlands which would permit the development of the remaining site. In the end, the cheapest alternative was improving on-site land. The reported cost to complete was $18,500 per acre of wetlands on the property. However, the project required fill dirt which was secured for free from a nearby project. The cost of fill could not be estimated.

In the instance of the subject, fill dirt would likely be generated from the development on other portions of the property. Therefore, this would not be an additional cost to the subject. Therefore, we only apply the cost of $18,500 per acre to the subject wetlands which total 65 acres. This would result in a total cost of $1,200,000 (rounded).
FLOOD ZONE REMOVAL

We were unable to locate a cost comparable to remove a property from a flood zone designation. Therefore, as an alternative methodology, we considered a paired sale where the buyer was unsure how much of a site could be developed due to wetlands/flood zones. Instead, the property was purchased on speculation. We then compared that sale to others in the market which were not affected. From this we derive a discount rate for the unknown factors which would also apply to the subject.

Paired Sales Analysis

<table>
<thead>
<tr>
<th>No.</th>
<th>Property / Location</th>
<th>Date of Sale</th>
<th>Transaction Status</th>
<th>Site Size (SF)</th>
<th>Zoning</th>
<th>Cash Eqiv Sales Price</th>
<th>Price per SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>108th Ave. CC-MU Land</td>
<td>Nov-18</td>
<td>Closed</td>
<td>27,300</td>
<td>CC-MU, Commercial, mixed-use</td>
<td>$369,000</td>
<td>$13.52</td>
</tr>
<tr>
<td>2</td>
<td>Federal Way Land</td>
<td>Oct-18</td>
<td>Closed</td>
<td>25,585</td>
<td>CE, Commercial Enterprise</td>
<td>$565,000</td>
<td>$22.08</td>
</tr>
<tr>
<td>3</td>
<td>Washington Ave. GC-MU Site</td>
<td>Apr-18</td>
<td>Closed</td>
<td>23,087</td>
<td>CG-MU, General Commercial</td>
<td>$350,000</td>
<td>$15.16</td>
</tr>
<tr>
<td>4</td>
<td>ARCO Gas Station Site</td>
<td>Jul-17</td>
<td>Closed</td>
<td>59,821</td>
<td>NCC, Neighborhood Convenience Commercial</td>
<td>$1,100,000</td>
<td>$18.39</td>
</tr>
<tr>
<td>5</td>
<td>Kent-Kangley CC Site</td>
<td>Jul-17</td>
<td>Closed</td>
<td>21,796</td>
<td>CC, Community Commercial</td>
<td>$615,000</td>
<td>$28.22</td>
</tr>
<tr>
<td>6</td>
<td>116th Ave CC Site</td>
<td>Mar-17</td>
<td>Closed</td>
<td>83,994</td>
<td>CC, Community Commercial</td>
<td>$1,999,000</td>
<td>$23.80</td>
</tr>
</tbody>
</table>

In the table above, Sale 1 is affected by a creek which requires setbacks based on historic water levels, the type and quality of water, and the type of animal life living in it. The study occurs once development is proposed. At the time of sale, the buyer was unaware of what setbacks would be. There was an old home on the property and detached garage which the broker said had no value. The buyer kept them for rental income until such time the market would support redevelopment costs. The cost to demolish was estimated at $20,000, which results in a final value indication of $14.25 per square foot of gross site area.

The remaining sales have similar zoning as Sale 1 but were unaffected by buildings, wetlands, or significant setbacks. Based on their sale indications, they sold for 6%-52% higher than Sale 1. The comparables on average are 30% higher than Sale 1.

The lower level is set by Sale 2 which is in a shopping center but setback from the roadway. Overall, it was considered inferior as to location. The upper level is set by Sale 5 which is in a superior location.

Overall, the comparables bracket the Sale 1 in all features except wetlands. Due to this, a discount at the average indication is applicable, or 30%. This is applied to the gross value, before the cost of wetlands restoration is considered.
CONCLUSION OF LAND VALUE-FLOOD ZONE & PASTURE

The value of the site, with no impacts from wetlands or flood zones was previously determined to be $55,000 per acre. From this we deduct the cost to restore wetlands and the discount for the uncurtaining of the flood zone as follows. As a note, the value is only applied to the usable portions of the property, similar to the sale comparables.

<table>
<thead>
<tr>
<th>LAND VALUE CONCLUSION - FLOOD ZONE &amp; PASTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated Value per Acre</td>
</tr>
<tr>
<td>Net Site Area (Ac) x 210</td>
</tr>
<tr>
<td>Indicated Value</td>
</tr>
<tr>
<td>Less Wetland Restoration Costs ($1,200,000)</td>
</tr>
<tr>
<td>Less Flood Zone Discount 30% ($3,465,000)</td>
</tr>
<tr>
<td>Final Value Indication</td>
</tr>
<tr>
<td>Rounded to nearest $50,000</td>
</tr>
<tr>
<td>Per Acre</td>
</tr>
</tbody>
</table>

As a note, the presence of the lease on the property does not impact value as it will likely expire prior to development.
SALES COMPARISON APPROACH: IMPROVED SALES

METHODODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison
A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.

Search for Sales
Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.

Confirmation
All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm’s-length transactions.

Comparison
Each of the improved sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.

Reconciliation
Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.
**Comparable Improved Sales**

To apply the Sales Comparison Approach, we searched for sale transactions within the following parameters:

- Property Type: The ideal comparable property type is former correctional facilities. Although we were able to identify two comparable sales, very few correctional facilities transact on the open market. We also considered similar campus style buildings such as schools that also could have appeal to be re-purposed.
- Location: Most preference was given to Salem area. Other areas throughout Oregon were also considered.
- Size: 10,000 SF and up
- Age/Quality: Any
- Transaction Date: Since this is a specialized type of property there are fewer relevant transactions. We placed emphasis on current transactions but considered sales since 2014.

On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.
IMPROVED SALES MAP
### COMPARABLE IMPROVED SALES SUMMARY

<table>
<thead>
<tr>
<th>Comp No.</th>
<th>Property / Location</th>
<th>Date of Sale</th>
<th>Transaction Status</th>
<th>Property Rights</th>
<th>Year Built</th>
<th>Bldg. Size (SF Net)</th>
<th>Site Size (SF Gross)</th>
<th>Site Size (Acres)</th>
<th>Floor-Area Ratio</th>
<th>Sale Price PSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Former Hillcrest Youth Correctional Facility 2450 Strong Salem, OR</td>
<td>Contract</td>
<td>Contract</td>
<td>Fee Simple</td>
<td>1923</td>
<td>207,263</td>
<td>1,036,315</td>
<td>23.79</td>
<td>0.20</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Former Gearhart Elementary School 1002 Pacific Way Seaside, OR</td>
<td>Nov-20</td>
<td>Closed</td>
<td>Fee Simple</td>
<td>1948</td>
<td>31,666</td>
<td>232,610</td>
<td>5.34</td>
<td>0.14</td>
<td>$400,000</td>
</tr>
<tr>
<td>3</td>
<td>Former Lorane School 80304 Old Lorane Road Eugene, OR</td>
<td>Sep-19</td>
<td>Closed</td>
<td>Fee Simple</td>
<td>1930</td>
<td>23,000</td>
<td>179,032</td>
<td>4.11</td>
<td>0.13</td>
<td>$450,000</td>
</tr>
<tr>
<td>4</td>
<td>Former Wapato Jail 14355 North Bybee Lake Court Portland, OR</td>
<td>Apr-18</td>
<td>Closed</td>
<td>Fee Simple</td>
<td>2004</td>
<td>155,400</td>
<td>794,534</td>
<td>18.24</td>
<td>0.20</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>5</td>
<td>Former Northwest University Bethel Park 9250 Charity Avenue Northeast Brooks, OR</td>
<td>May-17</td>
<td>Closed</td>
<td>Fee Simple</td>
<td>1982</td>
<td>75,713</td>
<td>1,654,844</td>
<td>37.99</td>
<td>0.05</td>
<td>$2,900,000</td>
</tr>
<tr>
<td>6</td>
<td>Former Gates School 40151 Gates School Road Gates, OR</td>
<td>Sep-14</td>
<td>Closed</td>
<td>Fee Simple</td>
<td>1927</td>
<td>34,094</td>
<td>758,380</td>
<td>17.41</td>
<td>0.04</td>
<td>$550,000</td>
</tr>
</tbody>
</table>

| Subj. |  |  | Fee Simple | 1929 | 22,500 | 201,247 | 4.62 | 0.11 |  |
SALES COMPARISON APPROACH: IMPROVED SALES

COMMENTS

1 - The property was openly marketed for approximately six months at a price of $4,150,000 ($20/SF). The property was previously under contract, but the buyer was purchasing on a speculative basis and did not perform. The property is currently a pending sale with an effective sales price of $3,000,000 ($14.47/SF). The property is a pending sale to third-party Kehoe Northwest Properties for $2.6 million. The State of Oregon will lease the property back from Kehoe for 12 months for $25,000 per month or $300,000 total. The ultimate buyer (Oregon Behavioral Hospital LLC) will attain possession 12 months following the closing date. OBH will pay an additional $400,000; $300,000 of which will be used by Kehoe to pay the rent and $100,000 of which will be retained by Kehoe. The effective sale price to the ultimate buyer is $3,000,000.

2 - The property sold to a local Gearhart-based speculative investor. Current plans are unknown. According to the broker, the City was not receptive to other groups converting the buildings to office use. Buildings – the main building has classic large classrooms with a large central hallway featuring natural sunlight through counter top to ceiling glass windows. The four outer buildings are staged around the main building for specialty classrooms. Amenities – the campus offers workout facilities with a full gymnasium plus covered basketball courts outside. There is a baseball field, soccer field, softball field and two bark chipped outdoor play areas. The main building has administrative office, centralized heating and full function cafeteria.

3 - Former school located approximately 30 miles SW of Eugene. The buyer's plans are unknown.

4 - 4/20/18 Oregonian states that Marty Kehoe purchased the Wapato Jail which recorded 4/18/18 for $5M. Kehoe quoted as saying the building would eventually be torn down and the land used for commercial enterprises (warehouses).

5 - Sale of former Christian University campus to developer. There were approximately 75,000 SF in total improvements. The buyer retained a 7,000 SF building that is now leased to NW Christian University. The buyer valued this building at $600,000. The remaining buildings were demolished. There were also 12 rental houses that were valued at approximately $100,000 each. The property was off-market. The buyer made an offer based on land value at $1.1 million or $0.66/SF. The buyer has now platted 64 single-family lots that will be developed in the future. Demolition costs were reportedly $300,000 for the large building and there were a significant number of smaller buildings that were demolished at an estimated cost of $200,000.

6 - The seller was the school district and the property closed in 2012. The buyer, Upward Bound Camp for Persons with Special Needs, has opened a year-round training facility at the property.
**Improved Sales Comparable Photos**

Improved Sales Comparable #1

Improved Sales Comparable #2

Improved Sales Comparable #3

Improved Sales Comparable #4

Improved Sales Comparable #5

Improved Sales Comparable #6
ADJUSTMENT PROCESS

The adjustment process is typically applied through either quantitative or qualitative analysis. Unless otherwise noted, adjustments presented in our analysis represent numeric expressions of our opinion of the degree to which a comparable is superior or inferior to the subject. Our qualitative adjustments are based on 5% increments with a minor adjustment (for a slightly superior or slightly inferior characteristic) considered to be 5% and a large adjustment (for a significantly superior or inferior characteristic) considered to be 25% or greater.

PROPERTY RIGHTS CONVEYED

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

FINANCING

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

TERMS/CONDITIONS OF SALE

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

EXPENDITURES AFTER SALE

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.
All of the comparables were considered similar to the subject and no adjustments were required for this category.

**Market Conditions**

This time-adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

Market conditions have been improving from the oldest date of sale through the effective date. The comparable sales received an upward market conditions adjustment.

**Location**

The appeal of a property’s location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

Sale 1 is located in close proximity to the subject and was not adjusted. Sales 2, 3, and 6 are located in small towns or rural settings where there would likely be fewer buyers of potential adaptive reuse properties. Sale 2 is located in the coastal community of Seaside and received a smaller upward adjustment. Sale 3 has a Eugene address, but is actually located 23 miles southwest in Lorane, a 35-minute, 23-mile drive from Eugene. Sale 6 is located in the small town of Gates, 36 miles east of Salem.

Sale 4 was adjusted downward for its superior location in Portland. Sale 5 is located in Brooks, just north of Salem.

**Property Size SF (Net)**

Normally, all other characteristics being equal, the unit value of a property is affected by its size. Building size and price per square foot typically have an inverse relationship. Larger buildings tend to achieve lower pricing on a per-unit basis due to their economies of scale, and smaller pool of prospective buyers.

Sales 1, 4, and 5 were adjusted upward for their larger size. All of the remaining comparables were considered to be generally similar in size and were not adjusted.

**Year Built/Condition**

The absolute physical/chronological age differences between properties can impact achievable pricing. This category may reflect such differences, irrespective of other related differences in property condition and/or effective age, which considers maintenance and renovations that have occurred since the property’s original construction date.

Sale 4 was adjusted downward for its newer age, superior condition. This property was completed in 2004 as a correctional facility and was never opened. All of the remaining comparables were considered similar to the subject and were not adjusted.
FLOOR AREA RATIO (FAR)

This represents the proportion of gross building area to land area. Properties with a lower floor area ratio are generally considered superior to those with a lower ratio due to the possibility for expansion, redevelopment, outside storage, parking, et cetera.

Sales 1 and 4 were adjusted upward for their higher (inferior) FAR. Sales 5 and 6 were adjusted downward for their lower (superior) FAR. Sales 2 and 3 were considered to have a generally similar FAR to the subject and were not adjusted.

FUNCTIONAL UTILITY

The layout and utility of the building(s).

Sale 1 was adjusted upward for its inferior utility. This property was a former correctional facility that was physically similar to a large high school campus with large grounds and multiple buildings. A limited number of these buildings could have space that may be convertible to office or educational use. However, there are fewer potential buyers/users for a campus-style property spread out to a large number of buildings.

Sale 5 was a former University that also had multiple buildings. However, according to the buyer, the property included 12 single-family homes that were able to be sold off separately. Therefore, this sale was adjusted downward for its superior functional utility.

The remaining sales were considered to have generally similar functional utility and were not adjusted.
The comparable sales bracket the subject’s physical and locational characteristics. Most weight is placed on Sales 1 and 4 as the two former correctional facility properties with supporting weight on Sales 2 and 3 due to size and FAR. Our conclusion via the Sales Comparison Approach is as follows.

### Conclusion of Sales Comparison Approach

The comparable sales bracket the subject’s physical and locational characteristics. Most weight is placed on Sales 1 and 4 as the two former correctional facility properties with supporting weight on Sales 2 and 3 due to size and FAR. Our conclusion via the Sales Comparison Approach is as follows.

### Value Conclusion - Existing Structure to Remain & Economic Site

<table>
<thead>
<tr>
<th>Indicated Value per SF</th>
<th>$30.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Area (SF)</td>
<td>x 22,500</td>
</tr>
<tr>
<td>Indicated As Is Value</td>
<td>$675,000</td>
</tr>
<tr>
<td>Rounded to nearest</td>
<td>$680,000</td>
</tr>
<tr>
<td>Per SF</td>
<td>$30.22</td>
</tr>
</tbody>
</table>

---

**Mill Creek Correctional Facility Appraisal**
RECONCILIATION AND FINAL VALUE

SUMMARY OF VALUE INDICATIONS

This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. The subject’s age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Furthermore, because the subject property is a specialized land use, it is not typically marketed, purchased or sold on the basis of anticipated lease income. Therefore, we have employed neither the Cost Approach nor the Income Capitalization Approach to develop an opinion of market value.

<table>
<thead>
<tr>
<th>VALUE INDICATIONS</th>
<th>As Is as of February 9, 2021</th>
<th>Not Developed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Conclusion - As Is</td>
<td>$12,480,000</td>
<td>Per Acre</td>
</tr>
<tr>
<td>Exposure Time</td>
<td>12-24 months</td>
<td></td>
</tr>
<tr>
<td>Marketing Time</td>
<td>12-24 months</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As Is as of February 9, 2021</th>
<th>Not Developed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Conclusion - Contributory Value of Hog Hill</td>
<td>$4,900,000 $50,215 Per Acre</td>
</tr>
<tr>
<td>Exposure Time</td>
<td>12-24 months</td>
</tr>
<tr>
<td>Marketing Time</td>
<td>12-24 months</td>
</tr>
</tbody>
</table>

| Value Conclusion - Contributory Value of Main Building and Economic Site | $680,000 $30.22 Per Square Foot (NRA) |
|-----------------------------|--------------------------------|---------------|
| Exposure Time | 12-24 months | |
| Marketing Time | 12-24 months | |

| Contributory Value Of Flood Zone & Pasture Land as of February 9, 2021 | |
|-----------------------------|--------------------------------|---------------|
| Value Conclusion - Contributory Value Of Flood Zone & Pasture Land | $6,900,000 $32,857 Per Acre |
| Exposure Time | 12-24 months | |
| Marketing Time | 12-24 months | |

FINAL OPINION(S) OF VALUE

Based on the inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

<table>
<thead>
<tr>
<th>MARKET VALUE CONCLUSION(S)</th>
<th>Appraisal Premise</th>
<th>Interest Appraised</th>
<th>Date of Value</th>
<th>Value Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value - As Is</td>
<td>Fee Simple</td>
<td>February 9, 2021</td>
<td>$12,480,000</td>
<td></td>
</tr>
<tr>
<td>Market Value - Contributory Value of Hog Hill</td>
<td>Fee Simple</td>
<td>February 9, 2021</td>
<td>$4,900,000</td>
<td></td>
</tr>
<tr>
<td>Market Value - Contributory Value of Main Building and Economic Site</td>
<td>Fee Simple</td>
<td>February 9, 2021</td>
<td>$680,000</td>
<td></td>
</tr>
<tr>
<td>Market Value - Contributory Value of Flood Zone &amp; Pasture Land</td>
<td>Leased Fee</td>
<td>February 9, 2021</td>
<td>$6,900,000</td>
<td></td>
</tr>
</tbody>
</table>

MARKETING TIME AND EXPOSURE TIME

We believe the concluded market value for the subject property is consistent with an anticipated marketing time and exposure time of 12-24 months. Our opinion of value is consistent with recent sales and the return parameters are considered adequate to generate investor interest in the property. Our
estimate is reasonably consistent with historic exposure times, and is considered a reasonable estimate of the exposure time for the subject.

Additionally, a time of 12-24 months is typically quoted as an adequate marketing time by area brokers, given proper pricing and an adequate commitment to marketing. Furthermore, market conditions are not expected to change dramatically in the short term, so a marketing time equal to the historic exposure time is considered a reasonable expectation. Based on these factors, our conclusion of 12-24 months for an adequate marketing time and exposure time is considered reasonable.
CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Oregon.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Owen Bartels, MAI has and Evan Abramowitz, MAI has and completed the continuing education program for Designated Members of the Appraisal Institute.
12. As of the date of this report, Sydni A. Nicolici has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
13. Owen Bartels, MAI has and Evan Abramowitz, MAI has and Sydni A. Nicolici has not made a personal inspection of the property that is the subject of this report.
14. Tyler Soo provided significant real property appraisal assistance to the person signing this certification.
15. Owen Bartels, MAI has not and Evan Abramowitz, MAI has not and Sydni A. Nicolici has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
Owen Bartels, MAI  
OR Certified General Appraiser  
License #: C000870  
503-478-1016  
obartels@bbgres.com

Evan Abramowitz, MAI  
OR Certified General Appraiser  
License #: C001272  
360-975-4919  
eabramowitz@bbgres.com

Sydni A. Nicolici  
OR Certified General Appraiser  
License #: C001356  
503-478-1011  
snicolici@bbgres.com
This appraisal report has been made with the following general assumptions:

1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property’s compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:

a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser’s staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.

b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.

d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.

e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.

f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity
with e various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.

h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.

i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser’s inspection.

j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.

k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.

l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client’s own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.

m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.

2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.

4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.

5) The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalided by any other application.

6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.’s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.

9) If the appraisal report has been prepared in a so-called “public non-disclosure” state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a “non-disclosure” state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.

11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
BBG OVERVIEW

BBG is one of the nation’s largest real estate due diligence firms with more than 35 offices across the country serving more than 2,700 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients’ needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

THE BBG DIFFERENCE

National Footprint. BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

Customer-focused Growth. BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

Qualified Team. Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

Unbiased Independence. By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

Innovative Technology. BBG has made significant analytics and IT investments to continually improve our data and report quality.

SERVICES

Valuation
+ Single Asset Valuation
+ Portfolio Valuation
+ Institutional Asset Valuation
+ Appraisal Review
+ Appraisal Management
+ Lease and Cost Analysis
+ Insurance Valuation
+ Arbitration & Consulting
+ Feasibility Studies
+ Highest and Best Use Studies
+ Evaluation
+ Investment analysis
+ Tax appeals
+ Litigation Support

Advisory
+ ASC 805 Business combinations
+ ASC 840 Leases
+ Purchase Price Allocations
+ Portfolio Valuations for reporting net asset values (NAV)
+ Public and non-traded REIT valuations
+ Valuations for litigation and litigation support
+ Sale-leaseback valuation analysis
+ Valuations for bankruptcy/fresh start accounting
+ Cost segregation analysis

Assessment
+ Environmental due diligence
+ Property condition consulting
+ Small loan services
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+ Environmental consulting
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GLOSSARY
Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. ¹

Asset: 1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner’s business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. ²

Capital Expenditure: Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period’s operations. ¹

Cash Equivalency: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.¹

Client: 1. The individual, group, or entity who engages a valuer to perform a service (USPAP)
2. The party or parties who engage, by employment or contract, an appraiser in a specific assignment. Comment: The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent (USPAP, 2016-17-ed).
3. Generally the party or parties ordering the appraisal report. It does not matter who pays for the work (CUSPAP, 2014-ed).³

Condominium Ownership: A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real property.³

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. ¹

Credible: 1. Worthy of belief, supported by analysis of relevant information. Creditability is always measured in the context of intended use. (SVP)
2. Worthy of belief. Comment: Creditable assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use. (USPAP, 2016-2017-ed.).³

Deferred Maintenance: Needed repairs or replacement of items that should have taken place during the course of normal maintenance. ¹

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeable. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms. ¹

Economic Life: The period over which improvements to real property contribute to property value. ¹

Effective Date: 1) The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect.¹

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income. ³

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. ¹

Exposure Time: 1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market (USPAP 2016-2017 ed).³

Extraordinary Assumptions: An assumption, directly related to a specific assignment, as of the effective date of the assignent results, which, if found to be false, could alter the appraiser’s opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property, or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed). ¹

Fair Market Value: In nontechnical usage, a term that is equivalent to the contemporary usage of market value. ¹

Fair Share: That portion of total market supply accounted for by a subject property. For example, a 100-key hotel in 1,000-key market has a fair share of 10%. ¹

Fair Value: 1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).³

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. ¹

Going-Concern Value: 1) 73. An established and operating business having an indefinite future life. 2) 74. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.

Gross Building Area (GBA): 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) 16. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. ¹
Highest and Best Use: 1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset’s existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS). 3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) 1

Hypothetical Condition: 1) 117. A condition that is presumed to be true when it is known to be false. (SVP). 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) 1

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income. 1

Insurable Value: A type of value for insurance purposes. 1

Intangible Assets: 1) A nonmonetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner. (IVS). 2) A nonphysical asset such as a franchise, trademark, patent, copyright, goodwill, equity, mineral right, security, and contract (as distinguished from physical assets) that grant rights and privileges, and have value for the owner. (ASA). 3) An identifiable nonmonetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. [IAS 38.8] Thus, the three critical attributes of an intangible asset are: identifiability, control (power to obtain benefits from the asset), future economic benefits (such as revenues or reduced future costs). (IAS 38) 1

Intangible property: Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP, 2016-2017 ed.) 1

Intended Use: 1) The valuer’s intent as to how the report will be used. (SVP) 2) The use or uses of an appraiser’s reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) 1

Intended User: 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) 1

Internal Rate of Return (“IRR”): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE), financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y). 1

Investment Value: 1) The value of a property to a particular investor or class of investors based on the investor’s specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS) 1

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. 1

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Liquidation Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms. 1

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area. 1

Load Factor = (Rentable Area – Useable Area) / Useable Area

Market Value: The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. 1

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client’s intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

- the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
- the terms of sale (e.g., cash, cash equivalent, or other terms); and
- the conditions of sale (e.g., exposure sure in a competitive market for a reasonable time prior to sale).
USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:
- Identifications of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and each acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34606, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)

5. The Uniform Standards for Federal Land Acquisitions defines market value as follows: Market value is the amount in cash, or on terms reason ably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Appraisal Standards for Federal Land Acquisitions) 1

**Market Value "As If Complete" On The Appraisal Date:**
Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

**Market Value "As Is" On The Appraisal Date:** Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

**Market Value of the Total Assets of the Business:** The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future. 4

**Marketing Time:** An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property Market Value Opinions” address the determination of reasonable exposure and marketing time.) 1, 3

**Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also lease. 1

**Net Rentable Area (NRA):** 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor. 5

**Penetration Ratio (Rate):** The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor. 1

**Prospective opinion of value.** A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. 1

**Reconciliation:** A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value. 1

**Reliable Measurement:** [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably. 2

**Remaining Economic Life:** The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation. 1

**Replacement Cost:** The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. 1

**Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.” 1

Glossary Page 3
**Sales Comparison Approach:** The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available. ^1

**Scope of Work:** 1) The type of data and the extent of research and analyses. (SVP). 2) The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016-2017 ed.) ^1

**Stabilized value:** A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

**Substitution:** The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based. ^1

**Total Assets of a Business:** Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

**Use Value:**
The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually. ^1

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LETTER OF ENGAGEMENT
January 21, 2021

Ms. Tracy L. Wilder  
Real Property Manager, Facilities Services 
Oregon Department of Corrections 
3601 State Street 
Salem, OR 97301 

Phone: 503.877.8229 
Email: tracy.l.wilder@doc.state.or.us 

RE: Appraisal Report arriving at a determination of Fair Market Value of Mill Creek Correctional Facility and Site (Correctional facility, barns (possibly historic structures), and surplus land), 5465 Turner Road SE, Salem, OR 97310 

Dear Ms. Wilder: 

We are pleased to submit this proposal and our Terms and Conditions for the Appraisal Report arriving at a determination of Fair Market Value of the above referenced real estate. 

