

"Cities must accept responsibility for solving problems locally... This makes it incumbent upon Oregon cities to rely upon an effective citizen notification and involvement process, tailored to the needs of the community." -- League of Cities, Oregon Municipal Policy, June 2008.

TO: City Council
FR: Jim Claus
RE: Old Town Cannery Hearing Feb 2, 2010
DT: 2 Feb 2010

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Dear Council-

Tonight I am requesting and advising that the city council put a two week extension on this application. I believe it is extremely advisable that you put an extension and continue the PUBLIC hearing because of some of the information you will see tonight-- hopefully it is the first time you are seeing it. It is not de novo information it is merely filling in the blanks on topics already mentioned.

I am requesting and notifying you that willfully misleading information was given by the city of Sherwood by the staff of the city. They in effect told the planning commission that the financial and contract terms with Capstone was of no significance and not the business of the planning commission, and not under the prevue of the planning commission. This aberrant interpretation was supported by commission chair Pat Allen.

Clearly part of a fair and open public hearing is never misleading the public or governing body on the facts. It appears beyond the a shadow of a doubt both the PC and citizens were mislead. Ms. Hajduk is attempting to recant her testimony from the Planning Commission to City Council. See page 1 of her Executive Summary "financial Implications: Approval of this PUD is unique in that it is City owned property and the City has entered into a purchase agreement with the applicant. Denial of the request could affect agreements already made by Council and the Urban Renewal Agency."

The second element you need to consider who as involved in drafting the purchase agreement with this property, the City and Capstone Partners. The legal firm appears to have been Beery, Elsner and Hammond (BEH) for the city and Ball Janik for Capstone. Outside counsel should be called in to determine if the city is bound and who would be responsible for binding the city to future PUD zoning that hasn't yet occurred. Either a city manager has acted outside the scope of his authority or is there a

pattern of taking away due process and equal treatment. That says nothing about the audacity to circumvent the citizens and neighbors who live around the Cannery area.

Who crafted these documents? Why does the staff think they can use those documents to try to procure a favorable land use decision for the City staff and Capstone.

Third, in talking with several citizens, no citizen we have talked to was informed ahead of time or the contract that Patterson signed in 2008. This is serious. Mayor Mays and some staff members have steadfastly used armed police, and threats of police intervention in city meetings such as SURPAC, the planning Commission, as well as City Council in attempts to quell public input.

This coupled with the admitted earlier violation of our civil rights of Chief Middleton, may establish a pattern of behavior that will strip us with City/County Insurance Services (CIS). The city's risks are too great to be cut loose from the CIS. It appears for all intents and purposes that there was an intentional misrepresentation of the facts by identifiable individuals. It should be investigated prior to the hearing continuing.

We present the RFP. This RFP is not met by the current proposal from the Capstone. In fact it is a substantial deviation. Without knowing or drawing conclusions when you are deviating from the normal procedure and there is arguably no benefit from the surrounding area-- in fact it may be harmful. We have to be sure that we cannot be sued by the competitive bidders, on what we would or would not tolerate. Obviously by changing the conditions of the RFP as was done, the staff has in some likelihood exposed us because the true conditions were exposed only to Capstone. It is clear the original terms and conditions of the RFP were not met by Capstone. Other potential candidates were turned away as Jim Patterson said in a November 28, 2007 Gazette article, "Anything that was not mixed-use was not considered." He said also that Capstone Partners was "totally in line with the city's concept plan." The Leland Report provided the underlying concept plan for the RFP. City Council has a copy of the Leland Plan. In that plan it calls for medium density residential uses and other performance oriented concept goals. The current PUD proposal violates those goals and standards.

It is starting to appear that selected individuals can buy zoning. All hope that is not true. The implications are that if you are the right person with a non-residential PUD what is required of other bidders is set aside for you. There is no question it gives the appearance of special treatment and rule bending. It is why the City Council needs an attorney that represents them-- there is no way an attorney can represent the staff, the city, and the council at the same time. Some attorneys also take the attitude that their client can do whatever they want and the attorney will defend those actions.