PROPOSAL SPECIFICATIONS 

Valuation Premise: Form an opinion of the Fair Market Value of the property, according to its concluded Highest and Best Use, which may or may not include retention of the structures. The appraiser will consider whether partitioning the site into multiple saleable properties (such as the buildings separately from the balance of the land) is a likely outcome. 

As Is condition 

Property Rights Appraised: Fee Simple Interest 

Intended Use: Asset valuation in preparation for a declaration of surplus by the Department 

Intended Users: Oregon Department of Corrections and the State of Oregon Department of Administrative Services 

Scope of Work: All Applicable Approaches will be considered. At this time, the appraisers anticipate at least a sales comparison approach relating to the land and a separate approach for the structures on their economic or physically supporting site. 

Inspection: An interior inspection would be helpful, but not necessary if COVID-19 related restrictions interfere. A digital tour is also possible. 

Appraisal Standards: Uniform Standards of Professional Appraisal Practice (USPAP) and Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute
Report Type: Appraisal Report

Report Format: Narrative
Fee: $9,600
Retainer: None
Payment Terms: Balance is due and payable upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report.

Report Copies: 1 Draft PDF and 1 Final PDF
Delivery Date: no later than 6 weeks from engagement
Report Delivery Recipients: If any other person(s) are authorized to be included on delivery of the report, please include their information in the space below:
Name(s):
Email(s):

Acceptance Date: Date of Execution
Property Information Request: The following list of items will be needed within 2 days in order to meet the above referenced delivery date:
- Property Contact for Site Inspection (if not already provided)
- Capital Expenses Recently Completed & Anticipated
- Floor Plans, with dimensions if possible
- Legal Description
- Site Plan

The attached Terms and Conditions of the Engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such Terms and Conditions of the Engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the Terms and Conditions of the Engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.
We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

As Agent for BBG, Inc.

AGREED AND ACCEPTED

________________________________________
Client Signature

________________________________________
Date

Mill Creek Correctional Facility and Site (Correctional facility, barns (possibly historic structures), and surplus land), 5465 Turner Road SE, Salem, OR 97310
Terms and Limiting Conditions of the Engagement

The Terms and Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal Services Agreement and are incorporated fully therein, and shall apply to any appraisal reports, contract or orders into which they are incorporated.

A) Definitions. In the Terms and Conditions of the Engagement:

1. “BBG, Inc.” means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. “Appraiser” means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report.
3. “Appraisal Services Agreement” means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. “Client” means any party identified expressly as a client in an Appraisal Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. “Appraisal” means the appraisal or consulting report(s) prepared by BBG, Inc.

B) Venue and Jurisdiction

THIS APPRAISAL SERVICES AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC SUBSTANTIVE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION. IF ANY ACTION RELATING TO THIS APPRAISAL SERVICES AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS BROUGHT BY A PARTY HERETO AGAINST ANY OTHER PARTY HERETO, THE PREVAILING PARTY IN SUCH ACTION WILL BE ENTITLED TO RECOVER ALL REASONABLE EXPENSES RELATING THERETO (INCLUDING ATTORNEYS’ FEES AND EXPENSES) FROM THE NON-PREVAILING PARTY.

Each party to this Appraisal Services Agreement (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the state courts located in Dallas County, Texas (or, if but only if such court lacks jurisdiction, the United States District Court for the Northern District of Texas) for the purpose of any Action between any of the parties hereto arising in whole or in part under or in connection with this Appraisal Services Agreement, any Ancillary Agreement, or the Contemplated Transactions, (b) hereby waives and agrees not to assert any claim that he, she or it is not subject personally to the jurisdiction of the above-named courts or that any such Action brought in the above-named courts should be dismissed on grounds of forum non conveniens. Notwithstanding the foregoing, a party hereto may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by the above-named courts.

C) Limitations of Liability

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, this Appraisal, or any information or opinions contained therein, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the Appraisal was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective Appraisal unless the Appraisal was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect and hold BBG, Inc. harmless from and against all claims, damages, losses and expenses, including attorneys’ fees, expenses and costs, incurred upon investigating and defending any claim, action or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, the Appraisal, or any information or opinions contained therein.

Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to the Appraisal are representations made by them as employees and not as individuals. BBG, Inc.’s responsibility is limited to you a Client, and use of BBG, Inc.’s product by third parties shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client will be the end-user of, and can rely upon, the opinion and conclusions of BBG, Inc. for this Appraisal.

D) Confidentiality

The parties agree that (i) this Appraisal Services Agreement and the terms contained herein, (ii) valuation conclusions, (iii) the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof, and (iv) all information regarding the Site of whatever nature made available to either party by the other (including BBG, Inc.’s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the “Confidential Information”) shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent or affiliate thereof shall disclose the same to any third party without the written consent of other party and approval of Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal Services Agreement (and the terms contained
Terms and Limiting Conditions of the Engagement

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver’s license number and financial account numbers.

E) General Assumptions and Limiting Conditions
This appraisal report has been made with the following general assumptions:

1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property’s compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
   a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser’s staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
   b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
   c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
   d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
   e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
   f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of
Terms and Limiting Conditions of the Engagement

the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.

h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.

i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser’s inspection.

j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.

k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.

l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client’s own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.

m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.

2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
Terms and Limiting Conditions of the Engagement

4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.

5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

6) Any projections of income and expenses, including the resale time of resale, are not predictions of the future. Rather, they are BBG, Inc.’s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.

9) If the appraisal report has been prepared in a so-called “public non-disclosure” state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a “non-disclosure” state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.

11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
COMPARABLE LAND SALES
Stevens Rd Tract
Land
Sale Comparable #1

PROPERTY INFORMATION

PROPERTY TYPE
- Property #: 1102330
- Property Type: Land
- Property Use: Multi Family - Units

PROPERTY LOCATION
- Address: 21425 Stevens Road
- City, St., Zip: Bend, OR 97702
- County: Deschutes
- Tax Accounts: 151656

PROPERTY SIZE

<table>
<thead>
<tr>
<th>Gross</th>
<th>Net</th>
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</thead>
<tbody>
<tr>
<td>382.05 Acres (16,642,098 SF)</td>
<td>382.05 Acres (16,642,098 SF)</td>
</tr>
</tbody>
</table>

Land Area: 382.05 Acres (16,642,098 SF)
### SALE INFORMATION

<table>
<thead>
<tr>
<th>Consideration:</th>
<th>$22,000,000</th>
<th>Grantor: OR Dept of State Lands</th>
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<tr>
<td>Adjustments:</td>
<td>$0</td>
<td>Grantee: Lands Bend Corp</td>
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<tr>
<td>Cash Equivalent Price:</td>
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<tr>
<td>1st Mortgage:</td>
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<tr>
<td>2nd Mortgage:</td>
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<td>Record info:</td>
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<tr>
<td>Equity:</td>
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<tr>
<td>Sales Price ($/SF):</td>
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<tr>
<td>Sales Price/Acre:</td>
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### SALE ATTRIBUTES

**SALE TRANSACTION INFORMATION**

- **Verified On:** 2/15/2021
- **Verified By:** Cushman & Wakefield Press Release
- **Comments:** The property sold free of entitlements although the land is designated for development to a mix of residential, commercial, and industrial land uses within the City of Bend Comprehensive Plan. Located at 21425 Stevens Rd., the site is located adjacent to 27th St and Reed Market Rd, major arterial streets serving this part of Bend. Highways 20 and 97 are both conveniently located within a few miles, with downtown Bend also closely proximate. Approximately 369.9 acres of the site offering are zoned Urbanizable Area (UA) and will need to be annexed into the City as part of the project, while 12.15 acres are already within the City boundary and designated as Standard Density Residential (SDR).
## Property Information

### Property Type
- **Property #:** 1124447
- **Property Type:** Land
- **Property Use:** Multi Family - Units

### Property Location
- **Address:** Marcola Road @ 28th
- **City, St., Zip:** Springfield, OR 97477
- **County:** Lane
- **Tax Accounts:** 1517653

### Property Size

<table>
<thead>
<tr>
<th>Gross</th>
<th>Net</th>
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<tbody>
<tr>
<td>Land Area: 100.38 Acres (4,372,553 SF)</td>
<td>100.38 Acres (4,372,553 SF)</td>
</tr>
</tbody>
</table>

### Property Comments

**General:** 100.38 acre site (±4,372,553 sq ft) zoned:
- ±54.78 Acres of Medium Density Residential
- ±45.6 Acres of Mixed Use Commercial
Marcola Meadows MDR Site

SALE INFORMATION

<table>
<thead>
<tr>
<th>Consideration:</th>
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<th>Grantor: MidFirst Bank</th>
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<tr>
<td>Adjustments:</td>
<td>$0</td>
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SALE ATTRIBUTES

SALE TRANSACTION INFORMATION

Verified On: 2/25/2021
Verified By: David Holland, Evans, Elder, Brown
Comments: Purchased by large developer. The property was foreclosed on in 2008. Meadows was originally master planned for ±54.78 acres of Medium Density Residential, (MDR), ±26.00 acres of Mixed Use Commercial (MUC), and ±19.60 acres of Community Commercial (CC) in 2008. The market determined that changes were needed to the mix of residential/commercial and associated densities. In order to achieve such changes to the Master Plan, Type III land use and zoning map amendments were required for a desired end result of ±54.78 acres of MDR, ±45.60 acres of MUC and no CC. The MUC allows for an integration of both commercial and residential uses so the development can adapt to market demands as development of the property progresses. The amount of commercial space was reduced considerably to the minimum percentage required of the MUC portions, which allows the developers to construct the residential portions independent of the commercial portions. The revisions to the Master Plan also amended the phasing of the street and utility infrastructure to allow the residential portions on the north portions of the site to be developed independent of having to build infrastructure on the southern portion of the site. This reduces the up front infrastructure costs and allows for development to occur in the portions of the site designated MDR where market demand is perceived to be the greatest.
Went under contract for $7MM to Portland developer with DR Horton “in their pocket” in the back end. Once they got to the 3rd or 4th extension. Bank wanted to offer a “buy it now” price, as the bank wanted to clear this off their books. Buyers paid for master planning to get 330 residential lots plus the multifamily. Eliminated as much of the commercial land as they could. Carved out 13 acres of commercial for a school site use. City allowed the 13 acres to be credited toward the open space allowance. That is part of the 100 acres.
PROPERTY INFORMATION

PROPERTY TYPE

- Property #: 1004291
- Property Type: Land
- Property Use: Master Planned Community

PROPERTY LOCATION

- Address: State Street / Cordon Road
- City, St., Zip: Salem, OR 97317
- County: Marion
- Tax Accounts: R22507, R23932, R23955, R23957, R23963, R336299, R346188

PROPERTY SIZE

<table>
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<td>Land Area: 117.90 Acres (5,135,724 SF)</td>
<td>117.90 Acres (5,135,724 SF)</td>
</tr>
</tbody>
</table>

PROPERTY COMMENTS

General: 117.9 total acres made up of 2 large tracts separated by a 3.25 acre abandoned rail parcel which is currently owned by unrelated third parties. 71.85 acres to the north are zoned Single Family, 24.52 of the south acres are zoned Multi-Family, 19.93 acres on the corner of State and Cordon are zoned Commercial/Retail.
**SALE INFORMATION**

<table>
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<tr>
<th>Consideration:</th>
<th>$10,650,000</th>
<th>Grantor: Pictsweet Farms</th>
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<tr>
<td>Adjustments:</td>
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<td>Grantee: I &amp; E Construction</td>
</tr>
<tr>
<td><strong>Cash Equivalent Price:</strong></td>
<td><strong>$10,650,000</strong></td>
<td>Date of Sale: 08-15-19</td>
</tr>
<tr>
<td>1st Mortgage:</td>
<td>$0</td>
<td>Sale Status: Closed</td>
</tr>
<tr>
<td>2nd Mortgage:</td>
<td>$0</td>
<td><strong>Record info:</strong></td>
</tr>
<tr>
<td>Equity:</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Sales Price ($/SF):</td>
<td>$2.07</td>
<td></td>
</tr>
<tr>
<td>Sales Price/Acre:</td>
<td>$90,331</td>
<td></td>
</tr>
</tbody>
</table>

**SALE ATTRIBUTES**

**SALE TRANSACTION INFORMATION**

Verified On: 9/21/2020  
Verified By: Costar  
Comments: The buyers are planning on building approximately 800 residences on the 117 acre site and there will be a mix of single family homes, townhome duplexes, apartments, and a commercial development. There will also be space for a park on the property. There will be approximately 8 houses per acre. The single family homes are proposed to be similar to row houses with alleys and garage access at the rear of the house. The lot sizes will vary depending on the size of the structures but the row house lots are proposed to be 20 feet wide & 90 to 100 feet deep and duplex lots 30 feet wide by 90 feet deep. The property was being marketed for $16,000,000. The actual sale price of $10,650,000 was reflective of the significant required improvements. The property was in contract for over one year getting the zoning and initial city approvals in place. 117.9 total acres made up of 2 large tracts separated by a 3.25 acre abandoned rail parcel which is currently owned by unrelated third parties. 71.85 acres to the north are zoned Single Family, 24.52 of the south acres are zoned Multi-Family, 19.93 acres on the corner of State and Cordon are zoned Commercial/Retail.
Dry Canyon Subdivision Site (R4 / R5)

**Property Information**

- **Address:** 2966 Northwest Northwest Way
- **City, St., Zip:** Redmond, OR 97756
- **County:** Deschutes
- **Tax Accounts:** Taxlots: 1513050000100, 1513050000105, 1513050000401
- **Legal Description:**

**Property Size**

<table>
<thead>
<tr>
<th></th>
<th>Gross</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Area</td>
<td>61.14 Acres (2,663,258 SF)</td>
<td>61.14 Acres (2,663,258 SF)</td>
</tr>
</tbody>
</table>

**Sale Information**

- **Consideration:** $5,520,600
- **Grantor:** Vollertsen Living Trust
- **Grantee:** Dry Canyon NW LLC
- **Date of Sale:** 08-03-18
- **Sale Status:** Closed
- **Cash Equivalent Price:** $5,520,600
- **1st Mortgage:** $0
- **2nd Mortgage:** $0
- **Equity:** $0
- **Sales Price ($/SF):** $2.07
- **Sales Price/Acre:** $90,294
- **Record info:**

**Sale Attributes**

- **Verified On:** 4/22/2020
- **Verified By:** COAR

**Sale Transaction Information**

- **Comments:** The sale was off-market and purchased by builder for residential subdivision. The site is zoned R4 & R5.
PROPERTY INFORMATION

PROPERTY TYPE

<table>
<thead>
<tr>
<th>Property #:</th>
<th>670049</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Type:</td>
<td>Land</td>
</tr>
<tr>
<td>Property Use:</td>
<td>Residential Subdivision</td>
</tr>
</tbody>
</table>

PROPERTY LOCATION

- **Address:** 9250 Charity Ave NE
- **City, St., Zip:** Salem, OR 97305
- **County:** Marion
- **Tax Accounts:** R332641, R351551, R351550
- **Legal Description:** R332641, R351551, R351550

PROPERTY SIZE

<table>
<thead>
<tr>
<th>Gross</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Area:</td>
<td>37.99 Acres (1,654,844 SF)</td>
</tr>
<tr>
<td>Building Area:</td>
<td>75,713 SF</td>
</tr>
<tr>
<td>Land/ Building Ratio:</td>
<td>21.86 : 1</td>
</tr>
</tbody>
</table>

PROPERTY COMMENTS

**General:** Property consists of Northwest University campus with many buildings. The site was purchased by a developer.
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration</td>
<td>$2,900,000</td>
<td>Grantor: Assemblies of God</td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td>($1,800,000)</td>
<td>Grantee: West Coast Home Solutions</td>
<td></td>
</tr>
<tr>
<td>Cash Equivalent Price</td>
<td>$1,100,000</td>
<td>Date of Sale: 05-26-17</td>
<td></td>
</tr>
<tr>
<td>1st Mortgage</td>
<td>$0</td>
<td>Sale Status: Closed</td>
<td></td>
</tr>
<tr>
<td>2nd Mortgage</td>
<td>$0</td>
<td>Record info:</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Price ($/SF)</td>
<td>$0.66</td>
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<td></td>
</tr>
<tr>
<td>Sales Price/Acre</td>
<td>$28,955</td>
<td></td>
<td></td>
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</table>

**SALE ATTRIBUTES**

**SALE TRANSACTION INFORMATION**

Verified On: 2/25/2021  
Verified By: Eugene Labunski, Buyer, 503-989-1613  
Comments: Sale of former Christian University campus to developer. There were approximately 75,000 SF in total improvements. The buyer retained a 7,000 SF building that is now leased to NW Christian University. The buyer valued this building at $600,000. The remaining buildings were demolished. There were also 12 rental houses that were valued at approximately $100,000 each. The property was off-market. The buyer made an offer based on land value at $1.1 million or $0.66/SF. The buyer has now platted 64 single-family lots that will be developed in the future. Demolition costs were reportedly $300,000 for the large building and there were a significant number of smaller buildings that were demolished at an estimated cost of $200,000. The effective sale price is adjusted downward by $1.6 million for the contributory value of the site less existing improvements.
COMPARABLE IMPROVED SALES
Former Hillcrest Youth Correctional Facility
Special
Sale Comparable #1

PROPERTY INFORMATION

PROPERTY TYPE
Property #: 669920
Property Type: Special
Property Use: (Unknown)

PROPERTY LOCATION
Address: 2450 Strong
City, St., Zip: Salem, OR 97302
County: Marion
Tax Accounts: R32243
Legal Description: R32243

PROPERTY SIZE

Gross Net

Land Area: 44.60 Acres (1,942,776 SF) 23.79 Acres (1,036,315 SF)
Building Area: 207,263 SF 207,263 SF
Land/ Building Ratio: 9.37 : 1

BUILDING ATTRIBUTES
Year of Construction: 1923
Quality: Average

PROPERTY COMMENTS

General: Youth correctional facility in Salem, OR.
### Sale Information

<table>
<thead>
<tr>
<th>Consideration:</th>
<th>$3,000,000</th>
<th>Grantor: Oregon Dept of Admin Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments:</td>
<td>$0</td>
<td>Grantee: Pending</td>
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<tr>
<td>Cash Equivalent Price:</td>
<td>$3,000,000</td>
<td>Date of Sale:</td>
</tr>
<tr>
<td>1st Mortgage:</td>
<td>$0</td>
<td>Sale Status: Under Contract</td>
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<tr>
<td>2nd Mortgage:</td>
<td>$0</td>
<td>Record info:</td>
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<tr>
<td>Equity:</td>
<td>$0</td>
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</tr>
<tr>
<td>Sales Price ($/SF):</td>
<td>$14.47</td>
<td></td>
</tr>
</tbody>
</table>

### Sale Attributes

Verified On: 2/15/2021  
Verified By: BBG Appraisal  
Comments: The property was openly marketed for approximately six months at a price of $4,150,000 ($20/SF). The property was previously under contract, but the buyer was purchasing on a speculative basis and did not perform. The property is currently a pending sale with an effective sales price of $3,000,000 ($14.47/SF). The property is a pending sale to third-party Kehoe Northwest Properties for $2.6 million. The State of Oregon will lease the property back from Kehoe for 12 months for $25,000 per month or $300,000 total. The ultimate buyer (Oregon Behavioral Hospital LLC) will attain possession 12 months following the closing date. OBH will pay an additional $400,000; $300,000 of which will be used by Kehoe to pay the rent and $100,000 of which will be retained by Kehoe. The effective sale price to the ultimate buyer is $3,000,000.
**PROPERTY INFORMATION**

<table>
<thead>
<tr>
<th>PROPERTY TYPE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property #:</td>
<td>1124457</td>
</tr>
<tr>
<td>Property Type:</td>
<td>Special</td>
</tr>
<tr>
<td>Property Use:</td>
<td>Specialty</td>
</tr>
</tbody>
</table>

**PROPERTY LOCATION**

| Address               | 1002 Pacific Way |
| City, St., Zip:       | Seaside, OR 97138 |
| County:               | Clatsop         |
| Tax Accounts:         | 9320            |

**PROPERTY SIZE**

<table>
<thead>
<tr>
<th></th>
<th>Gross</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Area:</td>
<td>5.34 Acres (232,610 SF)</td>
<td>5.34 Acres (232,610 SF)</td>
</tr>
<tr>
<td>Building Area:</td>
<td>31,666 SF</td>
<td>31,666 SF</td>
</tr>
<tr>
<td>Land/ Building Ratio:</td>
<td>7.35 : 1</td>
<td></td>
</tr>
</tbody>
</table>

**BUILDING ATTRIBUTES**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of Construction:</td>
<td>1948</td>
</tr>
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</table>
**SALE INFORMATION**

<table>
<thead>
<tr>
<th>Consideration:</th>
<th>$400,000</th>
<th>Grantor: Seaside School District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments:</td>
<td>$0</td>
<td>Grantee: Scof Gearhart LLC</td>
</tr>
<tr>
<td>Cash Equivalent Price:</td>
<td>$400,000</td>
<td>Date of Sale: 11-18-20</td>
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<td>1st Mortgage:</td>
<td>$0</td>
<td>Sale Status: Closed</td>
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<tr>
<td>2nd Mortgage:</td>
<td>$0</td>
<td>Record info:</td>
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<tr>
<td>Equity:</td>
<td>$0</td>
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<tr>
<td>Sales Price ($/SF):</td>
<td>$12.63</td>
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</tbody>
</table>

**SALE ATTRIBUTES**

**SALE TRANSACTION INFORMATION**

Verified On: 2/25/2021  
Verified By: Raymond Duchek, Norris & Stevens, 503-225-8492  
Comments: The property sold to a local Gearhart-based speculative investor. Current plans are unknown. According to the broker, the City was not receptive to other groups converting the buildings to office use. Buildings – the main building has classic large classrooms with a large central hallway featuring natural sunlight through counter top to ceiling glass windows. The four outer buildings are staged around the main building for specialty classrooms. Amenities – the campus offers workout facilities with a full gymnasium plus covered basketball courts outside. There is a baseball field, soccer field, softball field and two bark chipped outdoor play areas. The main building has administrative office, centralized heating and full function cafeteria.
**PROPERTY INFORMATION**

<table>
<thead>
<tr>
<th>PROPERTY TYPE</th>
</tr>
</thead>
</table>
| Property #:   | 1124459  
| Property Type:| Special  
| Property Use: | Public School (Grade, Middle, High)  

<table>
<thead>
<tr>
<th>PROPERTY LOCATION</th>
</tr>
</thead>
</table>
| Address:          | 80304 Old Lorane Road  
| City, St., Zip:   | Eugene, OR 97405  
| County:           | Lane  
| Tax Accounts:     | 0923324  

<table>
<thead>
<tr>
<th>PROPERTY SIZE</th>
</tr>
</thead>
</table>
| Land Area:    | 4.11 Acres (179,032 SF)  
| Building Area:| 23,000 SF  
| Land/ Building Ratio: | 7.78 : 1  

**BUILDING ATTRIBUTES**

| Year of Construction: | 1930  

**SALE INFORMATION**

| Consideration: | $450,000  
| Adjustments:   | $0  
| Cash Equivalent Price: | $450,000  
| 1st Mortgage: | $0  
| 2nd Mortgage: | $0  
| Equity: | $0  
| Sales Price ($/SF): | $19.57  

**SALE TRANSACTION INFORMATION**

Verified On: 2/25/2021  
Verified By: Costar  
Comments: Former school located approximately 30 miles SW of Eugene. The buyer's plans are unknown.
## PROPERTY INFORMATION

<table>
<thead>
<tr>
<th>PROPERTY INFORMATION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROPERTY TYPE</strong></td>
<td><strong>PROPERTY LOCATION</strong></td>
</tr>
<tr>
<td>Property #: 669072</td>
<td>Address: 14355 North Bybee Lake Court</td>
</tr>
<tr>
<td>Property Type: Special</td>
<td>City, St., Zip: Portland, OR 97203</td>
</tr>
<tr>
<td>Property Use: Correctional Facility</td>
<td>County: Multnomah</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>PROPERTY SIZE</strong></th>
<th><strong>BUILDING ATTRIBUTES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Area: 18.24 Acres (794,534 SF)</td>
<td>Year of Construction: 2004</td>
</tr>
<tr>
<td>Building Area: 155,400 SF</td>
<td></td>
</tr>
<tr>
<td>Land/ Building Ratio: 5.11 : 1</td>
<td></td>
</tr>
</tbody>
</table>

## PROPERTY COMMENTS

**General:** Never used jail includes a large industrial kitchen with a razor wire fence around the perimeter. Building has 525 beds. CBRE brokerage firm states building area of 155,400 SF in 2017.
### SALE INFORMATION

<table>
<thead>
<tr>
<th>Consideration:</th>
<th>$5,000,000</th>
<th>Grantor: Multnomah Co.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments:</td>
<td>$0</td>
<td>Grantee: Marty Kehoe</td>
</tr>
<tr>
<td>Cash Equivalent Price:</td>
<td>$5,000,000</td>
<td>Date of Sale: 04-18-18</td>
</tr>
<tr>
<td>1st Mortgage:</td>
<td>$0</td>
<td>Sale Status: Closed</td>
</tr>
<tr>
<td>2nd Mortgage:</td>
<td>$0</td>
<td>Record info: not yet avail.</td>
</tr>
<tr>
<td>Equity:</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Sales Price ($/SF):</td>
<td>$32.18</td>
<td></td>
</tr>
</tbody>
</table>

### SALE ATTRIBUTES

Verified On: 4/20/18
Verified By: Oregonian
Comments: 4/20/18 Oregonian states that Marty Kehoe purchased the Wapato Jail which recorded 4/18/18 for $5M. Kehoe quoted as saying the building would eventually be torn down and the land used for commercial enterprises (warehouses).
PROPERTY INFORMATION

PROPERTY TYPE
- Property #: 749908
- Property Type: Special
- Property Use: Private School/ College

PROPERTY LOCATION
- Address: 9250 Charity Avenue Northeast
- City, St., Zip: Brooks, OR 97305
- County: Marion
- Tax Accounts: R332641, R351551, R351550

PROPERTY SIZE

<table>
<thead>
<tr>
<th>Gross</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Area:</td>
<td></td>
</tr>
<tr>
<td>37.99 Acres</td>
<td>37.99 Acres</td>
</tr>
<tr>
<td>(1,654,844 SF)</td>
<td>(1,654,844 SF)</td>
</tr>
<tr>
<td>Building Area:</td>
<td>Building Area:</td>
</tr>
<tr>
<td>75,713 SF</td>
<td>75,713 SF</td>
</tr>
</tbody>
</table>

Land/Building Ratio: **21.86 : 1**

BUILDING ATTRIBUTES
- Year of Construction: **1982**
SALE INFORMATION

| Consideration: | $2,900,000 | Grantor: Assemblies of God |
| Adjustments:   | $0         | Grantee: West Coast Home Solutions |
| Cash Equivalent Price: | $2,900,000 | Date of Sale: 05-26-17 |
| 1st Mortgage: | $0         | Sale Status: Closed |
| 2nd Mortgage: | $0         | Record info: |
| Equity:       | $0         | |
| Sales Price ($/SF): | $38.30 | |

SALE ATTRIBUTES

Sale of former Christian University campus to developer. There were approximately 75,000 SF in total improvements. The buyer retained a 7,000 SF building that is now leased to NW Christian University. The buyer valued this building at $600,000. The remaining buildings were demolished. There were also 12 rental houses that were valued at approximately $100,000 each. The property was off-market. The buyer made an offer based on land value at $1.1 million or $0.66/SF. The buyer has now platted 64 single-family lots that will be developed in the future. Demolition costs were reportedly $300,000 for the large building and there were a significant number of smaller buildings that were demolished at an estimated cost of $200,000.
PROPERTY INFORMATION

PROPERTY TYPE

Property #: 670002
Property Type: Special
Property Use: Governmental/Institutional

PROPERTY LOCATION

Address: 40151 Gates School Road
City, St., Zip: Gates, OR 97346
County: Linn
Tax Accounts: 0016093

PROPERTY SIZE

<table>
<thead>
<tr>
<th>Gross</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Area: 17.41 Acres (758,380 SF)</td>
<td>17.41 Acres (758,380 SF)</td>
</tr>
<tr>
<td>Building Area: 34,094 SF</td>
<td>34,094 SF</td>
</tr>
<tr>
<td>Land/Building Ratio: 0.00 : 1</td>
<td></td>
</tr>
</tbody>
</table>

BUILDING ATTRIBUTES

Year of Construction: 1927

PROPERTY COMMENTS

General: Property is the former Gates Elementary School located just outside of a small town located near the Cascades Mountains in Linn County just off Highway 22.
**SALE INFORMATION**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration</td>
<td>$550,000</td>
</tr>
<tr>
<td>Adjustments</td>
<td>$0</td>
</tr>
<tr>
<td>Cash Equivalent Price</td>
<td>$550,000</td>
</tr>
<tr>
<td>1st Mortgage</td>
<td>$0</td>
</tr>
<tr>
<td>2nd Mortgage</td>
<td>$0</td>
</tr>
<tr>
<td>Equity</td>
<td>$0</td>
</tr>
<tr>
<td>Sales Price ($/SF)</td>
<td>$16.13</td>
</tr>
</tbody>
</table>

**Grantor:** Santiam School District  
**Grantee:** Upward Bound Camp for Persons with Special Needs  
**Date of Sale:** 09-15-14  
**Sale Status:** Closed

**SALE ATTRIBUTES**

**SALE TRANSACTION INFORMATION**

- **Verified On:**  
- **Verified By:**  
- **Comments:** The seller was the school district and the property closed in 2012. The buyer, Upward Bound Camp for Persons with Special Needs, has opened a year-round training facility at the property.
LEASES
GRAZING LEASE
4982

This grazing lease (the "Lease") is entered into as of March 1, 2014 (the "Commencement Date"), between the State of Oregon, acting by and through its Department of Corrections ("Lessor") and Thomas Creek Cattle Company ("Lessee"). Lessee and Lessor may be referred to individually in this lease agreement as "Party" and collectively as "Parties".

The Parties agree as follows:

1. **LEASE OF PREMISES AND EQUIPMENT.**

   (a) **Lease to Lessee.** Lessor hereby leases to Lessee that certain real property in Marion County, Oregon, as depicted in the attached Exhibit A Vicinity Map, and Exhibit B Map of the Premises. Property consists of 100 acres, more or less. This Lease is subject to all liens, encumbrances, covenants, conditions, restrictions, easements, reservations, rights, rights-of-way, and other matters of record.

   (b) **Roads and Appurtenant Facilities.** The Premises include the existing roads, buildings, structures, equipment and other improvements (the "Improvements") belonging to Lessor as shown and/or described in Exhibit B Map of the Premises and Exhibit C Description of Existing Structures and Equipment. All farm use structures are available for Lessee’s use.

2. **TERM.**

   The Term of this Lease is one year, beginning on March 1, 2014 (the "Commencement Date") and ending February 28, 2015, unless sooner terminated as hereinafter provided (the "Term").

   (a) **Option to Extend.** If Lessee is not in default, Lessee shall have the option to extend this Lease for up to eighteen (18) additional six (6) month extension terms. However, the total of all terms shall not exceed 10 years. Each extension term shall automatically begin on the day following the expiration of the immediately preceding term unless Lessor or Lessee terminates the Lease with notice delivered in writing not less than 45 days prior to the expiration of the preceding term. If so extended, all terms and conditions of this Lease, except as expressly amended, shall apply during the extension term.

3. **RENTAL.**

   Rent. As rent for the use of the Premises, The monthly rent for the initial term and the first two extension terms will be $400.00, the monthly rent for extension terms Number Three and Number Four will be $500.00. The monthly rent for each subsequent two terms, beginning with extension Number Five shall be increased 1.5%.

   (a) In lieu of rent for the initial term and the first two extensions, Lessee shall repair existing fences and install additional fencing as required to prevent grazing cattle from leaving the leased property or damaging the fencing surrounding the Lessor’s Firing Range and Obstacle Course, the Cemetery abutting Gath Road and the chain link fence surrounding the City’s property shown on Exhibit B. Rent payments after the first 24 months may be paid monthly by the 15th of the month, quarterly or in
lump sum as agreed to by the Parties. Rent will be considered late if not received within fifteen (15) days of the agreed upon due date. Lessor will inform Lessee of anticipated charges for each successive term 45 days prior to the start of the next lease term.

(b) **Rental Payments.** Rental Payments shall be made payable to the **Department of Corrections** and sent to the following address:

```
DOC Accounts Receivable  
2575 Center Street NE  
Salem, OR 97301-4667
```

(c) **Rent Inclusive of All Charges.** The Rent is intended to, at a minimum, reimburse Lessor for all costs of Lessor in connection with the Premises. Lessor shall promptly discharge and pay all such expenses when due.

(d) **Relocation or Moving Expenses.** Lessee is not entitled to any relocation benefits of any type for the moving or removal of any livestock, equipment, or feed, or any other cost of moving from the premises. Residential uses of any type are strictly prohibited, and no relocation benefits will be paid for any costs of moving from the premises. No benefits shall be paid for any costs associated with moving from or vacating the premises, including any type of subsidy for any other rental or purchase situation of the Lessee.

### 4. **CONDITION OF THE PREMISES.**

(a) **No Warranties of Lessor.**


(b) **Warranties of Lessee.** Lessee warrants to Lessor that it is knowledgeable of the condition of the Premises and is aware of no material defect or condition on or about the Premises which is or may be a danger or hazard to persons or property.
5. **CARE AND USE OF LAND.**

(a) **Use.** Lessee shall use the Premises exclusively for agricultural use, including pasturing and grazing of livestock. Lessee shall not use the Improvements for residential purposes. Lessee shall furnish such information as Lessor may request from time to time to assist Lessor in determining the maximum number of stock to be grazed, or to confirm or monitor the number of stock on the premises or previously on the premises.

(b) **Control of Weeds.** Lessee shall keep the Premises reasonably free and clean of noxious weeds and shall comply with all local and state laws with regard to them.

(c) **No Improvements without Lessor's Consent.** Lessee shall not make any changes, alterations, additions or improvements in, upon or about the Premises without the prior written consent of Lessor.

(d) **Maintenance and Repair.** Lessee shall maintain and repair all fences.

(e) **No Removal of Trees.** Lessee shall not cut, destroy or remove, any live or merchantable trees or timber that may be upon the Premises, except as may be required for safety. Lessee shall promptly inform Lessor of any trees creating a safety hazard and attend a joint review by Lessor and Lessee prior to removal of damaged trees.

(f) **Compliance with Laws and Land Restrictions.** Lessee shall comply with all laws, statutes, zoning restrictions, permits, ordinances, and requirements of any duly constituted public authority having jurisdiction over the Premises and all conditions, easements or restrictions now or hereafter encumbering the Premises. Lessee shall deliver to Lessor, within two business days after Lessee’s receipt, a copy of any notice received by Lessee from any governmental agency stating or advising that Lessee is not in compliance with any such law and shall describe the corrective action Lessee has taken or proposes to take to bring the noticed matter into compliance.

(g) **No Hunting.** Hunting shall not be permitted on the Premises. Lessee shall not be permitted to hunt or allow hunting on the property due to its location within the City limits.

(h) **No Nuisance.** Lessee shall not commit any public or private nuisance or any other act or thing which might or would disturb the quiet enjoyment of any occupant of nearby property or which might or would injure the reputation of the Premises.

(i) **Use of Agricultural Chemicals.** Lessee, at its sole cost and expense, shall comply with all laws relating to Lessee’s storage, application, use, removal, transportation, and disposal of pesticide or weed control chemicals, agricultural fertilizers and other chemicals (“Agricultural Chemicals”). In addition, if Lessee’s use of Agricultural Chemicals restricts or inhibits the use of the Premises or surrounding property for agricultural or grazing purposes after the expiration or termination of this Lease, then Lessee shall indemnify and hold Lessor harmless from all losses, damages, costs and expenses suffered because of the restriction or inhibition. Lessee shall maintain accurate and complete records of the type, amount, and location of Agricultural Chemicals used by Lessee on the Premises, which records must evidence Lessee’s compliance with all laws. Lessor may inspect such records at any time.
(j) **No Toxic Materials.** As used in this Lease, the term “Toxic Materials” means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of Oregon, or the United States Government, and which may, if improperly stored or used, pose a risk to health, safety, property or the environment. Lessee shall not permit or suffer placement, storage, disposal or discharge of any Toxic Materials on, under or at the Premises and Lessee shall not erect, emplace or maintain any tank, vessel or container designed or suitable for holding Toxic Materials on or about the Premises without the prior written consent of Lessor, which consent may be withheld, denied, or made subject to conditions in the sole discretion of Lessor. Lessee, at its sole cost and expense, shall comply with all laws, orders, permits, regulations, rules, ordinances or other governmental requirements relating to Lessee’s storage, discharge, application, use and disposal of Toxic Materials on, under, in or about the Premises.

(k) **Indemnification.** Lessee shall defend, indemnify, and hold Lessor harmless against all losses, liabilities, damages, injuries, costs, expenses, and claims arising as a direct or indirect result of Lessee’s violation of its obligations under this Section.

6. **LIENS.**

Lessee shall pay or cause to be paid all costs for work done by it or caused to be done by it on the Premises. Lessee shall keep the Premises free of all mechanics’ liens, agricultural liens and other liens on account of work done upon the Premises. If such liens are at any time filed against any part of the Premises, then Lessee shall either cause any such lien to be discharged within 30 days after it has been recorded or, if Lessee determines that the lien should be contested, shall furnish a bond or other security sufficient to ensure against any foreclosure of the lien against the Premises. If Lessee fails to furnish the bond or security, then, in addition to any other right or remedy of Lessor resulting from Lessee’s default, Lessor may discharge the lien either by paying the amount claimed to be due or by procuring the discharge of the lien by giving security or a bond or in such other manner as may be prescribed by law. Lessee shall reimburse Lessor, as additional rent, on demand, all sums disbursed or deposited by Lessor pursuant to this section, including all costs and expenses, and attorneys’ fees incurred by Lessor.

7. **RESERVATIONS.**

(a) **Right of Entry.** Lessee shall permit Lessor or Lessor’s agents to enter the Premises at any time, without prior notice, to inspect, monitor, take emergency or long-term remedial action, and discharge Lessee’s obligations hereunder when Lessee has failed to do so (with the costs to be reimbursed by Lessee).

(b) **Right to Commence Studies or Other Work on the Premises.** Lessor retains the right to enter the property at any time, without prior notice, to conduct studies of any type, to monitor and disturb the ground, to remove any buildings, to erect signs of any sort or to replace or remove the same, and to begin any work related to construction of Lessor’s facility or other service components, or for any other purpose as determined solely by the Lessor.

(c) **Mineral Rights.** Lessor reserves all oil, gas and other minerals and substances in and under the Premises and the right, without joinder of or consent by Lessee, to enter into oil or gas leases
affecting the Premises, or any part of them, and the rights of Lessee in the Premises are at all times subordinate to the rights of any lessee under any such lease.

(d) Dedication and Easements. Lessor reserves the right to dedicate or convey any portion of the Premises for utility, drainage, sewer, transmission line, or similar purposes, and from the date of dedication or conveyance that portion of the Premises so dedicated or so conveyed will no longer be affected by this Lease or be considered part of the Premises.

8. NONLIABILITY AND INDEMNIFICATION.

Lessee shall indemnify, defend and hold Lessor harmless from all claims asserted by third parties and arising from or related to Lessee’s use of the Premises, Lessee’s operations under this Lease, or Lessee’s breach of its obligations under this Lease, and from all costs, expenses and charges, including attorneys’ fees and court costs incurred by Lessor in connection with these claims. As a material part of the consideration to be rendered to Lessor, Lessee waives all claims against Lessor for damage to goods, fees, livestock or property, and for injuries to anyone, in or about the Premises from any cause arising at anytime.

9. OBLIGATIONS OF LESSEE.

Lessee shall pay for all charges for water used on the Premises.

10. INSURANCE.

(a) Liability Insurance. Lessee shall maintain in force for the joint benefit of Lessor and Lessee, at Lessee’s own expense and at all times during the Term of this Lease, a comprehensive general liability policy of public liability insurance in connection with Lessee’s operations under this Lease, by the terms of which Lessor is named as an additional insured and defended against all liability for any damage or injury to any property or persons (including death) arising out of or related to Lessee’s use of the Premises. The insurance policy or policies must be maintained in the minimum amount of $1,000,000.00, Combined Single Limit for damage to property and for bodily injury to or death of one person per any one occurrence. Lessee shall cause to be delivered to Lessor a certificate of insurance evidencing such insurance and containing an agreement to provide 30 days notice of cancellation to Lessor.

(b) Automobile Liability. Lessee shall secure and shall maintain throughout the Term of the Lease Automobile Liability insurance with a combined single limit of not less than $1,000,000, for bodily injury and property damage, including coverage for all owned, hired, or non-owned vehicles, as applicable. This coverage may be underwritten in combination with the Commercial General Liability Insurance.

(c) Certificates of Insurance: Lessee shall furnish to the Oregon Department of Corrections, Contracts Unit, 3601 State Street, Suite 280, Salem, OR 97301-5780 Certificates of Insurance as evidence of the insurance coverage required under this Lease. The certificates must provide that the insurance policies have been endorsed or amended to provide that the insurance companies must give 30 calendar day notices (without reservation) to Lessor if the applicable policy is to be canceled or
materially changed, or if the aggregate limits will be reduced. The certificates must state specifically that the insurance is provided under this Lease.

11. **ASSIGNMENT AND SUBLETTING.**

Lessee shall not encumber, assign, sublet or otherwise transfer this Lease or any right or interest under it without the prior written consent of Lessor.

12. **DEFAULT.**

The occurrence of any one or more of the following events is a default and a breach of this Lease by Lessee:

(a) **Failure to Pay Rent.** Lessee fails to pay any Rent or other sum due under this Lease within fifteen days after it is due and payable.

(b) **Failure to Perform Other Obligations.** Lessee fails to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease for a period of 30 days (or such shorter time as provided in this Lease) after notice from Lessor (unless the term, condition, covenant or obligation is required to be performed within a specified period of time without notice).

(c) **Appointment of a Receiver.** A trustee, disbursing agent, or receiver is appointed to take possession of substantially all of Lessee’s assets in, on or about the Premises or of Lessee’s interest under this Lease; or Lessee makes an assignment for the benefit of creditors, or substantially all of Lessee’s assets in, on or about the Premises or Lessee’s interests in this Lease are attached or levied upon under execution.

(d) **Bankruptcy.** A petition in bankruptcy, insolvency, or for protection from creditors, reorganization or rearrangement is filed by or against Lessee pursuant to any federal or state statute and, with respect to such petition filed against it, if Lessee fails to secure a stay or discharge thereof within 60 days after filing.

(e) **Assignment or Subletting.** Lessee may not assign, or sublet an interest in, the Premises, without the prior written consent of Lessor.

13. **REMEDIES.**

(a) **Lessor’s Remedies.** Upon occurrence of any event of default, Lessor has the following rights and remedies in addition to those allowed by law or in equity:

(i) **Termination of Lease.** Lessor may terminate this Lease and Lessee’s right to possession of the Premises, or

(ii) **Continue Lease in Effect.** Lessor may continue this Lease in full force and not terminate Lessee’s right to possession and enforce all of Lessor’s rights and remedies, including the right to recover rent as it becomes due under this Lease.
(b) Remedies Cumulative. All rights, options, and remedies of Lessor contained in this Lease are cumulative and not exclusive, and Lessor may pursue any one or all of such remedies, or any other remedy or relief which may be provided by law, whether or not stated in this Lease.

14. EARLY TERMINATION.

Lessor may terminate this Lease without cause as to all or any portion of the Premises prior to the natural expiration of the Term upon first giving Lessee advance written notice as follows:

(a) Of the Entire Lease. Lessor may terminate the entire Lease prior to the natural expiration of the Term upon first giving Lessee 90 days advance written notice.

(b) Of a Portion of the Premises. Lessor may reduce the size of the Premises, prior to the natural expiration of the Term upon first giving Lessee 30 days advance written notice. Upon receipt of notice, Tenant may elect to either terminate or continue the Lease; if Lessee elects to continue the Lease the Rent is to be reduced in proportion to the percentage of property useable for grazing removed from the original Premises.

(c) Unharvested Crops. If this Lease is terminated prior to the end of the Term, Lessee may harvest all planted but unharvested crops in the normal course of its operation. All Lessee obligations will continue during this period until the planted crops have been harvested and Lessee has surrendered the Premises. If there are planted and unharvested crops existing on the Premises at the time that either party gives notice of termination, Lessee will promptly provide Lessor with notice of such crops and its schedule to harvest the crops and surrender the Premises. During the period after termination and before Lessee has harvested such crops, Lessor may use the Premises providing such use does not interfere with Lessee's cultivation and harvesting of the existing crops. If Lessee is not provided the opportunity to harvest existing crops, then Lessor will negotiate a fair settlement with Lessor for reimbursement of the loss.

15. OBLIGATIONS UPON TERMINATION.

Upon the expiration or earlier termination of this Lease:

(a) Surrender. Lessee, without further notice, shall vacate and surrender to Lessor possession of the Premises together with all Improvements in as good a condition as when Lessee entered into possession of them, reasonable wear and tear expected.

(b) Lessee's Rights to Remove Personal Property. Lessee shall remove from the Premises all livestock and personal property belonging to Lessee.

16. HOLDING OVER.

Any holding over by Lessee after the expiration of the Term, or after the termination of this Lease by Lessor, is not a renewal or extension of this Lease. If Lessee remains in possession of the Premises with Lessor's consent after expiration or termination of the Term or after the date any notice given by Lessor to Lessee terminating this Lease, possession by Lessee will be deemed to be a month-
to-month tenancy subject to the terms of the Lease but excluding any right to extend the Term, with a portion of the Rent to be paid monthly, and is terminable by either party on 30 days’ notice at any time.

17. **NOTICES.**

Any notices required or permitted under this Lease must be provided to the other Party at the following addresses:

Lessee:  
**Thomas Creek Cattle Co**  
40595 Shimanek Bridge Drive  
Scio, OR 97374  
Phone: 503-991-6607  
c-mail: toddhunting@yahoo.com

Lessor:  
**Oregon Department of Corrections**  
Attn: Administrator  
Facilities Services  
3601 State Street  
Salem, OR 97301  
Phone: 503-934-1022  
e-mail: Troy.Bowser@doc.state.or.us

18. **MISCELLANEOUS PROVISIONS.**

(a) **Successors and Assigns.** Subject to the provisions restricting assignment and subletting, this Lease and the respective rights and obligations of the parties inure to the benefit of and are binding upon the successors and assigns of the parties as well as the parties themselves.

(b) **Interest.** Any sum due from Lessee to Lessor not paid when due will bear interest from the date due until the date paid at the rate equal to the greater of 12% per annum or, if lower, the maximum rate permitted by law.

(c) **Entire Agreement.** This Lease, together with its exhibits and attachments, constitutes the entire agreement between the parties pertaining to its subject matter, and is the final, complete, and exclusive expression of the terms and conditions of this Lease. All prior agreements, promises, representations, negotiations, and understandings of the parties, oral or written, express or implied, are hereby superseded and merged into this Lease.

(d) **Waiver.** No delay or omission by Lessor in the exercise of any right or remedy following a default by Lessee impairs the right or remedy, and may not be construed as a waiver. No waiver by Lessor of any default by Lessee under any of the covenants or conditions of this Lease may be construed or held to be a waiver of any succeeding or preceding default under the same or any other covenant or condition contained in the Lease. Any waiver by Lessor of any default must be in writing.

(e) **Interpretation.** This Lease is to be construed fairly as to all parties and not in favor of or against any party regardless of which party prepared this Lease. This Lease and the rights of the parties are to be interpreted in accordance with the laws of the State of Oregon. In the event of any dispute, the exclusive venue will be in a court of competent jurisdiction in Marion County, Oregon, and the parties agree to submit to the jurisdiction of such court.
(f) Amendment. No amendment or addition, modification of or alteration of any provision contained in this Lease is effective unless fully set forth in writing and executed by Lessor and Lessee.

LESSOR:  State of Oregon, acting by and through the Oregon Department of Corrections
2575 Center Street NE
Salem, Oregon 97301

By: ________________________________
Signature

By: Tamara L. Dohrman
Print Name

Title: Assistant Director
General Services Division

Date: 3/20/2014

LESSEE:

By: ________________________________
Signature

By: Todd Gilbernggel
Print Name

Title: Owner Thomas Creek Cattle Company

Date: 3-13-14

EXHIBITS:

EXHIBIT A – Vicinity Map

EXHIBIT B – Map of the Premises

EXHIBIT C – Description of Existing Structures
Exhibit C
Description of Existing Structures

The Existing Structures on the property include the former Corrections Slaughterhouse and multiple covered animal feeding structures.

The Corrections Slaughterhouse is specifically excluded from this lease.