Staff now seems to recanted testimony in the Planning Commission and admit there is a contract that staff knew of that is material to the hearing. That the contract existed but was withheld from the governing body, and the RFP has been violated by the conditions the citizens/staff was willing to accept. Finally that the purchase conditions are for no benefit to the surrounding areas. In fact the current proposals will likely lower the value of the surrounding properties and businesses in the district, and

may endanger the public safety in more than one way. This application breaks some many rules in development including, having the city assume liability of infrastructure and streets, and finishes by having a specific phrase that unless the apartment units are 95% occupied on the apartments, Capstone doesn't have to pay-- a near guarantee that they doesn't have to pay.

The only question the city council needs to sake is for whom is the staff and outside counsel working? It is in our opinion and belief that they are not working for the good of the citizens of Sherwood. It appears that the citizens are being left out of the land use process by developer agreements that circumvent the land use process and pre-determine an outcome.

Because Mayor Mays and others in the previous and current administration as well as some elected officials have tried to minimize the public input into our citizen committees and boards, a basic check and balance to our "home rule" city has been nearly eviscerated. We need to re-establish our public dialogue to prevent the back room deals and selling off of the public's assets.

Who knows what other deals have been made in this town without public input and scrutiny? What is clear is we as a town need a new mechanism to create and set public policies that prevent circumvention of the land use process.

Thank you for your time. Again I reiterate my request to keep the hearing open after tonight for public testimony at the next scheduled time for this application.

Sincerely,

Jim Claus

TO: Sherwood City Council
FROM: Julia Hajduk, Planning Manager
Through: Tom Pessemier, Community Development Director
Subject: Sherwood Cannery Square PUD (PUD 09-01, SUB 09-02, PA 09-05)

EXECUTIVE SUMMARY

Summary: The applicant has requested approval for a planned unit development, subdivision and plan amendment to change the functional classification of Columbia Street from a collector to a local street. The Planning Commission has held two meetings taking public testimony and has deliberated on a recommendation. They are expected to make a motion to forward their recommendation to the City Council at their January 26, 2010 meeting.

Previous Council Action: There has been no previous action on this land use proposal. The City is the property owner and has taken action in the past to market the property and work with the applicant on a purchase agreement.

Background/Problem Discussion: The applicant, Capstone Partners, has requested Planned Unit Development, Subdivision and Plan Amendment approval with the ultimate goal of developing a mixed use development in the Old Cannery Area of Old Town. The subdivision would dedicate right of way and 3 tracts (a plaza area, vegetated corridor and water quality facility/sidewalk) and would create 10 lots. The Plan Amendment would amend the Transportation System Plan (TSP) to change the functional classification of Columbia Street from a Collector to a Local Street. The Planned Unit Development approval would allow the applicant to focus the density in the eastern portion of the property, allow some flexibility in standards and ensure a unified development to occur over time. In addition, the applicant has proposed a design modification to the streets to allow for low impact development storm treatment as well as extend the visual effect of Pine on the north side of the rail road tracks. The applicant's submittal is attached as Attachment 1, Exhibit A and Exhibit B.

The Planning Commission held a public hearing and took public testimony on November 10 and December 8, 2009. On January 12, 2010 the Commission deliberated on their recommendation to the Council. They came to consensus on specific modifications they will recommend and directed staff to make necessary changes to the analysis, findings and conditions. Staff has prepared a draft Planning Commission recommendation and the Commission is expected to make their official recommendation on January 26th. The draft Commission recommendation is attached to this document. If additional changes or modifications are required as a result of their meeting on the 26th, these changes will be made and forwarded to the Council in advance of the Council hearing on February 2nd.

Upon conducting a public hearing and deliberating, an Ordinance will be prepared reflecting the Council decision. It is anticipated this Ordinance will be considered at the February 16, 2010 Council meeting.