Lessor makes the covered animal feeding structures available for use by the Lessee.
AMENDMENT 1
TO GRAZING LEASE 4982

This lease (the “Lease”) amendment is made between the State of Oregon, acting by and through its Department of Corrections (“Lessor”) and Thomas Creek Cattle Company (“Lessee”). The amendment shall be effective on the date it has been fully executed by all parties.

Lessee desires to increase the area of the Lease. The Lease is hereby amended as follows (new language is **bold and underlined** and deleted language is indicated by [brackets]):

1. Section 1(a) is hereby amended as follows:

   (a) **Lease to Lessee.** Lessor hereby leases to Lessee that certain real property in Marion County, Oregon, as depicted in [the attached] Exhibit A *Vicinity Map*, and Exhibit B *Map of the Premises*. Property consists of 100 acres, more or less. Lessor also hereby leases to Lessee that certain real property in Marion County, Oregon, as depicted in the attached Exhibit D *DOC Hog Hill Property*. Property consists of 105 acres, more or less. Exhibit D is attached hereto and hereby incorporated by reference. There is an existing cemetery located South of Building 6 (Exhibit E) that is excluded from the Leased area. This Lease is subject to all liens, encumbrances, covenants, conditions, restrictions, easements, reservations, rights, rights-of-way, and other matters of record.

2. Section 1(b) is hereby amended as follows:

   (b) **Roads and Appurtenant Facilities.** The Premises include the existing roads, buildings, structures, equipment and other improvements (the “Improvements”) belonging to Lessor as shown and/or described in Exhibit B *Map of the Premises*, [and] Exhibit C *Description of Existing Structures and Equipment and Exhibit E DOC Hog Hill Property – Building Designations*. Exhibit E is attached hereto and hereby incorporated by reference. All farm use structures in the original Lease are available for Lessee’s use and only Building #1 of the attached Exhibit E is available for Lessee’s use. Additional buildings may be available to the Lessee with written authorization from the Lessor.

3. Except as expressly amended above, all other terms and conditions of the original Lease are still in full force and effect. Lessee certifies that the representations and warranties contained in the original agreement are true and correct as of the effective date of this Amendment #1 and with the same effect as though made at the time of Amendment #1.
LESSOR:  
State of Oregon, acting by and through the Oregon Department of Corrections  
2575 Center Street, NE  
Salem, Oregon 97301  

By:  
Signature  

By:  
Print Name  

Title:  

Date:  
4-28-15  

LESSEE:  

By:  
Signature  

By:  
Print Name  

Title:  
Owner  

Date:  
7-18-15
AMENDMENT 02
GRAZING LEASE
Lease #4982

This lease (the “Lease”) amendment is made between the State of Oregon, acting by and through its Department of Corrections (“Lessor”) and Thomas Creek Cattle Company (“Lessee”). The amendment shall be effective on the date it has been fully executed by all parties.

In consideration of the mutual agreements contained herein, Lessor and Lessee agree that the Lease shall be amended as follows:

1. Section 2: TERM: is hereby deleted in its entirety and replace with the following:
   The Term of this Lease is for a total of ten (10) years, beginning on March 1, 2014 (the “Commencement Date”) and ending February 28, 2024, unless sooner terminated as hereinafter provided (the “Term”).
   (a) This Agreement shall become effective on the date of the last signature below. The term of the Agreement shall be perpetual, subject to the termination provisions within. Both Parties will review the Agreement every two years from the effective date of Agreement, to ensure all provisions and details remain current. ODOC will have an automated internal reminder system to prompt this review at designated intervals.

2. Section 3 and 3 (a): RENTAL: is hereby deleted in its entirety and replaced with the following:
   Rent. As rent for the use of the Premises, The yearly rent for 2014, 2015 and 2016 will be $4800 per year but in lieu of rent paid to Lessor, Lessee shall repair existing fences and install additional fencing as required to prevent grazing cattle from leaving the leased property or damaging the fencing surrounding the Lessor’s Firing Range and Obstacle Course, the Cemetery abutting Gath Road and the chain link fence surrounding the City’s property shown on Exhibit B.

   Lessor will invoice Leasee on February 1, 2017 covering the period of March 1, 2017 through February 28, 2018 in the amount of $6000 which will be due to Lessor by March 1, 2017.

   Each additional Lease year, Lessor will invoice Leasee on February 1 with payment due March 1 of that billable year covering the period of March 1 through February 28 of the year and payment amounts for future years will be as follows:

<table>
<thead>
<tr>
<th>Lease year &amp; Payment due March 1</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$6090</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$6181</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>$6273</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>$6367</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   Except as expressly amended or supplemented hereby, all other terms and conditions of the Lease shall remain in full force and effect.

This Lease Amendment shall not become effective nor be binding on ODOC until it has been executed, in the signature spaced provided below, by all parties to the Amendment.

ODOC: State of Oregon acting by and through its Department of Corrections
By: [Signature]
Date: 3/20/2017

Thomas Creek Cattle Company
By: [Signature]
Date: 3-15-17

Grazing Lease, Agreement 4982 (2)
THIS AGRICULTURAL LEASE (this “Lease”) is made on this 7th day of December, 2020 (the “Effective Date”), by and between the State of Oregon, acting by and through its Department of Corrections (“Lessor”), and Flat Tail Farms, LLC (“Lessee”). Lessor and Lessee are each a “Party” and together the “Parties.”

1. PREMISES

(a) On the terms and conditions of this Lease, Lessor hereby leases to Lessee approximately 210 acres of real property located in Salem Oregon, in Marion County (the “Premises”). The Premises are shown on Exhibit A.

(b) During the Term of this Lease (as defined in Section 2(a) below, Lessee will have the use of the following “Improvements” located on the Premises, for purposes related to Lessee’s use of the Premises as described in Section 5 below:

The non-exclusive use (in common with Lessor) of the pump houses and any irrigation equipment located on the Premises.

(c) The Premises address is:

5465 Turner Road SE
Salem, Oregon 97310

The Premises are located on portions of Tax Lot 082W170000400.

(d) This Lease is subject to any liens, encumbrances, covenants, conditions, restrictions, easements, reservations, rights, rights-of-way, and other matters of record affecting the Premises.

(e) Lessor may, in Lessor’s sole discretion, reduce the size of the Premises, with at least thirty (30) days’ notice to Lessee, and the Rent (as defined in Section 3(a) below) shall be proportionally reduced, effective upon the date of the reduction of the Premises. Lessee may terminate this Lease within thirty (30) days after delivery of such notice of reduction.
2. TERM

(a) Term. The term of this Lease (the “Term”) is five years, commencing on October 1, 2020 (the “Commencement Date”) and expiring on September 30, 2025 (the “Expiration Date”).

(b) Extension of Term. If there is not then any Lessee Default (as defined in Section 16(a) below), the Parties may agree to extend the Term of this Lease for an agreed-upon period, by an amendment signed by the Parties, pursuant to Section 21(e) below. If so extended, all terms and conditions of this Lease will apply during any extension term, except as expressly amended by the Parties.

3. RENT

(a) Rent. [Check as applicable]

X Annual Rent: Lessee will pay Lessor annual rent according to the rent table below (the “Rent”), payable in advance, every year on or before the anniversary of the Effective Date.

<table>
<thead>
<tr>
<th>Rent Table</th>
<th>Annual Rent</th>
<th>*Taxes</th>
<th>Total Annual Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>October 1, 2020 through September 30, 2021</strong></td>
<td>$ -</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>October 1, 2021 through September 30, 2022</td>
<td>$ 4,800.00</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>October 1, 2022 through September 30, 2023</td>
<td>$ 4,944.00</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>October 1, 2023 through September 30, 2024</td>
<td>$ 5,100.00</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>October 1, 2024 through September 30, 2025</td>
<td>$ 5,256.00</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

*Taxes to be determined by Marion County Assessor

**In lieu of rent during the first year of this lease, Lessee shall make improvements to the area identified as MC1 on Exhibit A. Improvements include but are not limited to building up the driveway at the entry of the property. Improvements will not obstruct any drainage systems on or around the property.

Monthly Rent: Lessee will pay Lessor monthly rent in the amount of $_____________ (the “Rent”), payable in advance, every month on or before tenth (10th) day of each calendar month.

(b) Address for Rent Payments. Rent will be made payable to the Oregon Department of Corrections and sent to the following address:

Department of Corrections
Accounts Receivable
2575 Center Street NE
Salem, Oregon 97301-4667
(c) **Taxes.**

*Taxes on Lessee’s Operations.* Lessee will pay when due any and all taxes arising from Lessee’s operations on the Premises.

*Property Taxes.* [Check as applicable]

X Lessee will reimburse Lessor for any and all property taxes levied against the Premises within thirty (30) days after delivery of an invoice from Lessor for same, in a prorated amount corresponding to Lessee’s lease of the Premises during any tax year.

_____ Other: ____________________________________________________________

4. **CONDITION OF THE PREMISES “AS IS”**

Lessee hereby accepts the Premises and, if applicable, the Improvements, “AS IS,” in the condition as of the Effective Date, and subject to any and all defects. Lessee understands, acknowledges and agrees that Lessor is not making, and Lessee is not relying on, any representations or warranties concerning the condition of the Premises; the Improvements, as applicable; the soil; the quantity or quality of water; or the suitability of the Premises for Lessee’s intended use of the Premises. Lessee further understands, acknowledges and agrees that Lessee has relied exclusively on its own investigation and knowledge of the Premises upon entering into this Lease.

5. **USE OF THE PREMISES**

(a) **Agricultural Use.** Lessee will use the Premises exclusively for the following agricultural uses:

_____ pasturing

_____ grazing

X cultivating crops

(b) **Uses Specifically Prohibited.** Lessee will not use the Premises for:

(i) residential purposes;

(ii) storage (except as incidental to its use of the Premises as allowed under Section 5(a) above);

(iii) hunting or the discharging of firearms; or

(iv) the planting or cultivation of cannabis, or of clover, radish, chicory or other
broadleaf crop.

(c) **Professional Manner.** Lessee will conduct all of its operations on the Premises in a professional manner.

(d) **Good and Safe Condition.** Lessee will keep the Premises in good, safe and orderly condition (reasonable wear and tear excepted), including, as applicable, maintaining and repairing all Improvements utilized by Lessee on the Premises.

(e) **Maintenance of Drainage Equipment and Structures.** Lessee will keep in good condition and repair any and all drains, drainage outlets, irrigation ditches and other drainage structures on the Premises, including keeping the same open for the unrestricted flow of water and reasonably free of weeds and other growth, and from mosquitos and other pests.

(f) **Minimization of Soil Erosion.** Lessee will control surface water in order to minimize soil erosion and silt run-off on and from the Premises.

(g) **Weed Control.** Lessee will keep the Premises reasonably free and clear of noxious weeds, as defined by the Oregon Department of Agriculture.

(h) **No Improvements without Lessor’s Consent.** Lessee will not make any improvements, alterations or additions in or on the Premises without Lessor’s prior written consent.

(i) **Maintenance of Roads.** Lessee will maintain any nonpublic roads on the Premises in good condition, including filling any potholes.

(j) **Waste and Debris.** Lessee will dispose of all waste in a proper manner and will not allow debris, garbage or other refuse to accumulate on the Premises.

(k) **No Removal of Trees or Timber.** Lessee will not cut, destroy or remove any trees or timber from the Premises, whether live, dead or merchantable, without Lessor’s prior consent.

(l) **Compliance with Laws and Land Restrictions.** In its use of the Premises, Lessee will comply with all applicable federal, state and local laws, ordinances, codes, regulations and rules (“**Laws and Ordinances**”).

(m) **No Nuisance.** Lessee will not commit any public or private nuisance, or any other act or omission, that might or would disturb the quiet enjoyment of any occupant of nearby property or which might or would injure the reputation of Lessor or the Premises.

(n) **Use of Agriculture Chemicals.** Lessee, at its sole cost and expense, will comply with all applicable Laws and Ordinances relating to Lessee’s storage, application, use, removal, transportation and disposal of pesticide or weed control chemicals, agricultural fertilizers and other chemicals (“**Agricultural Chemicals**”). In addition, if Lessee’s use of Agricultural Chemicals
restricts or inhibits the use of the Premises or surrounding property for agricultural or grazing purposes after the expiration or earlier termination of this Lease, then Lessee will indemnify and hold Lessor harmless from all losses, damages, costs and expenses suffered because of the restriction or inhibition. Lessee will maintain accurate and complete records of the type, amount and location of Agricultural Chemicals used by Lessee on the Premises. Lessor may inspect such records at any time. Lessee will remove all Agricultural Chemicals upon surrender of the Premises pursuant to Section 19(a) below, and Lessee will be solely liable for any remediation of the Premises required as a result of Lessee’s use or storage of any Agricultural Chemicals on the Premises.

(o) No Toxic Materials. “Toxic Materials” means any substance, material or waste that is or becomes regulated by any local governmental authority, the State of Oregon, or the United States Government, and which may, if improperly stored or used, pose a risk to disposal or discharge of any Toxic Materials in, on, under or about the Premises. Lessee will not erect, emplace or maintain any tank, vessel or container designed or suitable for holding Toxic Materials on or about the Premises without the prior consent of Lessor, which consent may be withheld, denied or conditioned in Lessor’s sole discretion. Lessee, at its sole cost and expense, will comply with all applicable Laws and Ordinances relating to Lessee’s storage, discharge, application, use and disposal of Toxic Materials in, on, under or about the Premises.

(p) Sustainability Practices. In all of its activities in, on or related to the Premises, Lessee will use its reasonable best efforts to: (1) maximize energy efficiency and use environmentally sustainable products and materials; and (2) reduce nonessential water consumption.

(q) Lessor’s Neighboring Property. Without limiting the generality of any other provisions in this Lease, Lessee’s operations and activities on the Premises will not interfere with or encroach on any of Lessor’s operations on neighboring property, including specifically as follows:

Mill Creek Correctional Institution

6. LESSOR’S ENTRY AND RESERVATIONS

(a) Entry.

(i) Lessor may enter the Premises at any time, without prior notice, in order to inspect or monitor the Premises, perform studies, take emergency action, verify Lessee’s compliance with this Lease or search the Premises for contraband or explosives.

(ii) Lessee understands, acknowledges and agrees that “adults in custody,” who are participants in certain programs for individuals in custody in Lessor’s correctional institutions may, at certain times during the Term of this Lease, enter upon the Premises for the purposes of performing routine maintenance and other work on the Premises.

(b) Mineral Rights. Lessor reserves all oil, gas and other minerals and substances in and under
the Premises and the right, without Lessee’s consent, to enter into oil or gas leases affecting the Premises, or any part of them, subject to Lessee’s right to use the Premises as allowed under this Lease.

(c) Dedication and Easements. Lessor may dedicate or convey any portion of the Premises for utility, drainage, sewer or transmission lines, or similar purposes, provided that that such dedications or conveyances are subject to Lessee’s right to use the Premises as allowed under this Lease.

7. **NO UTILITIES**

Lessor will not supply any utilities for the Premises. Lessee may, in Lessee’s discretion, at Lessee’s sole cost and expense and in accordance with the provisions of this Lease, arrange for utilities to be provided to the Premises and for the disposal of any waste water.

8. **WATER**

Water on the Premises is available for Lessee’s use. Lessee understands, acknowledges and agrees that Lessor does not making any representations about the quality or condition of the water.

9. **SECURITY**

Lessee will comply with the Security Rules and Policies set forth on Exhibit B.

10. **LESSOR’S INSURANCE COVERAGE**


11. **LESSEE’S INSURANCE COVERAGE**

(a) Generally. Lessee will obtain and keep in effect during the Term of this Lease the types of insurance coverage set forth in Section 11(b) below ("Lessee’s Insurance Coverage"). Lessee’s Insurance Coverage will be issued by an insurance company authorized to do business in the State of Oregon. Lessee will pay for all deductibles, self-insurance retention and self-insurance, if any. A combination of primary and excess/umbrella insurance may be used to meet the required limits of Lessee’s Insurance Coverage.

(b) Types of Coverage. Lessee will obtain and keep in effect during the Term of this Lease the following Lessee’s Insurance Coverage:
(i) **General Liability**: a commercial general liability policy, covering bodily injury and property damage and providing contractual liability coverage for Lessee’s indemnity obligations under Section 12(b) below. The policy will include coverage for personal and advertising injury liability, products and completed operations and have no limitation of coverage to designated premises, project or operation. Coverage will be written on an occurrence basis in an amount of not less than $2,000,000.00 per occurrence, with an annual aggregate of not less than $4,000,000.00.

(ii) **Workers’ Compensation**: if Lessee employs any “subject worker” as defined in ORS 656.027, workers’ compensation insurance for those workers, with statutory limits, and employer’s liability insurance, with limits not less than $500,000.00 per each accident or disease.

(c) **Additional Insured.** All of Lessee’s Insurance Coverage, except for workers’ compensation, will include an “Additional Insured” endorsement specifying the State of Oregon, its officers, employees and agents as Additional Insureds, including Additional Insured status with respect to liability arising out of ongoing operations and completed operations, but only with respect to Lessee’s activities to be performed under this Lease. Coverage will be primary and non-contributory with any other insurance and self-insurance. The Additional Insured endorsement with respect to liability arising out of Lessee’s ongoing operations will be on ISO Form CG 20 10 07 04 or equivalent and the Additional Insured endorsement with respect to completed operations will be on ISO form CG 20 37 07 04 or equivalent.

(d) **Tail Coverage.** If any of Lessee’s Insurance Coverage is on a claims made basis and does not include an extended reporting period of at least twenty-four (24) months, Lessee will maintain either tail coverage or continuous claims-made liability coverage, provided the effective date of the continuous claims-made coverage is on or before the Lease Effective Date, for a minimum of twenty-four (24) months following the expiration or earlier termination of this Lease.

(e) **Certificate and Proof of Insurance.** Prior to the Commencement Date, Lessee will provide to Lessor a Certificate of Insurance for all of Lessee’s Insurance Coverage under this Lease. The Certificate of Insurance will list the State of Oregon, its officers, employees and agents as a Certificate holder and as an endorsed Additional Insured. The Certificate of Insurance will also include all required endorsements or copies of applicable policy language effecting coverage required under this Lease. If excess/umbrella insurance is used to meet the minimum insurance requirement, the Certificate of Insurance will include a list of all policies that fall under the excess/umbrella insurance. As proof of insurance, Lessor may request, and Lessee will deliver to Lessor, copies of insurance policies and endorsements relating to the insurance requirements in this Lease.

(f) **Change or Cancellation.** Lessee will provide at least thirty (30) days’ prior notice to Lessor before cancellation of, material change to, potential exhaustion of aggregate limits of, or non-renewal of the required insurance coverage(s). Should the terms and conditions of Lessee’s Insurance Coverage change during the Term of this Lease, Lessor may require Lessee to replace
any coverage omitted or deleted by such change.

(g) **Insurance Requirement Review.** Lessee agrees to Lessor’s periodic review of the requirements for Lessee’s Insurance Coverage under this Section 11, and to provide an updated Certificate of Insurance as reasonably requested by Lessor.

(h) **Lessor Acceptance.** All insurance providers are subject to Lessor acceptance. If requested by Lessor, Lessee will provide complete copies of insurance policies, endorsements, self-insurance documents and related insurance documents to Lessor’s representatives responsible for verification of Lessee’s Insurance Coverage.

12. **WAIVER OF SUBROGATION**

Lessee will waive rights of subrogation that Lessee or any insurer of Lessee may acquire against Lessor by virtue of payment of any loss of or damage. Lessee shall obtain any endorsement that may be necessary to affect this waiver of subrogation; provided, however, that this Section 12 applies regardless of whether Lessor has received a waiver of subrogation endorsement from Lessee or Lessee’s insurer(s). ORS 278.052 prevents Lessor from waiving rights of subrogation.

13. **INDEMNIFICATION**

(a) Lessee will indemnify, defend and hold harmless Lessor, its directors, managers, employees, agents and invitees, for and from all Claims (including reasonable attorneys’ fees and expenses incurred in connection with such Claims) for bodily injury, personal injury, death or property damage occurring in, on or about the Premises.

(b) If Lessee is required to defend Lessor, or its officers, employees or agents pursuant to this Section 13, then Lessee shall select legal counsel reasonably acceptable to the Oregon Attorney General to act in the name of, or represent the interests of, the State of Oregon, Lessor or their officers, employees and agents. Such legal counsel must accept appointment as a special assistant attorney general under ORS chapter 180 before such action or representation. Further, the State of Oregon, acting by and through its Department of Justice, may assume its own defense, including that of its officers, employees and agents, at any time when in the State of Oregon’s sole discretion it determines that: (i) proposed counsel is prohibited from the particular representation contemplated; (ii) counsel is not adequately defending the interests of the State of Oregon or its officers, employees and agents; (iii) important governmental interests are at stake; or (iv) the best interests of the State of Oregon are served thereby.

(c) Lessor’s obligation to pay for all costs and expenses includes those incurred by the State of Oregon in assuming its own defense or that of its officers, employees, and agents under Section 13(b)(i) or (iii) above.
14. **LIENS**

Lessee will pay when due all claims for work performed on the Premises by or through Lessee, or for services rendered or materials furnished to the Premises for Lessee, and will keep the Premises free from any liens arising by or through Lessee. If any such lien is filed against the Premises, or any portion of the Premises, Lessee will cause the same to be discharged of record or bonded off, as permitted by statute, within thirty (30) days after Lessee’s receipt of written notice of same.

15. **ASSIGNMENT AND SUBLETTING**

Lessee will not encumber, assign, sublet any rights, or delegate any duties, under this Lease (including assignment by operation of law), and Lessee will not allow others to use any portion of the Premises, without the prior consent of Lessor, which consent Lessor may withhold in its sole discretion.

16. **LESSEE DEFAULT**

(a) **Lessee Default.** The following are events of default by Lessee (“Lessee Default”):

(i) **Nonpayment of Rent.** Lessee’s failure to pay Lessor any Rent within ten (10) days after notice from Lessor specifying the nonpayment.

(ii) **Other Nonperformance.** Other than a nonpayment described in 15(a)(i) above, Lessee’s failure to comply with or fulfill any term, condition or obligation of this Lease within thirty (30) days after notice from Lessor specifying the nature of the failure with reasonable particularity; or, if Lessee cannot reasonably cure such failure within such thirty (30) day period, then within such time as Lessee can cure the failure with reasonable good faith and diligence; provided, however, that such cure period will not exceed one hundred eighty (180) days.

(iii) **Appointment of a Receiver.** A trustee, disbursing agent, or receiver is appointed to take possession of substantially all of Lessee’s assets in, on or about the Premises or of Lessee’s interest under this Lease; or Lessee makes an assignment for the benefit of creditors, or substantially all of Lessee’s assets in, on or about the Premises or Lessee’s interests in this Lease are attached or levied upon under execution.

(iv) **Bankruptcy.** A petition in bankruptcy, insolvency or for protection from creditors, reorganization or rearrangement is filed by or against Lessee pursuant to any federal or state statute and, with respect to such petition filed against it, if Lessee fails to secure a stay or discharge thereof within sixty (60) days after filing.

(b) **Remedies.** Upon any Lessee Default, Lessor may exercise any one or more of the following remedies:
(i) **Cure.** At Lessee’s cost and expense, Lessor may perform Lessee’s unperformed obligations that gave rise to the Lessee Default, and charge all such costs and expenses to Lessee pursuant to this Lease, which Lessee will pay within thirty (30) days after Lessor delivers an invoice therefor, together with reasonable supporting documentation of such costs and expenses.

(ii) **Termination.** Lessor may terminate this Lease, re-enter and take possession of the Premises and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages to Lessee, its property, any other persons or their property.

(iii) **Reletting.** Lessor may relet the Premises, and in connection with such reletting may make any suitable alterations or refurbish the Premises, or both, or change the character or use of the Premises. Lessor will not be required to relet the Premises for any use or purpose that Lessor may reasonably consider injurious to the Premises, or to any tenant that Lessor may reasonably consider objectionable. Lessor may relet all or part of the Premises, alone or in conjunction with other properties, for a term longer or shorter than the Term of this Lease, and upon any reasonable terms and conditions, including the granting of rent-free occupancy or other rent concessions.

(iv) **Right to Sue.** Lessor may sue periodically to recover damages as they accrue without barring a later action for further damages.

(v) **Damages.** Lessor will be entitled to recover from Lessee any and all damages arising from a Lessee Default, including the following:

1. all costs and expenses of curing the Lessee Default;
2. the reasonable costs of reentry and reletting, including, without limitation, the costs of any clean up, refurbishing, removal of Lessee’s property and fixtures and any other expense arising from Lessee’s failure to surrender the Premises in the condition required by Section 19(a) above; remodeling costs; and broker fees and commissions and advertising costs; and
3. the loss of Rent for the Premises from the date of the Lessee Default until a new tenant for the Premises has been, or with the exercise of reasonable efforts could have been, secured.

(vi) **Other.** The foregoing remedies will be in addition to and will not exclude any other remedy available to Lessor in law or equity.
17. **LESSOR DEFAULT**

(a) **Lessor Default.** The following is an event of default by Lessor ("Lessor Default"):  

Lessor’s failure to comply with or fulfill any term, condition or obligation of this Lease within thirty (30) days after notice from Lessee specifying the nature of the failure with reasonable particularity; provided, however, that if Lessor cannot reasonably cure such failure within such thirty (30) day period, then within such time as Lessor can cure the failure with reasonable good faith and diligence, provided that such cure period will not exceed one hundred eighty (180) days.

(b) **Remedies.** Upon any Lessor Default, Lessee may exercise any remedy available in law or equity and is entitled to recover from Lessor any and all damages arising from a Lessor Default, including any and all costs and expenses of performing Lessor’s unperformed obligations that gave rise to the Lessor Default.

18. **EARLY TERMINATION; UNHARVESTED CROPS**

(a) **Early Termination.** Either Party may terminate this Lease with at least ninety (90) days’ notice to the other Party. In the event of such a termination, and if Lessee pays Rent annually, Lessor shall, within thirty (30) days after the last day of Lessee’s lease of the Premises, refund to Lessee any portion of the Rent already paid that is attributable to the remainder of the Lease year after the last day of Lessee’s lease of the Premises.

(b) **Unharvested Crops.** If this Lease is terminated by Lessee pursuant to Section 1(e) above, or by either Party pursuant to Section 18(a) above, Lessee may harvest all planted but unharvested crops in the normal course of its farming operation. All of Lessee’s obligations will continue during this period until the planted crops have been harvested and Lessee has surrendered the Premises. If there are planted and unharvested crops existing on the Premises at the time that either Party gives notice of termination, Lessee will promptly provide Lessor with notice of such crops and its schedule to harvest the crops and surrender the Premises. During the period after termination and before Lessee has harvested such crops, Lessor may use the Premises for any purpose in Lessor’s sole discretion, provided such use does not interfere with Lessee's cultivation and harvesting of the existing crops.

19. **SURRENDER; HOLDOVER**

(a) **Surrender.** Upon the expiration or earlier termination of this Lease, Lessee will vacate and surrender to Lessor possession of the Premises together with all Improvements, as applicable, in as good a condition as on the Commencement Date, reasonable wear and tear excepted. Lessee will remove from the Premises all livestock and personal property belonging to Lessee.

(b) **Holdover.** If Lessee fails to vacate the Premises after the expiration or earlier termination
of the Term, such holding over by Lessee shall create a tenancy from month to month, with Rent to be one hundred ten percent (110%) of the Rent for the immediately preceding month. Any such holdover shall not be construed as an extension of the Term of the Lease pursuant to Section 2(b) above.

20. **NOTICES**

(a) **Addresses; General Notice Requirements.** “Lessor’s Address” means the address set forth beneath Lessor’s signature on this Lease. “Lessee’s Address” means the address set forth beneath Lessee’s signature on this Lease. Any notices, demands, deliveries or other communications required under this Lease will be made in writing and delivered by one of the methods set forth in Section 20(b) below to Lessor’s Address or Lessee’s Address, as the case may be, unless one Party modifies its Address by notice to the other Party, given in accordance with Section 20(b) below.

(b) **Delivery.**

<table>
<thead>
<tr>
<th>Method of delivery</th>
<th>When notice deemed delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>In person (including by messenger service)</td>
<td>the day delivered, as evidenced by signed receipt</td>
</tr>
<tr>
<td>Email or Fax</td>
<td>the day sent (unless sent after 5:00 p.m., P.T., in which case the email or fax will be deemed sent the following business day)</td>
</tr>
<tr>
<td>US Mail (postage prepaid, registered or certified, return receipt requested)</td>
<td>the day received, as evidenced by signed return receipt</td>
</tr>
<tr>
<td>Courier delivery (by reputable commercial courier)</td>
<td>the day received, as evidenced by signed receipt</td>
</tr>
</tbody>
</table>

If the deadline under this Lease for delivery of a notice is a Saturday, Sunday or federal or State of Oregon holiday, such deadline will be deemed extended to the next business day.

21. **MISCELLANEOUS**

(a) **Time is of the Essence.** Time is of the essence in relation to the Parties’ performance of any and all of their obligations under this Lease.

(b) **Calculation of Days.** Any reference in this Lease to “days” will mean calendar days, unless specified as “business days.” A business day is any day that is not a Saturday, Sunday or a federal or State of Oregon holiday.

(c) **Consent.** Unless otherwise specifically stated in this Lease, any consent or approval by a Party will not be unreasonably withheld, conditioned or delayed.
(d) **Integration.** This Lease constitutes the entire agreement between the Parties regarding the Premises. The Parties do not have any understandings, agreements or representations, oral or written, regarding this Lease, that are not specified in this Lease.

(e) **Amendments.** This Lease may be amended or modified only by a written instrument signed by both Parties.

(f) **No Waiver of Performance.** A waiver by a Party of performance of any provision of this Lease by the other Party will not be deemed a waiver of, or prejudice the other Party’s right, to otherwise require performance of the same provision, or any other provision.

(g) **Severability.** If any term or provision of this Lease is declared by a court of competent jurisdiction to be illegal or in conflict with any applicable Law or Ordinance, the validity of the remaining terms and provisions will not be affected, and the rights and obligations of the Parties will be construed and enforced as if this Lease did not contain the particular term or provision held to be invalid.

(h) **Counterparts.** This Lease and any amendments to this Lease may be executed in two or more counterparts, each of which is an original, and all of which together are deemed one and the same document, notwithstanding that both Parties are not signatories to the same counterpart.

(i) **Governing Law; Consent to Jurisdiction.** This Lease is governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any Claim between Lessor (or any other agency or department of the State of Oregon) and Lessee that arises from or relates to this Lease will be brought and conducted solely and exclusively within the jurisdiction of the Circuit Court of Marion County in the State of Oregon; provided, however, if a Claim must be brought in a federal forum, then it will be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. Each Party hereby consents to the exclusive jurisdiction of the foregoing courts, waives any objection to venue and waives any claim that such forums are an inconvenient forum. In no event will this Section 21(i) or any other provision of this Lease be construed as a waiver by the State of Oregon of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the eleventh amendment to the Constitution of the United States or otherwise, or consent by the State of Oregon to the jurisdiction of any court.

(j) **No Presumption against Drafter.** No inference, presumption or conclusion will be drawn against either Party by virtue of that Party having drafted this Lease or any portion of this Lease.

(k) **Force Majeure.** A Party will not be liable for any delay in performance under this Lease, other than payment of any money to the other Party, if such delay is caused by casualties, strikes, lockouts, riots, wars, acts of public enemies, insurrections, acts of God, shortages of labor or materials or any other such causes not within the control of the first Party (any such event being a “**Force Majeure Event**”).

DOC Agricultural Lease #6069 – Page 13 of 16
(l) **No Third-Party Beneficiaries.** Lessor and Lessee are the only parties to this Lease and are the only parties entitled to enforce its terms. Nothing in this Lease gives, is intended to give, or may be construed to give any benefit or right, whether directly, indirectly or otherwise, to third persons.

(m) **Interest.** Any amount due under this Lease from one Party to the other Party that is not paid when due will bear interest from the date due until the date paid at the lower of: 12% per annum or the maximum rate permitted by law.

(n) **Exhibits.** The Exhibits listed below are incorporated as part of this Lease:

- Exhibit A: Premises – Map
- Exhibit B: Security Rules and Policies

[remainder of this page intentionally left blank]
Each person signing this Lease below on behalf of a Party represents and warrants that he or she is duly authorized by such Party and has legal capacity to do so.

**LESSOR:**

The State of Oregon, by and through its Department of Corrections

Signature __________________________________________  ____________________________
Name _______________________________________________  Date _______________________
Title  Assistant Director

Lessor’s Address

Address: 3160 State Street
City, State, ZIP: Salem, Oregon 97301
ATTN: Tracy L. Wilder
Phone Number: 503-877-8229
Email Address: Tracy.L.Wilder@state.or.us
LESSEE:
Flat Tail Farms, LLC

Signature
Name Paul Van De Grift, JR
Title Manager

Date 11-24-20

Lessee’s Address
Address: 18265 Briedwell Road
City, State, ZIP: McMinnville, Oregon 97128
ATTN: Paul Van De Grift
Phone Number: 503-828-8782
Email Address: paul.eichlerbros@gmail.com
Mill Creek Correctional Facility
MC1: 11 acres
MC2: 28 acres
MC3: 18 acres
MC4: 84 acres
MC5: 19 acres
MC6: 10 acres
MC7: 40 acres
All individuals accessing Department of Corrections (DOC) property shall adhere to the following rules and guidelines related to safety and security.

Vehicle Safety:
- When driving onto DOC property, check in with gate station and/or guards (where gate station is applicable). Identify yourself and state reason for entry onto property.
- Keep vehicle keys on person when not in ignition. Never leave a car running with keys in ignition and driver not at wheel.
- Be very aware of what you may have in your vehicle. No guns, weapons, ammunitions or escape devices. Be wary of having civilian clothes, or other contraband (for Adults in Custody (AIC)) items visible in your vehicle.

Tools and Equipment:
- Account for any tools used in business. If tools are missing, report to DOC official listed on lease agreement.
- If allowed by lease agreement, do not leave or store any tool used in the course of business on DOC property without properly securing it.

Drugs, Tobacco and Alcohol
- DOC is a drug (controlled substance), tobacco and alcohol-free agency. This applies to all DOC property. The use of drugs or a controlled substance, tobacco and alcohol are strictly prohibited on DOC property.
- Controlled substance defined: A controlled substance in schedules I through V of Section 202 of the Controlled Substance Act (21 U.S.C. 812) and as further defined by regulation 21 C.F.R. 1308.11 through 1308.15. Note: Marijuana is still considered a controlled substance within the definition of this policy.

Interactions with AIC’s
- DOC property is the home to AIC’s. If unavoidable contact occurs, maintain professional demeanor with all AIC’s on property. Do not exchange any kind of personal information.
- Do not exchange or provide contraband. Some examples of contraband include, but are not limited to: gum, cigarettes, money, cell phones, alcohol, weapons, toys, clothes, etc.
- Report all inappropriate interactions with an AIC to DOC contact either on site and/or listed on lease agreement.
- The Prison Rape Elimination Act (PREA) of 2003 allows for zero tolerance on any sexual abuse of an AIC. An AIC is not in a position to consent to any relationship. Violations of this act will be prosecuted to the full extent of the law.
- DOC has a zero tolerance for behavior, which, to a reasonable person, is intimidating, hostile, threatening, violent, abusive or offensive. Such behavior can include oral or written statements, gestures or expressions that communicate a direct or indirect threat of physical or psychological harm. Also prohibited are acts that express or are reasonably perceived as expressing intent to cause damage to property. Any individuals who commit such acts may be removed from the premises and may be subject to criminal penalties.
TITLE REPORT
To: Oregon Department of Corrections
3601 State St.
Salem, OR 97301
Attn:

Your File No.: Mill Creek Correctional Facility

Date: January 18, 2021
Order No. 432489AM
Reference: 5465 Turner Road SE
Salem, OR 97317

We have enclosed our Preliminary Title Report pertaining to order number 432489AM.

Thank you for the opportunity to serve you. Your business is appreciated!

If you have any questions or need further assistance, please do not hesitate to contact your Title Officer listed below.

Sincerely,

Teri Due, teri.due@amerititle.com
Title Officer

NOTICE: Please be aware that, due to the conflict between federal and state laws concerning the legality of the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving land that is associated with these activities.
January 18, 2021
File Number: 432489AM
Report No.: 1
Title Officer: Teri Due

PRELIMINARY TITLE REPORT

Property Address: 5465 Turner Road SE, Salem, OR 97317

Policy or Policies to be issued:

OWNER'S STANDARD COVERAGE
Proposed Insured: TBD

Local Government Lien Search $40.00

We are prepared to issue ALTA (06/17/06) title insurance policy(ies) of Stewart Title Guaranty Company, in the usual form insuring the title to the land described as follows:

Legal description attached hereto and made a part hereof marked Exhibit "A"

and dated as of 28th day of December, 2020 at 7:30 a.m., title is vested in:

State of Oregon, acting by and through its Department of Corrections

The estate or interest in the land described or referred to in this Preliminary Title Report and covered herein is:

FEE SIMPLE
Except for the items properly cleared through closing, Schedule B of the proposed policy or policies will not insure against loss or damage which may arise by reason of the following:

GENERAL EXCEPTIONS:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.

2. Facts, rights, interests or claims which are not shown by the Public Records but which could be ascertained by an inspection of the Land or by making inquiry of persons in possession thereof.

3. Easements, or claims of easement, not shown by the Public Records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.

4. Any encroachment (of existing improvements located on the subject Land onto adjoining Land or of existing improvements located on adjoining Land onto the subject Land) encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the subject Land.

5. Any lien, or right to a lien, for services, labor, material, equipment rental, or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the Public Records.

EXCEPTIONS 1 THROUGH 5 ABOVE APPLY TO STANDARD COVERAGE POLICIES AND MAY BE MODIFIED OR ELIMINATED ON AN EXTENDED COVERAGE POLICY.

SPECIAL EXCEPTIONS:

6. Taxes assessed under Code No. 90501000 Account No. 327912 Map No. 0802W17 00400, including the current fiscal year, not assessed because of State Government Owned (FNSTAT) Exemption. If the exempt status is terminated an additional tax may be levied.

7. City liens, if any, of the City of Salem.

   None as of the effective date herein.

8. The property lies within and is subject to the levies and assessments of the Marion Soil and Water Conservation District.

9. The rights of the public in and to that portion of the herein described property lying within the limits of public roads, streets or highways.

10. Rights of the public and governmental bodies in and to that portion of said premises now or at any time lying below the high water line of Mill Creek, including any ownership rights which may be claimed by the State of Oregon as to any portion now or at any time lying below the ordinary high water line.

   Such rights and easements for navigation and fishing as may exist over that portion of the property now or at any time lying beneath the waters of Mill Creek.

   All matters arising from any shifting in the course of Mill Creek including but not limited to accretion, reliction and avulsion.

11. An easement including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein as set forth in instrument:

   Granted To:  City of Salem
   Recorded:  December 23, 1981
   Instrument No.:  Reel: 269 Page: 1000
12. An easement including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein as set forth in instrument:
   Granted To: City of Turner
   Recorded: March 31, 1999
   Instrument No.: Reel: 1583 Page: 484

13. An easement including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein as set forth in instrument:
   Granted To: State of Oregon, by and through its Department of Transportation
   Recorded: February 5, 2004
   Instrument No.: Reel: 2271 Page: 148

14. An easement including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein as set forth in instrument:
   Granted To: State of Oregon, by and through its Department of Transportation
   Recorded: September 9, 2005
   Instrument No.: Reel: 2534 Page: 198

15. An easement including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein as set forth in instrument:
   Granted To: City of Salem
   Recorded: May 11, 2006
   Instrument No.: Reel: 2646 Page: 215

16. An easement including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein as set forth in instrument:
   Granted To: City of Salem
   Recorded: May 11, 2006
   Instrument No.: Reel: 2646 Page: 216

17. An easement including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein as set forth in instrument:
   Granted To: City of Salem
   Recorded: September 25, 2006
   Instrument No.: Reel: 2710 Page: 54

18. Unrecorded leaseholds, if any, and the rights of vendors and holders of security interest in personal property of tenants to remove said personal property at the expiration of the term.
INFORMATIONAL NOTES:

NOTE: Our examination of the title to the subject property discloses no open Deeds of Trust or Mortgages of record. The accuracy of this conclusion should be confirmed in writing prior to closing of the proposed transaction.

NOTE: The following are the last two deeds of record affecting said land,

Document: Lot Line Adjustment Deed
Grantor: State of Oregon, acting by and through its Department of Corrections
Grantee: State of Oregon, acting by and through its Department of Corrections
Recorded: December 29, 2004
Instrument No.: Reel: 2420 Page: 108

Document: Statutory Warranty Deed
Grantor: The State of Oregon, by and through Oregon Correction Enterprises
Grantee: State of Oregon, acting by and through its Department of Corrections
Recorded: November 6, 2002
Instrument No.: Reel: 2021 Page: 453

NOTE: Any map or sketch enclosed as an attachment herewith is furnished for information purposes only to assist in property location with reference to streets and other parcels. No representation is made as to accuracy and the company assumes no liability for any loss occurring by reason of reliance thereon.

NOTE: Your application for title insurance was placed by reference to only a street address or tax identification number. Based on our records, we believe that the legal description in this report covers the parcel(s) of Land that you requested. If the legal description is incorrect, the parties to the transaction must notify the Company and/or the settlement company in order to prevent errors and to be certain that the correct parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance.

NOTE: Due to current conflicts or potential conflicts between state and federal law, which conflicts may extend to local law, regarding marijuana, if the transaction to be insured involves property which is currently used or is to be used in connection with a marijuana enterprise, including but not limited to the cultivation, storage, distribution, transport, manufacture, or sale of marijuana and/or products containing marijuana, the Company declines to close or insure the transaction, and this Preliminary Title Report shall automatically be considered null and void and of no force and effect.

THIS PRELIMINARY TITLE REPORT IS NOT AN ABSTRACT OF TITLE, REPORT OF THE CONDITION OF TITLE, LEGAL OPINION, OPINION OF TITLE, OR OTHER REPRESENTATION OF THE STATUS OF TITLE. THE PROCEDURES USED BY THE COMPANY TO DETERMINE INSURABILITY OF THE TITLE, INCLUDING ANY SEARCH AND EXAMINATION, ARE PROPRIETARY TO THE COMPANY, WERE PERFORMED SOLELY FOR THE BENEFIT OF THE COMPANY, AND CREATE NO EXTRACONTRACTUAL LIABILITY TO ANY PERSON, INCLUDING A PROPOSED INSURED.

This report is preliminary to the issuance of a policy of title insurance and shall become null and void unless a policy is issued and the full premium paid.

End of Report

"Superior Service with Commitment and Respect for Customers and Employees"
EXHIBIT “A”
LEGAL DESCRIPTION

A tract of land located in the Section 18, the northeast one-quarter of Section 19, the northwest one-quarter of Section 20, and the west one-half of Section 17, Township 8 South, Range 2 West, Willamette Meridian, Marion County, Oregon, described as follows:

Beginning at the Northeast Corner of the J. Herren D.L.C. No. 60; thence North 72°20'01" West, 525.66 feet to a 3” Brass Disk stamped "Marion County PI25+51.54"; thence South 17°44'01" West, 30.00 feet to the southerly line of Gath Road (County Road No. 856); thence along the southerly line of said Gath Road, North 72°15'59" West, 2551.10 feet; thence continuing along said southerly line, North 59°10'46" West, 15.57 feet to a point on the southwesterly line of Turner Road SE (County Road No. 835); thence tracing said southwesterly line along the following courses: North 59°10'46" West, 170.22 feet; North 61°12'26" West, 362.31 feet to the point of curve right of a 515.00 foot radius curve; thence along the arc of said curve right through a central angle of 26°30'28", 238.26 feet (chord bears North 47°57'12" West, 236.14 feet); North 34°52'20" West, 788.42 feet; North 34°50'56" West, 512.55 feet; North 36°09'28" West, 239.28 feet; North 37°42'28" West, 475.67 feet; thence leaving said southerly line, North 87°16'20" West, 1,096.36 feet to a point on the easterly line of the Southern Pacific Railroad; thence tracing said easterly line along the following courses: South 19°59'19" East, 4,115.06 feet to the point of curve left of a 11,429.16 foot radius curve; thence along the arc of said curve left through a central angle of 00°27'00", 89.76 feet (chord bears South 20°12'49" East, 89.76 feet) to the point of curve left of a 5,699.59 foot radius curve; thence along the arc of said curve left through a central angle of 12°27'29", 1,239.28 feet (chord bears South 26°40'04" East, 1,236.84 feet) to the point of curve left of a 11,429.16 foot radius curve; thence the arc of said curve left through a central angle of 00°27'00", 89.76 feet (chord bears South 33°07'18" East, 89.76 feet); South 33°20'48" East, 744.03 feet; thence leaving said easterly line, South 65°17'52" East, 1,496.49 feet; thence North 40°43'44" East, 607.55 feet; thence North 68°27'23" East, 1,713.55 feet; thence North 68°18'41" East, 353.57 feet; thence North 01°47'09" East, 1,674.75 feet to the point of beginning.

EXCEPTING therefrom that portion of the above described tract contained within the rights-of-way of Turner Road SE (Market Road 27), and Gath Road (County Road No. 856)
PIPELINE, PUMP STATION AND RESERVOIR EASEMENT

(Water Only)

KNOW ALL MEN BY THESE PRESENTS, that THE STATE OF OREGON, CORRECTIONS
DIVISION, DEPARTMENT OF HUMAN RESOURCES for other valuable consideration

and

DOLLARS to

paid, the receipt whereof is hereby acknowledged, do forever grant unto the

CITY OF SALEM, a municipal corporation the permanent easements over and along the

full width and length of the premises described as follows, to wit:

PERMANENT EASEMENTS: (For Pipeline) 7.5 feet on each side of the following
described centerline.

Beginning at a point on the center line of Turner Road, said point being
North 75° 00' West 795.1 feet, North 62° 41' 11" / 665.65 feet, and North 37° 45'
West 125.39 feet from the Northwest corner of J. Herron Donation Land Claim
#60, City of Salem, Marion County, Oregon; thence South 56° 56' West, 174.70 feet;
thence South 19° 41' West, 77.25 feet; thence South 37° 45' East, 9.84 feet and
there terminating.

SAVE AND EXCEPT: That area lying in Turner Road right of way.

ALSO: (For Pipeline) 5.00 feet on each side of the following described centerline:

Beginning at a point on the center line of Turner Road, said point being North
75° 00' West 795.1 feet, North 62° 41' West 665.65 feet; and North 37° 45' West
149.35 feet from the Northwest corner of the J. Herron Donation Land Claim #60,
City of Salem, Marion County, Oregon; thence South 31° 37' 43" West, 218.85 feet;
thence South 24° 19' 27" West, 38.94 feet and there terminating.

SAVE AND EXCEPT: That area lying in Turner Road right of way and the area lying
within the previously described 15.00 foot permanent easement.

ALSO: (For Pump Station and Access)

Beginning at a point on the center line of Turner Road, said point being North
75° 00' West 795.1 feet, North 62° 41' West 665.65 feet, and North 37° 45' West
125.39 feet from the Northwest corner of the J. Herron Donation Land Claim #60,
City of Salem, Marion County, Oregon; thence South 56° 56' West, 174.70 feet;
thence South 19° 41' West, 77.25 feet; thence South 37° 45' East, 9.84 feet to the
TRUE POINT OF BEGINNING; thence North 19° 41' 1" East, 9.06 feet; thence
South 37° 45' East, 107.76 feet; thence South 16° 33' 54" East, 36.14 feet;
thence South 52° 20' 14" West, 37.10 feet; thence North 37° 39' 46" West,
60.00 feet; thence North 24° 57' 14" East, 39.46 feet; thence North 37° 45'
West, 53.75 feet; thence northeasterly to the TRUE POINT OF BEGINNING.

PIPELINE, PUMP STATION
RESERVOIR EASEMENT - PAGE ONE

H.O. #76 W 159
SEWER EASEMENT

The undersigned Grantor(s) for and in consideration of FIVE THOUSAND AND NO/100 Dollars ($5,000.00) and other good and valuable consideration, the receipt whereof is hereby acknowledged, THE STATE OF OREGON, DEPARTMENT OF CORRECTIONS do hereby grant, convey and warrant CITY OF TURNER, OREGON, its successors, assigns, lessees, licensees and agents, hereinafter referred to as "GRANTEE", the right to lay down, install, construct and perpetually maintain a sanitary sewer through, under and along the following described land:

A portion Sections 17, 18 and 20, Township 8 South, Range 2 West, Willamette Meridian, Marion County, Oregon, as described on Exhibit "A", attached hereto and by this reference incorporated herein.

Grantee shall be responsible for all damage caused to Grantor arising directly from Grantee's exercise of the rights and privileges herein granted.

The Grantor reserves the right to occupy, use and cultivate the said easement area for all purposes not inconsistent with, nor interfering with the rights herein granted. Grantor specifically reserves the right to construct a bicycle/walking/jogging path on the easement area. However, Grantor agrees that during such construction no excavations will be made reducing the ground cover over Grantor's sanitary sewer to less than two (2) feet measured vertically, and that no permanent structures will be placed on the easement area without the additional permission of Grantor.

This grant of easement shall run with the land and shall be binding upon and shall inure to the benefit of the parties hereto, their heirs, successors, and assigns.

In witness whereof the undersigned has executed this instrument this 7th day of October, 19__.

GRANTOR:
STATE OF OREGON

BY: [Signature]
NAME: [Name]
TITLE: [Title]

GRANTEE:
CITY OF TURNER, OREGON

ACCEPTED BY: [Signature]
NAME: [Name]
TITLE: [Title]

Return To:
city of marion
P.O. Box 456
Turner, or 97385

MAR. 31 1999
ACKNOWLEDGEMENT

STATE OF OREGON

COUNTY OF Marion

Personally appeared before me, John A. Kane, Public Administrator for the STATE OF OREGON, DEPARTMENT OF CORRECTIONS, who stated to me that the foregoing was executed on behalf of the STATE OF OREGON, DEPARTMENT OF CORRECTIONS.

Given under my hand and official seal this 7th day of October, 1992.