Alternatives: The Council could approve, approve with modifications or deny the planning commission recommendation.

Financial Implications: Approval of this PUD is unique in that it is City owned property and the City has entered into a purchase agreement with the applicant. Denial of the request could affect agreements already made by Council and the Urban Renewal Agency.

Recommendation: Staff recommends that the City Council hold a public hearing and determine whether to accept the Planning Commission recommendation and direct an Ordinance be prepared for adoption.



Request for Proposals

City of Sherwood Redevelopment of the Old Cannery Site

Issue Date: July 5, 2007

Exclusive Representation

GVA Kidder Mathews

One SW Columbia Street, Suite 950

Portland, OR 97258

503.221.9900

 **GVA Kidder Mathews**

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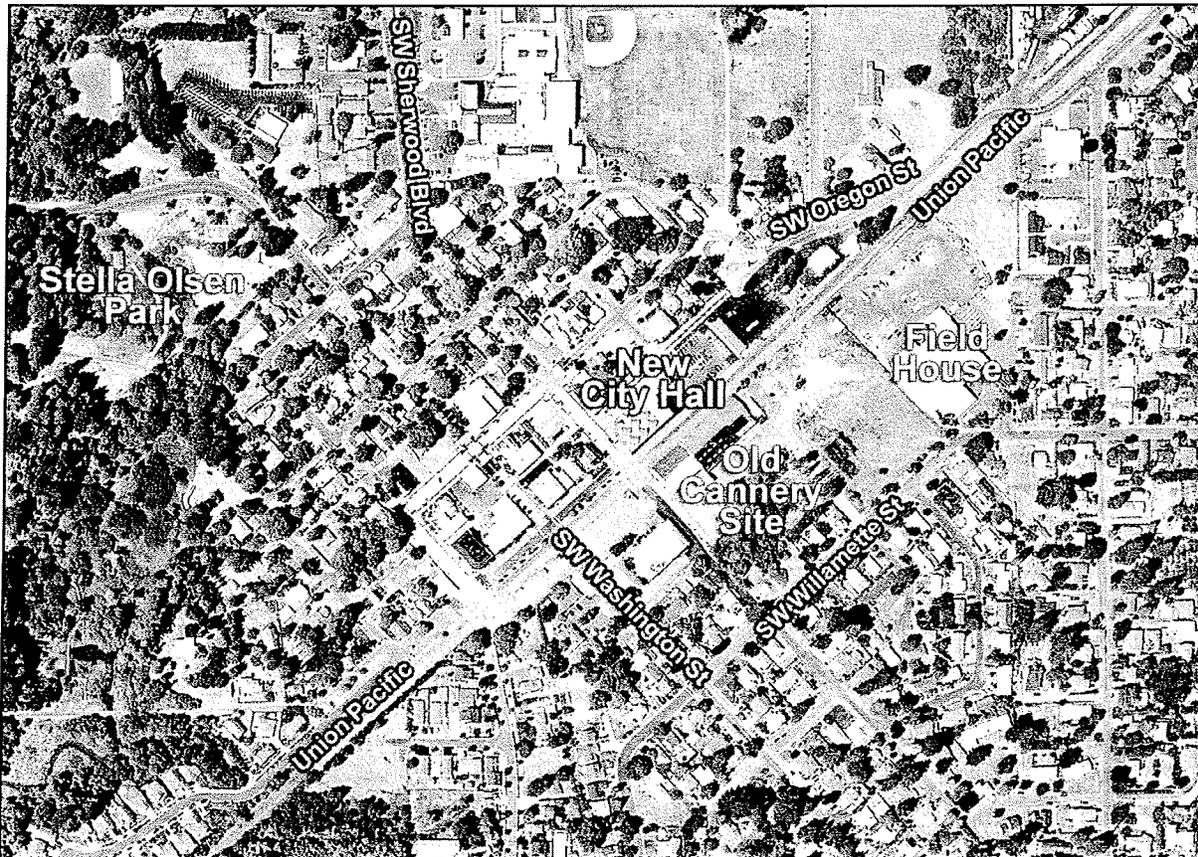
1. The Opportunity