Mary Margaret Cross
Notary Public in and for the State of OREGON

My commission expires 12/31/01

SEAL

OFFICIAL SEAL
MARY MARGARET CROSS
NOTARY PUBLIC (ORE 3993)
COMMISSION NO. 307-79
MY COMMISSION EXPIRES DECEMBER 31, 2001
EXHIBIT "A"
EASEMENT DESCRIPTION

A STRIP OF LAND LOCATED IN THE SOUTHWEST ONE-QUARTER SECTION 17, THE NORTHWEST, NORTHEAST, AND SOUTHEAST ONE-QUARTER SECTION 18, AND THE NORTHWEST ONE-QUARTER SECTION 20, TOWNSHIP 8 SOUTH, RANGE 2 WEST, WILAMETTE MERIDIAN, MARION COUNTY, OREGON. BEING A PORTION OF THAT CERTAIN PARCEL DESCRIBED IN VOLUME 271, ON PAGE 222, MARION COUNTY DEED RECORDS. SAID STRIP BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A 20 FOOT WIDE STRIP OF LAND LYING 10 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF THAT CERTAIN PARCEL DESCRIBED ON REEL 1449, PAGE 269, MARION COUNTY DEED RECORDS, WITH THE WESTERLY RIGHT-OF-WAY LINE OF TURNER ROAD; THENCE ALONG SAID NORTH LINE SOUTH 68°25'17" WEST, A DISTANCE OF 1605.94 FEET TO THE POINT OF BEGINNING; THENCE NORTH 17°44'29" WEST, A DISTANCE OF 851.85 FEET TO THE BEGINNING OF A 1150.00 FOOT RADIUS CURVE, CONCAVE WESTERLY; THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 17°04'27", A DISTANCE OF 342.70 FEET, SAID CURVE HAVING A CHORD THAT BEARS NORTH 26°16'42" WEST, 341.43 FEET; THENCE NORTH 34°48'55" WEST, A DISTANCE OF 152.81 FEET; THENCE NORTH 60°48'25" WEST, A DISTANCE OF 622.02 FEET; THENCE NORTH 49°33'25" WEST, A DISTANCE OF 229.44 FEET; THENCE NORTH 38°18'25" WEST, A DISTANCE OF 1446.43 FEET; THENCE NORTH 49°33'25" WEST, A DISTANCE OF 40.72 FEET; THENCE NORTH 15°48'25" WEST, A DISTANCE OF 146.89 FEET; THENCE NORTH 27°03'25" WEST, A DISTANCE OF 50.00 FEET; THENCE NORTH 83°18'25" WEST, A DISTANCE OF 64.63 FEET; THENCE NORTH 72°03'25" WEST, A DISTANCE OF 114.26 FEET; THENCE NORTH 49°33'25" WEST, A DISTANCE OF 122.23 FEET; THENCE SOUTH 85°26'55" WEST, A DISTANCE OF 57.44 FEET; THENCE NORTH 49°33'25" WEST, A DISTANCE OF 170.61 FEET; THENCE NORTH 38°18'25" WEST, A DISTANCE OF 267.74 FEET; THENCE NORTH 27°03'25" WEST, A DISTANCE OF 103.09 FEET; THENCE NORTH 38°32'18" WEST, A DISTANCE OF 316.84 FEET; THENCE NORTH 26°46'43" WEST, A DISTANCE OF 128.66 FEET; THENCE NORTH 71°46'51" WEST, A DISTANCE OF 146.92 FEET; THENCE NORTH 49°08'59" WEST, A DISTANCE OF 290.20 FEET; THENCE NORTH 12°09'59" WEST, A DISTANCE OF 251.58 FEET; THENCE NORTH 26°50'01" WEST, A DISTANCE OF 265.17 FEET; THENCE NORTH 38°02'16" WEST, A DISTANCE OF 202.46 FEET; THENCE NORTH 15°43'10" WEST, A DISTANCE OF 44.77 FEET; THENCE NORTH 29°14'37" EAST, A DISTANCE OF 262.07 FEET; THENCE NORTH 51°49'47" EAST, A DISTANCE OF 222.17 FEET; THENCE NORTH 40°31'00" EAST, A DISTANCE OF 425.05 FEET; THENCE SOUTH 83°54'27" EAST, A DISTANCE OF 61.72 FEET; THENCE NORTH 51°48'03" EAST, A DISTANCE OF 59.33 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF TURNER ROAD, AND THE TERMINUS OF THE HEREOF DESCRIBED CENTERLINE.

THE SIDELINES OF SAID STRIP ARE TO TERMINATE AT THE RIGHT-OF-WAY LINE OF SAID TURNER ROAD.

CONTAINS 149,195.77 SQUARE FEET MORE OR LESS.

SAID STRIP IS DEPICTED ON EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF.

BEARINGS BASED ON AN ASSUMED BEARING OF SOUTH 68°25'17" WEST ON THE NORTH LINE OF SAID REEL 1449, PAGE 269.
March 31, 1999, 11:11A

CONTROL #: 1583484

State of Oregon
County of Marion

I hereby certify that the attached instrument was received and duly recorded by me in Marion County records:

FEE: $45.00

ALAN H DAVIDSON
COUNTY CLERK
PERMANENT EASEMENT

STATE OF OREGON, DEPARTMENT OF CORRECTIONS, Grantor, for the true and actual consideration of $2,530.00, does grant to the STATE OF OREGON, by and through its DEPARTMENT OF TRANSPORTATION, Grantee, its successors and assigns, a permanent easement for the purpose of stream and fish habitat enhancement over, upon and across the property described as Parcels 1, 3 and 5 on Exhibit "A" dated July 25, 2003 attached hereto and by this reference made a part hereof.

Grantor also grants to Grantee, its successors and assigns, a temporary easement for a work area for construction purposes over and across the property described as Parcels 2, 4, 6 and 7 on Exhibit "A" dated July 25, 2003 attached hereto and by this reference made a part hereof.

IT IS UNDERSTOOD that the temporary easement rights herein granted shall terminate ten (10) years from the date hereof or upon completion of the above-mentioned construction project, whichever is sooner.

IT IS ALSO UNDERSTOOD that the temporary easement herein granted does not convey any right or interest in the above-described Parcels 2, 4, 6 and 7, except as stated herein, nor prevent Grantor from the use of said property; provided, however that such use does not interfere with the rights herein granted.

RETURN TO AND TAX STATEMENT TO
OREGON DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY SECTION
355 CAPITOL STREET NE, ROOM 420
SALEM OR 97301-3871

Account No.: 8-2-6 103
Property Address: 4005 Aumsville Highway SE
Salem, OR 97301

10/21/03
Page 1 of 3 – pea3tea4
cew
Grantor agrees that the consideration recited herein is just compensation for the property or property rights conveyed. However, the consideration does not include any damages that may result from any use or activity by Grantee beyond or outside of those uses expressed herein, if any, or damages arising from any negligence.

In construing this document, where the context so requires, the singular includes the plural and all grammatical changes shall be made so that this document shall apply equally to corporations and to individuals.

It is understood and agreed that the delivery of this document is hereby tendered and that terms and obligations hereof shall not become binding upon the State of Oregon Department of Transportation, unless and until accepted and approved by the recording of this document.

Dated this 12th day of November 2003.

STATE OF OREGON

By

Director of the Department of Corrections

STATE OF OREGON )
County of Marion ) ss.

Before me, a Notary Public, personally appeared the above-named Nick Arnevels authorized to act on behalf of the duly appointed, qualified, and acting Director of the Department of Corrections, and acknowledged the foregoing instrument to be his/her voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal this 12th day of November 2003.

Notary Public for Oregon

Accepted on behalf of the Oregon Department of Transportation

10/21/03
Page 2 of 3 – pea3tea4 cew
MILL CREEK CORRECTIONAL INSTITUTION
SITE 1

PARCEL 1 - PERMANENT EASEMENT FOR STREAM AND FISH ENHANCEMENT
PARCEL 2 - TEMPORARY EASEMENT FOR ACCESS

NW1/4 of Section 18, Township 8 South, Range 2 West of the Willamette Meridian
Marion County, Oregon (Part of J. Herren Donation Land Claim No. 60)
Crane & Merseth Engineering/Surveying No. 346-002B (L:\WP\PROJ346-002B\SITE1\EASE.DOC)

Revised July 25, 2003 CLM
See Attached Exhibit Map for Segment Locations

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PARCEL 1 - PERMANENT EASEMENT FOR STREAM AND FISH ENHANCEMENT

A TRACT OF LAND LOCATED IN THE NORTHWEST 1/4 OF SECTION 18, TOWNSHIP 8 SOUTH, RANGE 2
WEST OF THE WILLAMETTE MERIDIAN, MARION COUNTY, OREGON. SAID TRACT IS ALSO SITUATED
IN THE J. HERREN DONATION LAND CLAIM NO. 60. THE WESTERLY LINE OF THE 6.10 METER WIDE (20
FEET) EASEMENT IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 4" BRASS GLOBAL POSITIONING SYSTEM (GPS) CONTROL DISK MARKED "JAIL",
SAID DISK SHOWN ON MARION COUNTY SURVEY RECORDS NO. 35303 AND 34666;

(SEGMENT #1) THENCE SOUTH 48º18'02" WEST A DISTANCE OF 151.833 METERS (498.14 FEET) TO A 3-1/4"
ALUMINUM CAP MARKED "MARION COUNTY SURVEYOR C60" AT NORTHWEST CORNER OF THE J.
HERREN DONATION LAND CLAIM NO. 60;

(SEGMENT #2) THENCE NORTH 18º08'35" WEST A DISTANCE OF 212.714 METERS (697.88 FEET) TO A POINT
ON THE CENTERLINE OF TURNER ROAD SOUTHEAST, SAID ROAD BEING MARION COUNTY MARKET
ROAD NUMBER 27 AND FORMALLY CALLED SALEM - TURNER MARKET ROAD, SAID POINT ALSO
BEING ON THE EXTENDED CENTERLINE OF THE ACCESS ROAD TO THE OREGON STATE DEPARTMENT
OF CORRECTIONS - MILL CREEK CORRECTIONAL FACILITY;

(SEGMENT #3) THENCE SOUTH 53º30'29" WEST A DISTANCE OF 113.172 METERS (371.30 FEET) TO A POINT
ON SAID ACCESS ROAD CENTERLINE;

(SEGMENT #4) THENCE SOUTH 66º35'22" WEST 49.116 METERS (161.14 FEET);
(SEGMENT #5) THENCE SOUTH 61º28'18" WEST 16.240 METERS (53.28 FEET);
(SEGMENT #6) THENCE SOUTH 48º41'26" WEST 18.517 METERS (60.75 FEET);
(SEGMENT #7) THENCE SOUTH 21º11'04" WEST 17.023 METERS (55.85 FEET);
(SEGMENT #8) THENCE SOUTH 01º37'36" EAST 14.234 METERS (46.70 FEET);

(SEGMENT #9) THENCE SOUTH 00º45'24" EAST 20.928 METERS (68.66 FEET) TO A POINT THAT IS
LOCATED NORTH 72º11'37" EAST A DISTANCE OF 3.383 METERS (11.10 FEET) FROM THE
NORTHEASTERLY CORNER OF AN EXISTING BARN;

(SEGMENT #10) THENCE SOUTH 03º39'11" WEST 125.023 METERS (410.18 FEET);
(SEGMENT #11) THENCE SOUTH 04º50'55" EAST 26.316 METERS (86.34 FEET);
(SEGMENT #12) THENCE SOUTH 10º46'57" EAST 27.188 METERS (89.20 FEET);
(SEGMENT #13) THENCE SOUTH 08º44'49" EAST 22.659 METERS (74.34 FEET);
EXHIBIT A - Page 2 of 11

(SEGMENT #14) THENCE SOUTH 05°59'00" WEST A DISTANCE OF 4,535 METERS (14.88 FEET) TO A POINT AT THE CENTER OF THE NORTHERLY END OF AN EXISTING VEHICLE BRIDGE ACROSS MILL CREEK;

(SEGMENT #15) THENCE SOUTH 05°00'51" WEST A DISTANCE OF 24,765 METERS (81.25 FEET) TO A POINT AT THE CENTER OF THE SOUTHERLY END OF THE SAID VEHICLE BRIDGE ACROSS SAID MILL CREEK;

(SEGMENT #16) THENCE SOUTH 04°30'14" WEST 12,015 METERS (39.42 FEET);
(SEGMENT #17) THENCE SOUTH 15°53'17" EAST 14,572 METERS (47.81 FEET);
(SEGMENT #18) THENCE SOUTH 48°02'47" EAST 19,318 METERS (63.38 FEET);
(SEGMENT #19) THENCE SOUTH 58°13'53" EAST 58,784 METERS (192.86 FEET);
(SEGMENT #20) THENCE SOUTH 45°04'32" EAST 18,724 METERS (61.43 FEET);
(SEGMENT #21) THENCE SOUTH 21°25'28" EAST 16,956 METERS (55.63 FEET);
(SEGMENT #22) THENCE SOUTH 33°09'49" EAST 17,837 METERS (58.52 FEET);
(SEGMENT #23) THENCE SOUTH 49°56'24" EAST 34,613 METERS (113.56 FEET);
(SEGMENT #24) THENCE SOUTH 37°20'45" EAST 115,214 METERS (378.00 FEET);
(SEGMENT #25) THENCE SOUTH 41°36'55" EAST 60,104 METERS (197.19 FEET);
(SEGMENT #26) THENCE SOUTH 38°50'29" EAST 36,704 METERS (120.42 FEET);
(SEGMENT #27) THENCE SOUTH 34°28'03" EAST 79,754 METERS (261.66 FEET);
(SEGMENT #28) THENCE SOUTH 34°09'24" EAST 77,431 METERS (254.04 FEET);
(SEGMENT #29) THENCE SOUTH 42°34'25" EAST 33,723 METERS (110.64 FEET);
(SEGMENT #30) THENCE SOUTH 49°40'09" EAST 28,834 METERS (94.60 FEET);
(SEGMENT #31) THENCE SOUTH 57°46'30" EAST 46,272 METERS (151.81 FEET);
(SEGMENT #32) THENCE SOUTH 61°20'02" EAST 67,742 METERS (222.25 FEET);
(SEGMENT #33) THENCE SOUTH 54°25'49" EAST 37,521 METERS (123.10 FEET);
(SEGMENT #34) THENCE SOUTH 42°25'31" EAST 36,445 METERS (119.57 FEET);
(SEGMENT #35) THENCE SOUTH 32°00'53" EAST 29,633 METERS (97.22 FEET);
(SEGMENT #36) THENCE SOUTH 29°36'12" EAST 38,999 METERS (127.95 FEET);
(SEGMENT #37) THENCE SOUTH 31°43'54" EAST 109,457 METERS (359.11 FEET);
(SEGMENT #38) THENCE SOUTH 25°08'22" EAST 51,563 METERS (169.17 FEET);
(SEGMENT #39) THENCE SOUTH 17°11'20" EAST 75,578 METERS (247.96 FEET);
(SEGMENT #40) THENCE SOUTH 08°19'21" EAST 38,770 METERS (127.20 FEET);

(SEGMENT #41A) THENCE SOUTH 02°03'02" EAST A DISTANCE OF 3,307 METERS (10.85 FEET) TO A POINT ON THE SAID CENTERLINE OF SAID ACCESS ROAD;

THENCE PERPENDICULAR TO SAID CENTERLINE OF SAID ACCESS ROAD,

(SEGMENT #41B) NORTH 87°56'59" WEST A DISTANCE OF 16.764 METERS (55.00 FEET) TO POINT "A" AT THE TRUE POINT OF BEGINNING OF THE EASEMENT;

THENCE FROM POINT "A" AT THE TRUE POINT OF BEGINNING OF THE EASEMENT:

(SEGMENT #41C) SOUTH 87°56'59" WEST BACK TO A POINT;
(SEGMENT #41D) THENCE SOUTH 69°46'44" WEST 7,925 METERS (26.00 FEET);
(SEGMENT #41E) THENCE SOUTH 32°26'27" WEST 15,850 METERS (52.00 FEET);
(SEGMENT #41F) THENCE SOUTH 06°33'03" WEST 18,288 METERS (60.00 FEET);
(SEGMENT #41G) THENCE SOUTH 08°29'56" EAST 12,192 METERS (40.00 FEET);
(SEGMENT #41H) THENCE SOUTH 43°51'19" EAST 9,144 METERS (30.00 FEET);
(SEGMENT #41I) THENCE SOUTH 61°03'10" EAST 10,363 METERS (34.00 FEET)

(SEGMENT #41J) THENCE SOUTH 83°44'56" EAST 4,572 METERS (15.00 FEET) TO POINT "B".

THIS PARCEL OF LAND CONTAINS 521 SQUARE METERS (4,799 SQUARE FEET).
PARCEL 2 - TEMPORARY EASEMENT FOR ACCESS
(10 YEARS OR DURATION OF PROJECT, WHICHEVER IS SOONER)

A STRIP OF LAND, FORTY FEET IN WIDTH, LYING ON THE WESTERLY SIDE OF THE FOLLOWING DESCRIBED LINE:

FROM POINT "A" AT THE TRUE POINT OF BEGINNING:

(SEgment #41C) THENCE SOUTH 87°56'59" WEST BACK TO A POINT;
(SEgment #41D) THENCE SOUTH 69°46'44" WEST 7.925 METERS (26.00 FEET);
(SEgment #41E) THENCE SOUTH 32°26'27" WEST 15.850 METERS (52.00 FEET);
(SEgment #41F) THENCE SOUTH 06°33'03" WEST 18.288 METERS (60.00 FEET);
(SEgment #41G) THENCE SOUTH 08°29'56" EAST 12.192 METERS (40.00 FEET);
(SEgment #41H) THENCE SOUTH 43°51'19" EAST 9.144 METERS (30.00 FEET);
(SEgment #41I) THENCE SOUTH 61°03'10" EAST 10.363 METERS (34.00 FEET).

(SEgment #41J) THENCE SOUTH 83°44'56" EAST 4.572 METERS (15.00 FEET) TO POINT "B".

ALSO THAT PROPERTY LYING EASTERLY OF SAID STRIP OF LAND AND WESTERLY OF A STRAIGHT LINE FROM POINT "A" TO POINT "B".

THIS PARCEL OF LAND CONTAINS 1762 SQUARE METERS (18,966 SQUARE FEET).

MILL CREEK CORRECTIONAL INSTITUTION
SITE 2

PARCEL 3 - PERMANENT EASEMENT FOR STREAM AND FISH ENHANCEMENT
PARCEL 4 - TEMPORARY EASEMENT FOR ACCESS

NW1/4 of Section 18, Township 8 South, Range 2 West of the Willamette Meridian
Marion County, Oregon (Part of J. Herren Donation Land Claim No. 60)
Crane & Merseth Engineering/Surveying No. 346-002B (L:\WP_PROJ346-002B\SITE2_EASE.DOC)

Revised July 25, 2003 CLM
See Attached Exhibit Map for Segment Locations

PARCEL 3 - PERMANENT EASEMENT FOR STREAM AND FISH ENHANCEMENT

A TRACT OF LAND IN THE NORTHWEST 1/4 OF SECTION 18, TOWNSHIP 8 SOUTH, RANGE 2 WEST OF THE WILLAMETTE MERIDIAN, MARION COUNTY, STATE OF OREGON. SAID TRACT IS ALSO SITUATED IN THE J. HERREN DONATION LAND CLAIM NO. 60. THE WESTERLY LINE OF THE 6.10 METER WIDE (20 FEET) EASEMENT IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 4" BRASS GLOBAL POSITIONING SYSTEM (GPS) CONTROL DISK MARKED "JAIL", SAID DISK SHOWN ON MARION COUNTY SURVEY RECORDS NO. 35303 AND 34666;

(SEgment #1) THENCE SOUTH 48°18'02" WEST A DISTANCE OF 151.833 METERS (498.14 FEET) TO A 3-1/4" ALUMINUM CAP MARKED "MARION COUNTY SURVEYOR C60" AT NORTHWEST CORNER OF THE J. HERREN DONATION LAND CLAIM NO. 60;
(SEGMENT #2) THENCE NORTH 18°08'35" WEST A DISTANCE OF 212.714 METERS (697.88 FEET) TO A POINT ON THE CENTERLINE OF TURNER ROAD SOUTHEAST, SAID ROAD BEING MARION COUNTY MARKET ROAD NUMBER 27 AND FORMALLY CALLED SALEM - TURNER MARKET ROAD, SAID POINT ALSO BEING ON THE EXTENDED CENTERLINE OF THE ACCESS ROAD TO THE OREGON STATE DEPARTMENT OF CORRECTIONS - MILL CREEK CORRECTIONAL FACILITY;

(SEGMENT #3) THENCE SOUTH 53°30'29" WEST A DISTANCE OF 113.172 METERS (371.30 FEET) TO A POINT ON SAID ACCESS ROAD CENTERLINE;

(SEGMENT #4) THENCE SOUTH 66°35'22" WEST 49.116 METERS (161.14 FEET);
(SEGMENT #5) THENCE SOUTH 61°52'18" WEST 16.240 METERS (53.28 FEET);
(SEGMENT #6) THENCE SOUTH 48°41'26" WEST 18.517 METERS (60.75 FEET);
(SEGMENT #7) THENCE SOUTH 21°11'04" WEST 17.023 METERS (55.85 FEET);
(SEGMENT #8) THENCE SOUTH 01°37'36" EAST 14.234 METERS (46.70 FEET);

(SEGMENT #9) THENCE SOUTH 00°45'24" EAST 20.928 METERS (68.66 FEET) TO A POINT THAT IS LOCATED NORTH 72°11'37" EAST A DISTANCE OF 3.383 METERS (11.10 FEET) FROM THE NORTHEASTERLY CORNER OF AN EXISTING BARN;

(SEGMENT #10) THENCE SOUTH 03°39'11" WEST 125.023 METERS (410.18 FEET);
(SEGMENT #11) THENCE SOUTH 04°50'55" EAST 26.316 METERS (86.34 FEET);
(SEGMENT #12) THENCE SOUTH 10°46'57" EAST 27.188 METERS (89.20 FEET);
(SEGMENT #13) THENCE SOUTH 08°44'49" EAST 22.659 METERS (74.34 FEET);

(SEGMENT #14) THENCE SOUTH 05°39'00" WEST A DISTANCE OF 4.535 METERS (14.88 FEET) TO A POINT AT THE CENTER OF THE NORTHERLY END OF AN EXISTING VEHICLE BRIDGE ACROSS MILL CREEK;

(SEGMENT #15) THENCE SOUTH 05°00'51" WEST A DISTANCE OF 24.765 METERS (81.25 FEET) TO A POINT AT THE CENTER OF THE SOUTHERLY END OF THE SAID VEHICLE BRIDGE ACROSS SAID MILL CREEK;

(SEGMENT #16) THENCE SOUTH 04°30'14" WEST 12.015 METERS (39.42 FEET);
(SEGMENT #17) THENCE SOUTH 15°53'17" EAST 14.572 METERS (47.81 FEET);
(SEGMENT #18) THENCE SOUTH 48°02'47" EAST 19.318 METERS (63.38 FEET);
(SEGMENT #19) THENCE SOUTH 58°13'53" EAST 58.784 METERS (192.86 FEET);
(SEGMENT #20) THENCE SOUTH 45°04'32" EAST 18.724 METERS (61.43 FEET);
(SEGMENT #21) THENCE SOUTH 21°25'28" EAST 16.956 METERS (55.63 FEET);
(SEGMENT #22) THENCE SOUTH 33°09'49" EAST 17.837 METERS (58.52 FEET);
(SEGMENT #23) THENCE SOUTH 49°56'24" EAST 34.613 METERS (113.56 FEET);
(SEGMENT #24) THENCE SOUTH 37°20'45" EAST 115.214 METERS (378.00 FEET);
(SEGMENT #25) THENCE SOUTH 41°56'55" EAST 60.104 METERS (197.19 FEET);
(SEGMENT #26) THENCE SOUTH 38°50'29" EAST 36.704 METERS (120.42 FEET);
(SEGMENT #27) THENCE SOUTH 34°28'03" EAST 79.754 METERS (261.66 FEET);
(SEGMENT #28) THENCE SOUTH 34°09'24" EAST 77.431 METERS (254.04 FEET);
(SEGMENT #29) THENCE SOUTH 42°34'25" EAST 33.723 METERS (110.64 FEET);
(SEGMENT #30) THENCE SOUTH 49°40'09" EAST 28.834 METERS (94.60 FEET);
(SEGMENT #31) THENCE SOUTH 57°46'30" EAST 46.272 METERS (151.81 FEET);
(SEGMENT #32) THENCE SOUTH 61°20'02" EAST 67.742 METERS (222.25 FEET);
(SEGMENT #33) THENCE SOUTH 54°35'49" EAST 37.521 METERS (123.10 FEET);

(SEGMENT #34A) THENCE SOUTH 42°25'31" EAST A DISTANCE OF 14.601 METERS (48.10 FEET) TO A POINT ON THE CENTERLINE OF SAID ACCESS ROAD;
EXHIBIT A - Page 5 of 11

(SEgment 34B) THENCE PERPENDICULAR TO SAID CENTERLINE OF SAID ROAD NORTH 47°34'29" EAST A DISTANCE OF 4.572 METERS (15 FEET) TO POINT "A" AT THE TRUE POINT OF BEGINNING OF THE EASEMENT;

THENCE FROM THE SAID TRUE POINT OF BEGINNING:

(SEgment 34B) SOUTH 47°34'29" WEST 4.572 METERS (15 FEET) FROM POINT "A";

(SEgment #34C) THENCE SOUTH 06°13'23" EAST A DISTANCE OF 25.192 METERS (82.65 FEET) TO A POINT LOCATED TO THE WESTERLY SIDE OF THE SAID ROAD;

(SEgment #34D) THENCE SOUTH 35°38'12" EAST APPROXIMATELY PARALLEL WITH THE SAID ROAD A DISTANCE OF 68.275 METERS (224.00 FEET) TO A POINT;

(SEgment #34E) THENCE SOUTH 74°21'27" EAST A DISTANCE OF 22.680 METERS (75.00 FEET) AT AN ANGLE BACK TO A POINT LOCATED ON THE EASTERLY SIDE OF THE SAID ACCESS ROAD,

(SEgment 34F) THENCE NORTH 60°01'51" EAST METERS (15 FEET) TO POINT "B" AT THE END OF THE EASEMENT.

THIS PARCEL OF LAND CONTAINS 821 SQUARE METERS (7562 SQUARE FEET).

PARCEL 4 - TEMPORARY EASEMENT FOR ACCESS
(10 YEARS OR DURATION OF PROJECT, WHICHEVER IS SOONER)

A STRIP OF LAND, FORTY FEET IN WIDTH, LYING ON THE WESTERLY SIDE OF THE FOLLOWING DESCRIBED LINE:

FROM POINT "A" AT THE TRUE POINT OF BEGINNING:

(SEgment 34B) THENCE SOUTH 47°34'29" WEST 4.572 METERS (15 FEET);

(SEgment #34C) THENCE SOUTH 06°13'23" EAST A DISTANCE OF 25.192 METERS (82.65 FEET) TO A POINT LOCATED TO THE WESTERLY SIDE OF THE SAID ROAD;

(SEgment #34D) THENCE SOUTH 35°38'12" EAST APPROXIMATELY PARALLEL WITH THE SAID ROAD A DISTANCE OF 68.275 METERS (224.00 FEET) TO A POINT;

(SEgment #34E) THENCE SOUTH 74°21'27" EAST A DISTANCE OF 22.680 METERS (75.00 FEET) AT AN ANGLE BACK TO A POINT LOCATED ON THE EASTERLY SIDE OF THE SAID ACCESS ROAD,

(SEgment 34F) THENCE NORTH 60°01'51" EAST METERS (15 FEET) TO POINT "B".

ALSO THAT PROPERTY LYING EASTERLY OF SAID STRIP OF LAND AND WESTERLY OF A STRAIGHT LINE FROM POINT "A" TO POINT "B".

THIS PARCEL OF LAND CONTAINS 3109 SQUARE METERS (33,465 SQUARE FEET).
MILL CREEK CORRECTIONAL INSTITUTION
SITE 3

PARCEL 5 - PERMANENT EASEMENT FOR STREAM AND FISH ENHANCEMENT
PARCEL 6 - TEMPORARY EASEMENT FOR ACCESS

NW1/4 of Section 18, Township 8 South, Range 2 West of the Willamette Meridian
Marion County, Oregon (Part of J. Herren Donation Land Claim No. 60)
Crane & Merseth Engineering/Surveying No. 346-002B (LMWP_PROD1346-002BSITE3_EASE.DOC)

Revised July 25, 2003 CLM
See Attached Exhibit Map for Segment Locations

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PARCEL 5 - PERMANENT EASEMENT FOR STREAM AND FISH ENHANCEMENT

A TRACT OF LAND LOCATED IN THE NORTHWEST 1/4 OF SECTION 18, TOWNSHIP 8 SOUTH, RANGE 2
WEST OF THE WILLAMETTE MERIDIAN, MARION COUNTY, OREGON. SAID TRACT IS ALSO SITUATED
IN THE J. HERREN DONATION LAND CLAIM NO. 60, THE WESTERLY LINE OF THE 6.10 METER WIDE (20
FEET) EASEMENT IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 4" BRASS GLOBAL POSITIONING SYSTEM (GPS) CONTROL DISK MARKED "JAIL",
SAID DISK SHOWN ON MARION COUNTY SURVEY RECORDS NO. 35303 AND 34666;

(SEgment #1) THENCE SOUTH 48°18'02" WEST A DISTANCE OF 151.833 METERS (498.14 FEET) TO A 3-1/4"
ALUMINUM CAP MARKED "MARION COUNTY SURVEYOR C60" AT NORTHWEST CORNER OF THE J.
HERREN DONATION LAND CLAIM NO. 60;

(SEgment #2) THENCE NORTH 18°08'35" WEST A DISTANCE OF 212.714 METERS (697.88 FEET) TO A POINT
ON THE CENTERLINE OF TURNER ROAD SOUTHEAST, SAID ROAD BEING MARION COUNTY MARKET
ROAD NUMBER 27 AND FORMALLY CALLED SALEM - TURNER MARKET ROAD, SAID POINT ALSO
BEING ON THE EXTENDED CENTERLINE OF THE ACCESS ROAD TO THE OREGON STATE DEPARTMENT
OF CORRECTIONS - MILL CREEK CORRECTIONAL FACILITY,

(SEgment #3) THENCE SOUTH 53°50'29" WEST A DISTANCE OF 113.172 METERS (371.30 FEET) TO A POINT
ON SAID ACCESS ROAD CENTERLINE;

(SEgment #4) THENCE SOUTH 66°35'22" WEST 49.116 METERS (161.14 FEET);
(SEgment #5) THENCE SOUTH 61°28'18" WEST 16.240 METERS (53.28 FEET);
(SEgment #6) THENCE SOUTH 48°11'26" WEST 18.517 METERS (60.75 FEET);
(SEgment #7) THENCE SOUTH 21°1'10" WEST 17.023 METERS (55.85 FEET);
(SEgment #8) THENCE SOUTH 01°37'36" EAST 14.234 METERS (46.70 FEET);

(SEgment #9) THENCE SOUTH 00°45'24" EAST 20.928 METERS (68.66 FEET) TO A POINT THAT IS
LOCATED NORTH 72°11'37" EAST A DISTANCE OF 3.383 METERS (11.10 FEET) FROM THE
NORTHEASTERLY CORNER OF AN EXISTING BARN;

(SEgment #10) THENCE SOUTH 03°39'11" WEST 125.023 METERS (410.18 FEET);
(SEgment #11) THENCE SOUTH 04°50'55" EAST 26.316 METERS (86.34 FEET);
(SEgment #12) THENCE SOUTH 10°46'57" EAST 27.188 METERS (89.20 FEET);
(SEgment #13) THENCE SOUTH 08°44'49" EAST 22.659 METERS (74.34 FEET);
(SEGMENT #14) THENCE SOUTH 05°39'00" WEST A DISTANCE OF 4,535 METERS (14.88 FEET) TO A POINT AT THE CENTER OF THE NORTHIERLY END OF AN EXISTING VEHICLE BRIDGE ACROSS MILL CREEK;

(SEGMENT #15) THENCE SOUTH 05°00'51" WEST A DISTANCE OF 24.765 METERS (81.25 FEET) TO A POINT AT THE CENTER OF THE SOUTHERLY END OF THE SAID VEHICLE BRIDGE ACROSS SAID MILL CREEK;

(SEGMENT #16) THENCE SOUTH 04°30'14" WEST 12,015 METERS (39.42 FEET);
(SEGMENT #17) THENCE SOUTH 15°53'17" EAST 14,572 METERS (47.81 FEET);
(SEGMENT #18) THENCE SOUTH 48°02'47" EAST 19,318 METERS (63.38 FEET);
(SEGMENT #19) THENCE SOUTH 58°13'53" EAST 58,784 METERS (192.86 FEET);
(SEGMENT #20) THENCE SOUTH 45°04'32" EAST 18,724 METERS (61.43 FEET);
(SEGMENT #21) THENCE SOUTH 21°25'28" EAST 16,956 METERS (55.63 FEET);
(SEGMENT #22) THENCE SOUTH 33°09'49" EAST 17,837 METERS (58.52 FEET);
(SEGMENT #23) THENCE SOUTH 49°56'24" EAST 34,613 METERS (113.56 FEET);
(SEGMENT #24) THENCE SOUTH 37°20'45" EAST 115,214 METERS (378.00 FEET);

(SEGMENT #25A) THENCE SOUTH 41°36'55" EAST A DISTANCE OF 48.905 METERS (160.45 FEET) TO A POINT ON SAID CENTERLINE OF SAID ACCESS ROAD;

(SEGMENT #25B) THENCE EASTERLY AT RIGHT ANGLES TO SAID CENTERLINE OF SAID ACCESS ROAD NORTH 48°23'05" EAST 3.597 METERS (11.80 FEET);

(SEGMENT #25C) THENCE NORTH 48°23'05" EAST 4,592 METERS (15 FEET) TO POINT "A" AT THE TRUE POINT OF BEGINNING OF SAID EASEMENT:

THENCE FROM SAID TRUE POINT OF BEGINNING:

(SEGMENT #25C) SOUTH 48°23'05" EAST 4,592 METERS (15 FEET);
(SEGMENT #25D) THENCE SOUTH 25°12'11" WEST 9,754 METERS (32.00 FEET);

(SEGMENT #25E) THENCE TO THE BEGINNING POINT OF A CURVE TO THE LEFT THAT HAS A RADIUS OF 43,617 METERS (143.10 FEET), A DELTA ANGLE OF 103°26'44" AND WITH A CHORD BEARING OF SOUTH 46°10'45" EAST 69,793 METERS (228.98 FEET);

(SEGMENT #25F) THENCE NORTH 58°48'42" EAST 4,572 METERS (15 FEET) TO POINT "B" AT THE END OF THE EASEMENT; SAID ENDING POINT IS LOCATED NORTH 58°48'42" EAST A DISTANCE OF 9,534 METERS (32.28 FEET) MEASURED AT A RIGHT ANGLE FROM THE SAID CENTERLINE OF THE SAID ACCESS ROAD,

THIS PARCEL OF LAND CONTAINS 636 SQUARE METERS ($863 SQUARE FEET).

PARCEL 6 - TEMPORARY EASEMENT FOR ACCESS
(10 YEARS OR DURATION OF PROJECT, WHICHEVER IS SOONER)

A STRIP OF LAND, FORTY FEET IN WIDTH, LYING ON THE WESTERLY SIDE OF THE FOLLOWING DESCRIBED LINE:

FROM POINT "A" AT THE TRUE POINT OF BEGINNING:

(SEGMENT #25C) THENCE SOUTH 48°23'05" EAST 4,592 METERS (15 FEET);
(SEGMENT #25D) THENCE SOUTH 25°12'11" WEST 9,754 METERS (32.00 FEET):
EXHIBIT A - Page 8 of 11  7/22/2003
(SEGMENT #25E) THENCE TO THE BEGINNING POINT OF A CURVE TO THE LEFT THAT HAS A RADIUS OF 43.617 METERS (143.10 FEET), A DELTA ANGLE OF 105°26′44″ AND WITH A CHORD BEARING OF SOUTH 46°10′45″ EAST 69.793 METERS (228.98 FEET);

(SEGMENT #25F) THENCE NORTH 58°48′42″ EAST 4.572 METERS (15 FEET) TO POINT “B” AT THE END OF THE EASEMENT; SAID ENDING POINT IS LOCATED NORTH 58°48′42″ EAST A DISTANCE OF 9.534 METERS (32.28 FEET) MEASURED AT A RIGHT ANGLE FROM THE SAID CENTERLINE OF THE SAID ACCESS ROAD.

ALSO THAT PROPERTY LYING EASTERLY OF SAID STRIP OF LAND AND WESTERLY OF A STRAIGHT LINE FROM POINT “A” TO POINT “B”.

THIS PARCEL OF LAND CONTAINS 2844 SQUARE METERS (30,613 SQUARE FEET).

MILL CREEK CORRECTIONAL INSTITUTION
PARCEL 7 - TEMPORARY EASEMENT FOR ACCESS

NW1/4 of Section 18, Township 8 South, Range 2 West of the Willamette Meridian
Marion County, Oregon (Part of J. Herren Donation Land Claim No. 60)
Crane & Merseth Engineering/Surveying No. 346-002B (LWP_PROJ346-002B/ROADA_EASE.DOC)

Revised July 25, 2003 CLM
See Attached Exhibit Map for Segment Locations

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PARCEL 7 - TEMPORARY EASEMENT FOR ACCESS (10 YEARS OR DURATION OF PROJECT, WHICHEVER IS SOONER)

A TRACT OF LAND LOCATED IN THE NORTHWEST 1/4 OF SECTION 18, TOWNSHIP 8 SOUTH, RANGE 2 WEST OF THE WILLAMETTE MERIDIAN, MARION COUNTY, STATE OF OREGON. SAID TRACT IS ALSO SITUATED IN THE J. HERREN DONATION LAND CLAIM NO. 60. THE CENTERLINE OF THE 6.096 METERS (20 FEET) WIDE EASEMENT, MEASURED 3.048 METERS (10 FEET) ON EACH SIDE OF SAID CENTERLINE, WHICH CENTERLINE IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 4″ BRASS GLOBAL POSITIONING SYSTEM (GPS) CONTROL DISK MARKED “JAIL”, SAID DISK SHOWN ON MARION COUNTY SURVEY RECORDS NO. 35303 AND 34666;

(SEGMENT #1) THENCE SOUTH 48°18′02″ WEST A DISTANCE OF 151.833 METERS (498.14 FEET) TO A 3-1/4″ ALUMINUM CAP MARKED “MARION COUNTY SURVEYOR C60″ AT NORTHWEST CORNER OF THE J. HERREN DONATION LAND CLAIM NO. 60;

(SEGMENT #2) THENCE NORTH 18°08′35″ WEST A DISTANCE OF 212.714 METERS (697.88 FEET) TO A POINT ON THE CENTERLINE OF TURNER ROAD SOUTHEAST, SAID ROAD BEING MARION COUNTY MARKET ROAD NUMBER 27 AND FORMALLY CALLED SALEM - TURNER MARKET ROAD. SAID POINT ALSO BEING ON THE EXTENDED CENTERLINE OF THE ACCESS ROAD TO THE OREGON STATE DEPARTMENT OF CORRECTIONS - MILL CREEK CORRECTIONAL FACILITY AND IS ALSO THE TRUE POINT OF THE EASEMENT DESCRIPTION;

THENCE FROM THE TRUE POINT OF BEGINNING AT THE SAID INTERSECTION,

(SEGMENT #3) SOUTH 53°30′29″ WEST A DISTANCE OF 113.172 METERS (371.30 FEET) TO A POINT ON SAID ACCESS ROAD CENTERLINE;
(SEGMENT #4) THENCE SOUTH 66°35’22” WEST 49.116 METERS (161.14 FEET);
(SEGMENT #5) THENCE SOUTH 61°28’18” WEST 16.240 METERS (53.28 FEET);
(SEGMENT #6) THENCE SOUTH 48°41’26” WEST 18.517 METERS (60.75 FEET);
(SEGMENT #7) THENCE SOUTH 21°11’04” WEST 17.023 METERS (55.85 FEET);
(SEGMENT #8) THENCE SOUTH 01°37’36” EAST 14.234 METERS (46.70 FEET);

(SEGMENT #9) THENCE SOUTH 00°45’24” EAST 20.928 METERS (68.66 FEET) TO A POINT THAT IS
LOCATED NORTH 72°11’37” EAST A DISTANCE OF 3.383 METERS (11.10 FEET) FROM THE
NORTHEASTERLY CORNER OF AN EXISTING BARN;

(SEGMENT #10) THENCE SOUTH 03°39’11” WEST 125.023 METERS (410.18 FEET);
(SEGMENT #11) THENCE SOUTH 04°50’55” EAST 26.316 METERS (86.34 FEET);
(SEGMENT #12) THENCE SOUTH 10°46’57” EAST 27.188 METERS (89.20 FEET);
(SEGMENT #13) THENCE SOUTH 08°44’49” EAST 22.659 METERS (74.34 FEET);

(SEGMENT #14) THENCE SOUTH 05°39’00” WEST A DISTANCE OF 4.535 METERS (14.88 FEET) TO A POINT
AT THE CENTER OF THE NORTHERLY END OF AN EXISTING VEHICLE BRIDGE ACROSS MILL CREEK;

(SEGMENT #15) THENCE SOUTH 05°00’51” WEST A DISTANCE OF 24.765 METERS (81.25 FEET) TO A POINT
AT THE CENTER OF THE SOUTHERLY END OF THE SAID VEHICLE BRIDGE ACROSS SAID MILL CREEK;

(SEGMENT #16) THENCE SOUTH 04°30’14” WEST 12.015 METERS (39.42 FEET);
(SEGMENT #17) THENCE SOUTH 15°53’17” EAST 14.572 METERS (47.81 FEET);
(SEGMENT #18) THENCE SOUTH 48°02’47” EAST 19.318 METERS (63.38 FEET);
(SEGMENT #19) THENCE SOUTH 58°13’53” EAST 58.784 METERS (192.86 FEET);
(SEGMENT #20) THENCE SOUTH 45°04’32” EAST 18.724 METERS (61.43 FEET);
(SEGMENT #21) THENCE SOUTH 21°25’28” EAST 16.956 METERS (55.63 FEET);
(SEGMENT #22) THENCE SOUTH 33°09’49” EAST 17.837 METERS (58.52 FEET);
(SEGMENT #23) THENCE SOUTH 49°56’24” EAST 34.613 METERS (113.56 FEET);
(SEGMENT #24) THENCE SOUTH 37°20’45” EAST 115.214 METERS (378.00 FEET);
(SEGMENT #25) THENCE SOUTH 41°36’55” EAST 60.104 METERS (197.19 FEET);
(SEGMENT #26) THENCE SOUTH 38°50’29” EAST 36.704 METERS (120.42 FEET);
(SEGMENT #27) THENCE SOUTH 34°28’03” EAST 79.754 METERS (261.66 FEET);
(SEGMENT #28) THENCE SOUTH 34°09’24” EAST 77.431 METERS (254.04 FEET);
(SEGMENT #29) THENCE SOUTH 42°34’25” EAST 33.723 METERS (110.64 FEET);
(SEGMENT #30) THENCE SOUTH 49°40’09” EAST 28.834 METERS (94.60 FEET);
(SEGMENT #31) THENCE SOUTH 57°46’30” EAST 46.272 METERS (151.81 FEET);
(SEGMENT #32) THENCE SOUTH 61°20’02” EAST 67.742 METERS (222.25 FEET);
(SEGMENT #33) THENCE SOUTH 54°35’49” EAST 37.521 METERS (123.10 FEET);
(SEGMENT #34) THENCE SOUTH 42°25’31” EAST 36.445 METERS (119.57 FEET);
(SEGMENT #35) THENCE SOUTH 32°09’53” EAST 29.633 METERS (97.22 FEET);
(SEGMENT #36) THENCE SOUTH 29°36’12” EAST 38.999 METERS (127.95 FEET);
(SEGMENT #37) THENCE SOUTH 31°43’54” EAST 109.457 METERS (359.11 FEET);
(SEGMENT #38) THENCE SOUTH 25°08’22” EAST 51.563 METERS (169.17 FEET);
(SEGMENT #39) THENCE SOUTH 17°11’20” EAST 75.578 METERS (247.96 FEET);
(SEGMENT #40) THENCE SOUTH 08°19’21” EAST 38.770 METERS (127.20 FEET);
(SEGMENT #41) THENCE SOUTH 02°03’02” EAST 37.382 METERS (123.30 FEET);

(SEGMENT #42) THENCE SOUTH 07°11’43” EAST A DISTANCE OF 30.230 METERS (99.18 FEET) TO A POINT
SAID ENDING POINT BEING LOCATED

(SEGMENT #43) SOUTH 04°04’21” WEST A DISTANCE OF 530.282 METERS (1739.77 FEET) OF THE 3 INCH
BRASS CAP STAMPED "CITY OF SALEM 6302" AND
EXHIBIT A - Page 10 of 11

(SEMENT #44) SOUTH 30°35'09" EAST A DISTANCE OF 803.944 METERS (2637.61 FEET) OF THE SAID 4" BRASS GLOBAL POSITIONING SYSTEM (GPS) CONTROL DISK MARKED "JAIL" SHOWN ON MARION COUNTY SURVEY RECORDS NO. 35303 AND 34666.

THIS PARCEL OF LAND CONTAINS 10782 SQUARE METERS (116,056 SQUARE FEET).
February 05, 2004, 10:49 am.

CONTROL #: 106404

State of Oregon
County of Marion

I hereby certify that the attached instrument was received and duly recorded by me in Marion County records:

FEE: $ 86.00

ALAN H DAVIDSON
COUNTY CLERK

THIS IS NOT AN INVOICE.
PERMANENT EASEMENT

THE STATE OF OREGON, acting by and through its Department of Corrections, Grantor, for the true and actual consideration of $11.400, does grant unto the STATE OF OREGON, by and through its DEPARTMENT OF TRANSPORTATION, Grantee, its successors and assigns, a permanent easement for stream, fish and riparian enhancement over, upon and across the property described on Exhibit "A" dated 2/23/2005, attached hereto and by this reference made a part hereof.

The purpose of this enhancement is: 1.) to modify and/or preserve this area to help reduce the effects of flooding; 2.) to help protect the stream bank from erosion; 3.) to help sustain fish populations; and 4.) to improve the ecological health of the stream and the riparian area by providing shade. Grantee will plant native trees and shrubs and remove undesirable weeds from certain areas, but only during the first two years of the easement. Once the plantings are established Grantee will no longer actively manage this area. Grantee may install fencing to protect these plantings.

Grantor agrees to refrain from undertaking ground-disturbing activities or making improvements on this parcel or otherwise harming the planted vegetation. Also, Grantor will neither trim nor destroy the planted vegetation, nor mow the area, except to remove vegetation identified by Grantee as non-native, and Grantor will not plant any plant species not native to Western Oregon.

RETURN TO
OREGON DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY SECTION
355 CAPITOL STREET NE, ROOM 420
SALEM OR 97301-3871

Map and Tax Lot #: 8-2W-17-100, 8-2W-18, 8-2W-20, 8-2W-08-103

Property Address:
Grantor covenants to and with Grantee, its successors and assigns, that Grantor is the owner of said property and will warrant the easement rights herein granted from all lawful claims whatsoever. Grantor agrees that the consideration recited herein is just compensation for the property or property rights conveyed, including any and all damages to Grantor's remaining property, if any, which may result from the acquisition or use of said property or property rights. However, the consideration does not include damages resulting from any use or activity by Grantee beyond or outside of those uses expressed herein, if any, or damages arising from any negligence.

In construing this document, where the context so requires, the singular includes the plural and all grammatical changes shall be made so that this document shall apply equally to corporations and to individuals.

It is understood and agreed that the delivery of this document is hereby tendered and that terms and obligations hereof shall not become binding upon the State of Oregon Department of Transportation, unless and until accepted and approved by the recording of this document.

Dated this 17th day of August, 2005.

STATE OF OREGON
STATE OF OREGON (ss.)
County of Marion (ss.)

Before me, a Notary Public, personally appeared the above-named Max Williams, authorized to act on behalf of the duly appointed, qualified, and acting Director of the Department of Corrections, and acknowledged the foregoing instrument to be his/her voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal this 17th day of August, 2005.

Cherie L. Greenwade
Notary Public for Oregon
My Commission expires May 15, 2007

Accepted on behalf of the Oregon Department of Transportation

Lisa O'Neill 8/24/05

7/17/05
Page 2 of 3 – pestrfi
cw/ rm
Permanent Easement for Stream, Fish and Riparian Enhancement

A parcel of land lying in the John Herren D.L.C. No. 60, Township 8 South, Range 2 West, W.M., Marion County, Oregon; and being a portion of that property described in that Statutory Warranty Deed to the State of Oregon, by and through the Oregon Department of Corrections; recorded November 6, 2002 on Reel 2021, Page 450 of Marion County Records; the said parcel being described as follows:

Beginning at a point 2,433.55 feet South and 1,974.33 feet West of the Northeast corner of the John Herren D.L.C. No. 60, Township 8 South, Range 2 West, W.M.; thence N. 68° 27' 23" E. 152.37 feet; thence N. 19° 31' 55" W. 1,259.72 feet; thence N. 54° 16' 08" W. 1,031.83 feet; thence N. 38° 19' 35" W. 1,396.21 feet; thence S. 46° 44' 03" W. 279.50 feet; thence S. 37° 16' 57" E. 1,462.60 feet; thence S. 55° 15' 03" E. 726.58 feet; thence S. 31° 33' 50" E. 750.92 feet; thence S. 11° 35' 16" E. 735.67 feet thence N. 40° 43' 44" E. 249.24 feet to the point of beginning.

Bearings are based on County Survey No. 35280, filed August 15, 2000, Marion County, Oregon.

This parcel of land contains 25.85 acres, more or less.
State of Oregon
County of Marion

I hereby certify that the attached instrument was received and duly recorded by me in Marion County records:

FEE: $ 36.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.
THE STATE OF OREGON, acting by and through its Department of Corrections, hereinafter called Grantor, conveys and warrants to the CITY OF SALEM, an Oregon municipal corporation, organized and existing under and by virtue of the laws of the State of Oregon, hereinafter called Grantee, all that real property situated in Marion County, State of Oregon, described as follows:

See Tract 1 of Exhibit A attached and as shown on Exhibit B attached.

and covenants that Grantor is the owner of the above-described property free of all encumbrances except those of record, and will warrant and defend the same against all persons who may lawfully claim the same, except as shown above.