Three Parcels in Downtown Sherwood, Oregon

Appraised at \$3.7 Million - \$14 per square foot

MAJOR REDEVELOPMENT OF SUBURBAN DOWNTOWN SHERWOOD

This redevelopment will consist of three parcels in historic Old Town Sherwood totaling 6.06 acres (263,974 SF) and known as the Old Cannery Site. The parcels are zoned either High-Density Residential or Retail Commercial and the Redevelopment Program targets a mixed-use scheme of residential uses comprising 50%-70% of the property and commercial-retail uses comprising the balance of the site.



THE OFFERING

The material contained in this Offering Memorandum is confidential, furnished solely for the purpose of considering the purchase of the real property described herein, and is not to be used for any other purposes or made available to any other person without the express written consent of GVA Kidder Mathews.

Interested buyers should be aware that Seller, City of Sherwood, owner of the real property known as the Old Cannery Site, is selling the property in its "AS IS" condition with all faults, without representations or warranties of any kind or nature. Prior to and/or after contracting to purchase, as appropriate, Buyer will be given a reasonable opportunity to inspect and investigate the Property and all improvements thereon, either independently or through agents of Buyer's choosing. In addition to the first sentence of this paragraph, but without limiting the generality thereof, Buyer shall not be entitled to and should not rely on Seller or its affiliates or its agents as to (i) the quality, nature, adequacy, and physical condition of the Property, including, but not limited to, any structural elements, foundation, appurtenances, access, landscaping, and the electrical, HVAC, plumbing, sewage, and utility systems; (ii) the quality, nature adequacy, and physical condition of soils, ground water, and geology; (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Property; (iv) the development potential of the Property, its habitability, merchantability, or fitness, suitability, or adequacy of the Property for any particular purpose; (v) the zoning or the legal status of the Property; (vi) the Property's or its operation's compliance with applicable codes, laws, regulations, statutes, ordinances, covenants, conditions, and restrictions of any governmental, quasi-governmental entity, or any other person or entity; (vii) the quality of any labor and materials furnished at or to the Property; (viii) the compliance of the Property with any environmental protection, pollution, or land use laws, rules, regulations orders or requirements, including, but not limited to, those pertaining to the handling, generating, storing, or disposing of any hazardous materials, or the Americans with Disabilities Act; and (ix) except as expressly provided otherwise in an executed contract of sale, the condition of title and the nature, status, and extent of any right-of-way, lease, right of retention, possession, lien, encumbrance, license, reservation, covenant, condition, restriction, and any other matter affecting the title. Although the Seller may have performed work, or contracted for work performed by third parties in connection with the Property, Seller and its agents shall not be responsible to Buyer or any successor on account of any errors or omissions or construction defects of such predecessors and/or third parties.

Seller reserves the right to withdraw the Property being marketed at any time, without notice, to reject all offers and to accept any offer without regard to the relative price and terms of any other offer. Any offer to Seller must be (i) presented in the form of a non-binding Letter of Intent, (ii) incorporated in a formal written contract of purchase and sale to be prepared by Seller and executed by both parties, and (iii) approved by Seller before the transaction becomes binding on either party.

Neither the Prospective Buyer nor Seller shall be bound until execution of the contract of purchase and sale, which contract shall supersede prior discussions and writings and shall constitute the sole agreement of the parties. Prospective Buyer shall be responsible for their costs and expenses of investigating the Property and all other expenses, professional or otherwise, incurred by them, including brokerage fees to Buyer's agents.

DEVELOPMENT OBJECTIVES

GVA Kidder Mathews has been retained by the City of Sherwood ("Owner") to exclusively market the Old Cannery Site, Sherwood, Oregon. The site is approximately 6.06 acres and sits in the heart of Old Historic Downtown Sherwood, located on Highway 99 between Tigard and Newberg.