The true and actual consideration for this transfer is Eight Hundred and no/100**********($11,800.00)********** DOLLARS.

"This instrument will not allow use of the property described in this instrument in violation of applicable land use laws and regulations. Before signing or accepting this instrument, the person acquiring fee title to the property should check with the appropriate City or County planning department to verify approved uses and to determine any limits on lawsuits against farming or forest practices as defined in ORS 30.930."

Dated this 20th day of March, 2006.

THE STATE OF OREGON, acting by and through its Department of Corrections

By: __________________________

Title: __________________________

STATE OF OREGON

County of Marion

This instrument was acknowledged before me on March 20th, 2006, by

Max Williams

(Name)

as Director

(Title and Section)

THE STATE OF OREGON, acting by and through its Department of Corrections.

SUSAN ROBERTS

Notary Public—State of Oregon
My commission expires: 7-6-09

ACCEPTED ON BEHALF OF THE CITY OF SALEM BY:

______________________________
Public Works Department

APPROVED AS TO FORM:

By: __________________________

City Attorney

Checking:

______________________________

Checked By:

Project Number: 704502-3
May 4, 2005
Tract 1 - Fee

A parcel of land lying in the NW¼NE¼ of Section 18, Township 8 South, Range 2 West, W.M., Marion County, Oregon, being a portion of that property conveyed to the State of Oregon recorded in volume 169 page 603 deed records of Marion County Oregon, said parcel being that portion of said property included in a strip of land 30.00 feet in width, lying on the Westerly side of Engineers Design center line of Turner Road which is more particularly described as follows:

Commencing at Oregon Department of Transportation (ODOT) Engineers Station 'T' 46+41.06 which point lies 206.81 feet North and 2794.35 feet East of the Northwest corner of said Section 18; thence South 16°51'06" East a distance of 358.94 feet to ODOT Engineers Station 'T' 50+00; thence North 73°15'10" East a distance of 8.41 feet to Engineers Design Station 81+85.19, and THE TRUE POINT OF BEGINNING; thence South 19°44'33" East a distance of 239.60 feet to Engineers Design Station 84+24.79, the point of curvature of a 1000.00-foot radius circular curve; thence following said curve to the left through a central angle of 16° 47'10" (the long chord of which bears South 28°08'08" East a distance of 291.93 feet), an arc distance of 292.97 feet to Engineers Design Station 87+17.76, the point of compound curvature with a 3300.00-foot radius circular curve; thence following said curve to the left through a central angle of 3°37'17" (the long chord of which bears South 38°20'22" East a distance of 208.54 feet), an arc distance of 208.57 feet to Engineers Design Station 89+26.33; thence South 40°09'00" East a distance of 106.41 feet to Engineers Design Station 90+32.74, the point of curvature of a 3300.00-foot radius circular curve; thence following said curve to the right through a central angle of 5°07'18" (the long chord of which bears South 37°35'21" East a distance of 294.89 feet) an arc distance of 294.98 feet, to Engineers Design Station 93+27.72, the point of tangency; thence South 35°01'42" East a distance of 72.28 feet to Engineers Design Station 94+00, the point of terminus.

The width in feet of said strip of land above referred to are as follows:

<table>
<thead>
<tr>
<th>Station</th>
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<tbody>
<tr>
<td>86+00</td>
<td>93+27.72</td>
</tr>
<tr>
<td></td>
<td>30.00</td>
</tr>
</tbody>
</table>

Bearings are base upon the Oregon Coordinate System 1983(91), north zone.

This parcel of land contains 5,881 square feet, more or less, outside the existing right of way.
Tract 2 - PERMANENT SLOPE EASEMENT

A parcel of land lying in the NW\(\frac{3}{4}\)NE\(\frac{3}{4}\) of Section 18, Township 8 South, Range 2 West, W.M., Marion County, Oregon, being a portion of that property conveyed to the State of Oregon recorded in volume 169 page 603 deed records of Marion County Oregon, said parcel being that portion of said property included in a strip of land variable in width, lying on the Westerly side of Engineers Design center line of Turner Road described in Parcel 1.

The width in feet of said strip of land is as follows:

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<td>86+05</td>
<td></td>
<td>30.00 in a straight line to 60.00</td>
</tr>
<tr>
<td>86+05</td>
<td>86+72</td>
<td></td>
<td>60.00 in a straight line to 60.00</td>
</tr>
<tr>
<td>86+72</td>
<td>87+05</td>
<td></td>
<td>60.00 in a straight line to 30.00</td>
</tr>
</tbody>
</table>

Excepting therefrom Parcel 1.

This parcel of land contains 2,850 square feet, more or less, outside the existing right of way.

Tract 3 - PERMANENT SLOPE EASEMENT

A parcel of land lying in the NW\(\frac{3}{4}\)NE\(\frac{3}{4}\) of Section 18, Township 8 South, Range 2 West, W.M., Ma\(\tilde{\text{n}}\)ion County, Oregon, being a portion of that property conveyed to the State of Oregon recorded in volume 169 page 603 deed records of Marion County Oregon, said parcel being that portion of said property included in a strip of land variable in width, lying on the Westerly side of Engineers Design center line of Turner Road described in Parcel 1.

The width in feet of said strip of land is as follows:

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<tr>
<td>88+58</td>
<td>90+05</td>
<td></td>
<td>45.00 in a straight line to 45.00</td>
</tr>
<tr>
<td>90+05</td>
<td>90+50.14</td>
<td></td>
<td>45.00 in a straight line to 30.00</td>
</tr>
</tbody>
</table>

Excepting therefrom Parcel 1.

This parcel of land contains 2,574 square feet, more or less, outside the existing right of way.
Tract 4 - TEMPORARY CONSTRUCTION EASEMENT

A parcel of land lying in the NW¼NE¼ of Section 18, Township 8 South, Range 2 West, W.M., Marion County, Oregon, being a portion of that property conveyed to the State of Oregon recorded in volume 169 page 603 deed records of Marion County Oregon, said parcel being that portion of said property included in a strip of land variable in width, lying on the Westerly side of Engineers Design center line of Turner Road described in Parcel 1.

The width in feet of said strip of land above referred to are as follows:

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<tr>
<td>86+05</td>
<td>86+31</td>
<td>60.00 in a straight line to 80.00</td>
</tr>
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<td>89+00.65</td>
<td>80.00</td>
</tr>
<tr>
<td>89+00.65</td>
<td>90+05</td>
<td>80.00 in a straight line to 45.00</td>
</tr>
</tbody>
</table>

Excepting therefrom Parcel 1, 2, and 3.

This parcel of land contains 13,530 square feet, more or less, outside the existing right of way.
EXHIBIT B
SECTION 18
TOWNSHIP 8 SOUTH, RANGE 2 WEST
MARION COUNTY, OREGON, WILLAMETTE MERIDIAN

PARCEL #2
PERMANENT SLOPE EASEMENT
AREA=2,850 SQ. FT.
STA: 86+00
OFFSET: 30.00 R
STA: 86+05
OFFSET: 60.00 R
STA: 86+31.00
OFFSET: 80.00 R

PARCEL #4
TEMPORARY CONSTRUCTION EASEMENT AREA=13,530 SQ. FT.
STA: 86+72
OFFSET: 60.00 R
STA: 87+05
OFFSET: 30.00 R

PARCEL #1 FEE
AREA=5,881 SQ. FT.

PARCEL #3
PERMANENT SLOPE EASEMENT AREA=2,574 SQ. FT.
STA: 88+58
OFFSET: 30.00 R
STA: 88+58
OFFSET: 45.00 R
STA: 89+00.65
OFFSET: 80.00 R

T.L. #103
MAP 08-2W-18
OREGON STATE DEPARTMENT OF CORRECTIONS
VOL 169 PAGE 603

GRAPHIC SCALE
1 INCH = 100 FT.

PARCEL IN FEE
PERM. SLOPE EASEMENT
TEMP. CONST. EASEMENT

MILL CREEK BRIDGES
TURNER RD., SALEM
MARION COUNTY

DAVID EVANS AND ASSOCIATES INC.
530 Center Street N.E., Suite 605
Salem Oregon 97301
Phone: 503.361.8636

FILE: CTY00000032
DRAWN BY: REN
DESIGN BY: MTR
SCALE: 1" = 100'
DATE: 04-26-05

CONTROL #: 167123

State of Oregon
County of Marion

I hereby certify that the attached instrument was received and duly recorded by me in Marion County records:

FEE: $  46.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.
KNOW ALL MEN BY THESE PRESENTS, that THE STATE OF OREGON, acting by and through its Department of Corrections ("Grantor"), for the consideration of *******Three Thousand Three Hundred and No/100******* ($3,300.00) *******
DOLLARS and other valuable consideration to it paid, the receipt whereof is hereby acknowledged, hereby do forever grant unto the CITY OF SALEM, an Oregon municipal corporation ("Grantee"), a permanent easement over and along the following described premises for the purpose of constructing, maintaining, and repairing any slopes occasioned by or resulting from the improvement and maintenance of the Turner Road Bridge Improvement Project.

The real property covered by this easement is described as follows, to wit:

See Tracts 2 and 3 of Exhibit A attached and as shown on Exhibit B attached

Grantor, its heirs, and assigns shall retain full use and domain over the above-described real property except that Grantor, its agents, or employees shall not be permitted to destroy or damage the lateral support of said Tracts 2 and 3 of Exhibit A attached and as shown on Exhibit B attached.

THE STATE OF OREGON, acting by and through its Department of Corrections

By: [Signature]
Title: Director

STATE OF OREGON  
County of Marion  

This instrument was acknowledged before me on March 20th, 2006, by

Max Williams  
(Name)  

as Director  
(Title and Section)  

of  
The STATE OF OREGON, acting by and through its Department of Corrections.

SUSAN ROBERTS  
Notary Public—State of Oregon  
My commission expires: 7-12-09

ACCEPTED ON BEHALF OF THE CITY OF SALEM BY:

[Signature]  
Public Works Department

APPROVED AS TO FORM:

By:  
(City Attorney)

Checked By:  
Project Number: 704502-3  
May 5, 2005

SLOPE EASEMENT—Page 1
VLS:G:/GROUPS/CLERICAL/PROJECTS/00/704502/EASE/704502_EASE.WPD 10/15/2003
Tract 1 - Fee

A parcel of land lying in the NW¼NE¼ of Section 18, Township 8 South, Range 2 West, W.M., Marion County, Oregon, being a portion of that property conveyed to the State of Oregon recorded in volume 169 page 603 deed records of Marion County Oregon, said parcel being that portion of said property included in a strip of land 30.00 feet in width, lying on the Westerly side of Engineers Design center line of Turner Road which is more particularly described as follows:

Commencing at Oregon Department of Transportation (ODOT) Engineers Station 'T' 46+41.06 which point lies 206.81 feet North and 2794.35 feet East of the Northwest corner of said Section 18; thence South 16°51'06" East a distance of 358.94 feet to ODOT Engineers Station 'T' 50+00; thence North 73°15'10" East a distance of 8.41 feet to Engineers Design Station 81+85.19, and THE TRUE POINT OF BEGINNING; thence South 19°44'33" East a distance of 239.60 feet to Engineers Design Station 84+24.79, the point of curvature of a 1000.00-foot radius circular curve; thence following said curve to the left through a central angle of 16° 47'10" (the long chord of which bears South 28°08'08" East a distance of 291.93 feet), an arc distance of 292.97 feet to Engineers Design Station 87+17.76, the point of compound curvature with a 3300.00-foot radius circular curve; thence following said curve to the left through a central angle of 3°37'17" (the long chord of which bears South 38°20'22" East a distance of 208.54 feet), an arc distance of 208.57 feet to Engineers Design Station 89+26.33; thence South 40°09'00" East a distance of 106.41 feet to Engineers Design Station 90+32.74, the point of curvature of a 3300.00-foot radius circular curve; thence following said curve to the right through a central angle of 5°07'18" (the long chord of which bears South 37°35'21" East a distance of 294.89 feet) an arc distance of 294.98 feet, to Engineers Design Station 93+27.72, the point of tangency; thence South 35°01'42" East a distance of 72.28 feet to Engineers Design Station 94+00, the point of terminus.

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Bearings are base upon the Oregon Coordinate System 1983(91), north zone.

This parcel of land contains 5,881 square feet, more or less, outside the existing right of way.
Tract 2 - PERMANENT SLOPE EASEMENT

A parcel of land lying in the NW¼NE¼ of Section 18, Township 8 South, Range 2 West, W.M., Marion County, Oregon, being a portion of that property conveyed to the State of Oregon recorded in volume 169 page 603 deed records of Marion County Oregon, said parcel being that portion of said property included in a strip of land variable in width, lying on the Westerly side of Engineers Design center line of Turner Road described in Parcel 1.

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Excepting therefrom Parcel 1.

This parcel of land contains 2,850 square feet, more or less, outside the existing right of way.

Tract 3 - PERMANENT SLOPE EASEMENT

A parcel of land lying in the NW¼NE¼ of Section 18, Township 8 South, Range 2 West, W.M., Marion County, Oregon, being a portion of that property conveyed to the State of Oregon recorded in volume 169 page 603 deed records of Marion County Oregon, said parcel being that portion of said property included in a strip of land variable in width, lying on the Westerly side of Engineers Design center line of Turner Road described in Parcel 1.

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Excepting therefrom Parcel 1.

This parcel of land contains 2,574 square feet, more or less, outside the existing right of way.
Tract 4 - TEMPORARY CONSTRUCTION EASEMENT

A parcel of land lying in the NW¼NE¼ of Section 18, Township 8 South, Range 2 West, W.M., Marion County, Oregon, being a portion of that property conveyed to the State of Oregon recorded in volume 169 page 603 deeds records of Marion County Oregon, said parcel being that portion of said property included in a strip of land variable in width, lying on the Westerly side of Engineers Design center line of Turner Road described in Parcel 1.

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Excepting therefrom Parcel 1, 2, and 3.

This parcel of land contains 13,530 square feet, more or less, outside the existing right of way.

CONTROL #: 167123

State of Oregon
County of Marion

I hereby certify that the attached instrument was received and duly recorded by me in Marion County records:

FEE: $ 46.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.
KNOW ALL MEN BY THESE PRESENTS, that The State of Oregon, by and through the Oregon Department of Corrections ("Grantor"), for no money, but for other valuable consideration to it paid, the receipt whereof is hereby acknowledged, do forever grant unto the CITY OF SALEM, an Oregon municipal corporation ("Grantee"), a permanent easement over and along the full width and length of the premises described as follows, to-wit:

See Exhibit A attached and as shown on Exhibit B attached.

together with a temporary working easement as follows, to-wit:

None

The temporary working easement shall be effective only for and during the time of the initial construction and laying of the pipeline hereinafter described.

TO HAVE AND TO HOLD the above-described permanent easement unto said Grantee in accordance with the conditions and covenants as follows:

The permanent easement shall include the right to the said City of Salem, to excavate for, and to construct, place, operate, maintain, repair, replace, relocate, inspect, and remove water pump station and water pipeline with all appurtenances incident thereto or necessary therewith, including at ground level valve boxes and fire hydrants for the purpose of conveying potable water under said premises, and make excavations therefor from time to time, in, under, and through the above-described premises within said easement, and to cut and remove from said easement any trees and other obstructions which may endanger the safety or interfere with the use of said water pump station and pipelines or appurtenances attached to or connected therewith; and the right of ingress and egress to and over said above-described premises at any and all times for the purpose of repairing, renewing, excavating, replacing, inspecting, maintaining the number of water pump stations and pipelines and appurtenances, and for doing anything necessary, useful, or convenient for the enjoyment of the easement hereby granted. No building other than Grantee's pump station and appurtenances shall be constructed over the permanent easement, and no earthfill or embankment shall be placed within this easement without a specific written agreement between the Grantee and the Grantor, Grantor's successors or assigns. Should such specific agreement be executed, Grantee will set forth the conditions under which such fill or embankment may be placed, including a stipulation that all risks of damage to the pipeline shall be assumed by Grantor, its successors, or assigns.

To the extent permitted by the Oregon Constitution and the Oregon Tort Claims Act, Grantor will indemnify and hold harmless the Grantors, their heirs and assigns from claims for injury to person or property as a result of the negligence of the Grantee, its agents, or employees in the construction, operation, or maintenance of said pipeline and pump station.

The City of Salem, upon the initial installation, and upon each and every occasion that the same be repaired, replaced, renewed, added to, or removed, shall restore the premises of the Grantor, and any improvements disturbed by the City, to as good condition as they were prior to any such installation work, including the restoration of any topsoil and lawn.

PIPEDLINE EASEMENT (Water Only)—Page 1
C:\Documents and Settings\Owner\My Documents\Wordperfect\Easements\DPSST3-24-06\Pump Station Esmt No. 14 No. 2 06-29-06 04170.wpd
Grantee, upon the initial installation, and upon each and every occasion that the same be repaired, replaced, renewed, added to, or removed, shall restore the premises of Grantor, and any improvements disturbed by Grantee, to as good condition as they were prior to any such installation or work, including the restoration of any topsoil and lawn.

The State of Oregon, by and through the Oregon Department of Corrections

By: [Signature]
Title: [Title]

STATE OF OREGON
County of Marion

This instrument was acknowledged before me on September 8, 2006, by [Name] as [Title] of [Name] [Title].

The State of Oregon, by and through the Oregon Department of Corrections.

OFFICIAL SEAL
CHERIE L. GREENWADE
NOTARY PUBLIC—OREGON
COMMISSION NO. 368710
MY COMMISSION EXPIRES MAY 15, 2007

Cherie L. Greenwade
Notary Public—State of Oregon
My commission expires: May 15, 2007

ACCEPTED ON BEHALF OF THE CITY
OF SALEM BY:

Keith Wassendt for Jim Grant
Public Works Department

APPROVED AS TO FORM:

By: [Signature]
City Attorney

Checked By: [Signature]
Project Number: 7004620
June 29, 2006

PIPELINE EASEMENT (Water Only)—Page 2
C:\Documents and Settings\Owner\My Documents\Wordperfect\Easements\DPST73-24-06\Pump Station Easmt No. 14-04170.wpd
Beginning at a point on the Southwesterly right-of-way line of Turner Road Southeast (County Road No. 835) which bears North 00°00'00" East 238.98 feet and North 90°00'00" East 112.78 feet and South 55°18'02" West 60.00 feet from the Northwest Corner of the J. Herren Donation Land Claim No. 60 in Section 18, Township 8 South, Range 2 West of the Willamette Meridian, Marion County, Oregon; Thence South 34°41'58" East along said right-of-way line a distance of 24.97 feet to the TRUE POINT OF BEGINNING; Thence continuing along said line South 34°41'58" East a distance of 33.43 feet; Thence Southeasterly along the arc of a 515.00 foot radius curve to the left (the chord of which bears South 35°25'21" East 13.00 feet) a distance of 13.00 feet; Thence South 57°40'47" West 66.14 feet; Thence South 27°41'08" West 92.85 feet; Thence South 13°50'00" East 184.77 feet; Thence South 76°10'00" West 113.33 feet; Thence North 34°35'24" West 129.95 feet; Thence North 27°41'09" East 117.73 feet; Thence North 22°24'54" East 83.89 feet; Thence North 59°39'55" East a distance of 145.31 feet to the TRUE POINT OF BEGINNING and containing 38,547 square feet of land more or less.

The above description is based on Marion County Survey Record No.36689.
September 25, 2006, 10:23 am.

CONTROL #: 177973

State of Oregon
County of Marion

I hereby certify that the attached instrument was received and duly recorded by me in Marion County records:

FEE: $ 41.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.
APPRAISER QUALIFICATIONS AND LICENSES
Profile

Owen Bartels is a Senior Managing Director with BBG in the Portland, Oregon office. He oversees strategic initiatives throughout Oregon and Southern Washington. He was the 2017 President of the Greater Oregon chapter of the Appraisal Institute. Owen began his commercial real estate career with the Tacoma, Washington, Kidder Mathews office in 2001 working as a researcher and financial analyst for industrial properties. He began his appraisal career in 2003 with the Vancouver, Washington, office of PGP Valuation (now Colliers), and became a Certified General Appraiser in both Oregon and Washington in 2006. He is a Member of the Appraisal Institute.

Owen has appraised properties in cities and towns throughout the Northwest, including southern Oregon, central Washington, the Puget Sound region, both the Oregon and Washington coasts and, of course, throughout the Portland metro area. Appraisal work includes industrial, retail, office, mixed use, both commercial and residential condominium conversions, subdivisions, partial acquisitions, corridors, and specialized consulting projects. Owen has recently expanded his work in Eminent Domain, including work for both public agencies and property owners. Clients include lenders, development companies, government agencies, and private parties.

Owen is involved in local professional organization leadership, serving as President of the Greater Oregon chapter of the Appraisal Institute after four years chairing the Government Affairs committee. He has also been one of the Greater Oregon Chapter’s representatives in Washington DC for the Leadership Development Advisory Committee (LDAC). In 2014 he was awarded the Outstanding Service and Leadership Award by his local Appraisal Institute chapter. In 2015 he received the President’s Service Award for contributions to the chapter.

In addition, Owen a member of the Government Affairs committee of the Oregon Mortgage Bankers Association (OMBA) and of the International Right of Way Association’s Beaver State Chapter (Chapter 3).

Professional Affiliations

Appraisal Institute, Member (MAI)
Greater Oregon Chapter President 2017
Member, International Right of Way Association Beaver State Chapter
Adjunct Professor, Portland State University, 2018

General Certified Appraiser
Oregon, Certified General, C000870
Washington, Certified General, 1101723
Michigan, Certified General, 1201076811

Education

University of Puget Sound: Bachelor’s Degree in Economics, May 2003
Appraiser Certification and Licensure Board
State Certified General Appraiser
28 hours of continuing education required

License No.: C000870
Issue Date: December 01, 2019
Expiration Date: November 30, 2021

OWEN E BARTELS
BBG INC
8300 DOUGLAS AVE STE 600
DALLAS, TX 75225

Gae Lynne Cooper, Administrator
Profile

Evan Abramowitz is a Director with BBG in the Vancouver, Washington office. He is engaged in business development and client outreach for the Vancouver office. Before working in valuation, Evan was a multifamily investment broker. Evan is a Designated Member of the Appraisal Institute. His work focuses on a broad range of property types including multifamily, retail, office, and industrial.

Evan is also familiar with the Central Oregon market as he completed a 12-month position in 2009 as the Community Economic Development Coordinator on the Warm Springs Indian Reservation. The opportunity was through the prestigious Resource Assistance for Rural Environments (RARE) program administered through the University of Oregon.

Professional Affiliations

Appraisal Institute
MAI Designation

General Certified Appraiser:
State of Oregon (License #C001272)
State of Washington (License # 1102419)
State of California (License # 3007302)

Education

Bachelor's Degree in Public Policy, University of North Carolina at Chapel Hill, NC
Master of Real Estate Development, School of Business Administration, Portland State University, OR
Appraiser Certification and Licensure Board
State Certified General Appraiser
28 hours of continuing education required

License No.: C001272
Issue Date: June 01, 2020
Expiration Date: May 31, 2022

Evan S Abramowitz
2922 SE Salmon St
Portland, OR 97214

Chad Koch, Interim Administrator
Sydni Nicolici is a Director at BBG in the Portland, Oregon office and holds three state appraisal licenses. Her current scope of work includes a broad range of commercial properties to include multifamily complexes, offices, and industrial facilities. She also specializes in agricultural appraisals (to include permanent plantings, irrigated land, processing facilities, and ranches), right of way, and tax appeals. In addition to appraising, she serves as a member of the CREW Awards Committee.

Her appraisal career began in January 2012 as an intern for the San Luis Obispo County Assessor’s Office as a Residential Tax Assessment Intern. In March 2013 she began her appraisal trainee path and obtained state licensing in March 2017. She is currently an Appraisal Institute Candidate for Designation. Her career includes working as an Associate Appraiser with Michael Burger and Associates, now Valbridge | Central California, where she specialized in appraising office and retail properties throughout California’s Central Valley and Coast. During her time here she also appraised a variety of specialized agricultural facilities and an FBO complex.

Professional Affiliations

- Appraisal Institute
- Candidate for Designation
- CREW
- Awards Committee

Certified General Appraiser
- Oregon, Certified General (C001356)
- Washington, Certified General (1102531)
- California Certified General (3004402)

Education

- Masters of Business Administration, California State University, Bakersfield-Master in Business Administration (2013)
- Bachelor of Liberal Arts, California Polytechnic State University, San Luis Obispo-Liberal Arts and Engineering, Concentration: City and Regional Planning, Environmental Engineering, Business Law (2012)
- Certified General and MAI courses through the Appraisal Institute
- ASFMRA Introduction to Valuation of Permanent Plantings
- IRWA Easement Valuation C-403
Appraiser Certification and Licensure Board
State Certified General Appraiser
28 hours of continuing education required

License No.: C001356
Issue Date: February 01, 2020
Expiration Date: January 31, 2022

SYDNI A NICOLICI
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8300 DOUGLAS AVE STE 600
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Chad Koch, Interim Administrator