Sherwood's Old Town Historic District is a 10-square-block area which houses the City Hall and has seen a significant amount of redevelopment in recent years, including the construction of a new City Hall and Library facility, and the construction of significant streetscape improvements by the City of Sherwood.

The redevelopment concept as envisioned by the City of Sherwood and the Cannery Development Advisory Committee (CDAC) contemplates a medium-density mixed-use project for both residential and retail-commercial uses. Ideally, the residential uses would consist of a combination of condominiums, townhouses, and single-family dwellings, while retail-commercial would be comprised of commercial buildings and storefront lofts. Most retail activity would be expected to take place on the first floor with perhaps office space or housing above.

The goals of the redevelopment project include the stimulation of new investment and development in Old Town, north of the railroad tracks, which border the site. A "small-town" feel and complimenting the existing Old Town is the goal of the project which should have a unified architectural character and should encompass the grid pattern established in Old Town and adjacent neighborhoods. The ultimate character of the development should be that of a unique, high-quality place which capitalizes on the major investment the City has made in new streets, sidewalks, and street lighting north of the railroad tracks. A small open area, plaza or town square suitable to a community gathering place will need to be included in the redevelopment scheme.

The City's redevelopment concept was derived from a July 2005 consultant document, "Sherwood Cannery Development Strategy". The document is available on www.sherwoodcannery.com as an attachment, and is meant to serve as a guide and roadmap for the redevelopment of the Cannery site. While it suggests percentages for the relative mix of residential and retail-commercial uses, the City of Sherwood will be flexible in allowing the ultimate developer to implement its desired strategy. Further, the schematic diagrams showing the composition and building types on the respective development parcels are to be treated as guidelines only.

Similarly, the Redevelopment Strategy reflects the requirements of the Old Town Overlay District (OT), contained in Chapter 9 of the Sherwood Zoning and Development Code. The OT zoning-district is intended to establish objectives and define a set of development standards to guide physical development in historic downtown Sherwood. The OT overlay is intended to provide development flexibility with respect to uses, site sizes, setbacks, heights, and site design elements. Land use applications must demonstrate substantial conformance with the Overlay District standards.

The ultimate overlaying goal is a successful, high-quality project which maximizes the Cannery project's "small-town" feel, compliments the existing Old Town, and can be successfully implemented by a capable developer with a proven track record.

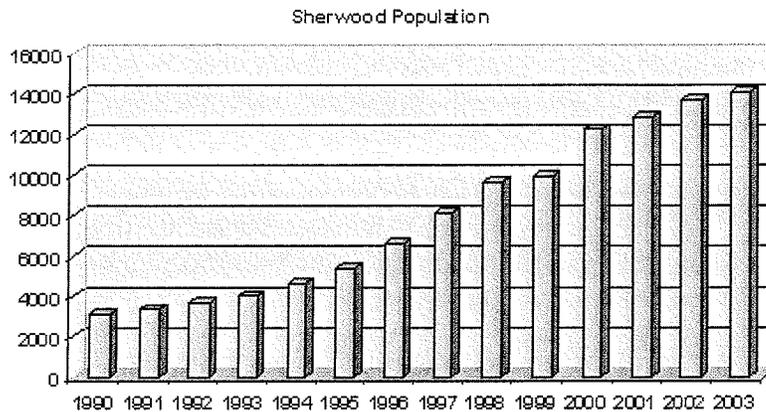
A complete copy of the Sherwood Cannery Development Strategy can be downloaded from the "Opportunity" Section of www.sherwoodcannery.com.

2. Introduction

BACKGROUND AND HISTORICAL HIGHLIGHTS – SHERWOOD, OREGON

Prior to western settlers arriving in 1853, the Tualatin Indians inhabited the area which is now known as Sherwood, Oregon. In 1885, JC Smock gave a right-of-way on his property to the Portland and Willamette Valley railroad. He and his wife, Mary Ellen Sebastian platted the town in 1889, the same year rail service began. Tradition has it that no one, not even the town's founders liked the name "Smock Ville," and so a public meeting was held to rename the town. A prominent businessman, suggested the name Sherwood, which is the town in Michigan that he was from, which is itself named after the legendary Sherwood Forest of England.

The main industry in the 1890's was a brick yard supplying building materials to Portland. Most of Sherwood's commercial buildings were built at this time, including the nine-block area known as Old Town. The brickyard closed in 1895, and a year later, a terrible fire razed most of the business district. The economy diversified to include a fruit and vegetable cannery and a tannery, which supported Sherwood until 1971. Today the main industry is manufacturing. In 1911, Sherwood's city limits were one square mile, and a population of 350. Today, Sherwood's population is in excess of 15,000 and the city limits have expanded to four and a half square miles.



Sherwood continues to remain one of the fastest-growing towns in Oregon, but such growth has not diminished the small-town atmosphere of historic Old Town, which is evident in annual community gatherings such as the popular Robin Hood Festival, Cruisin Sherwood Classic Car Show, Music on the Green, The Arts Festival, the Onion Festival, Run for the Roses and Missoula Children's Theatre. In addition, Sherwood boasts excellent active recreational facilities that play host to state and regional high school and youths sports championship events.

Sherwood is also home to the Tualatin River National Wildlife Refuge, one of only a handful of urban national wildlife refuges in the country. The Tualatin River National Wildlife Refuge has received Sunset Magazine's 2007 Environmental Award for being a piece of "preserved paradise". The refuge was included on a list of 10 winners Sunset honored in Alaska, Arizona, California, Hawaii, Montana, New Mexico and Utah. The awards are detailed in the magazine's March 2007 edition. The 1,358-acre refuge, just off Oregon 99W, about 15 miles southwest of Portland, was opened to the public last June, offering a network of walking trails through varying habitats, as

well as a wildlife photography blind and a pier for handicapped fisherman. An interpretive center remains under construction. The U.S. Fish & Wildlife Service has approved plans to expand the refuge to more than 3,000 acres.

While Old Town boasts antique shops and tea houses, it is only minutes away from new commercial development concentrated at Highway 99W and Tualatin-Sherwood Road and rolling hills and farmland have combined with high-end residential development to provide a bucolic setting south of Old Town. The Cannery site is adjacent to rail lines that could be used in the future for commuter rail from the Portland Airport to Yamhill County. Sherwood will also serve as the "end of the line" for the Washington County winery tour as part of the Washington County tourism plan.

Sherwood's location approximately 12 miles southwest of downtown Portland in southeast Washington County offers residents a suburban community with a rural feel.

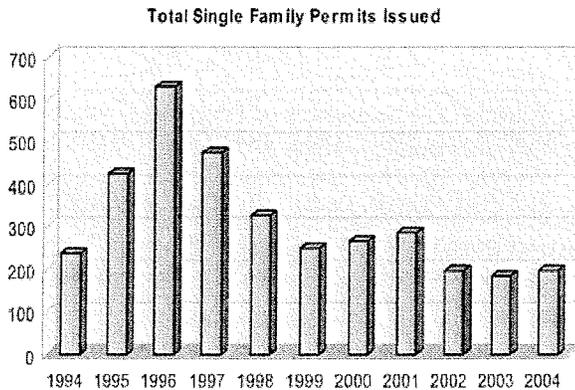
Schools within the Sherwood School District are acknowledged as among the best in metropolitan Portland, and Sherwood academic Target Scores exceed State of Oregon Student Benchmarks in all categories. Sherwood High School's dropout rate of 1% is an academic statistic that distinguishes it from virtually every other large high school in Oregon, and extracurricular participation by students exceeds 75%.

During a period when Oregon's public school districts have faced challenging funding issues, Sherwood residents have shown their commitment to educational funding. With the recent passage of a \$98 million capital construction bond measure, the district is assured of the ability to maintain existing facilities and add new school facilities as necessary.

Sherwood's small-town ambiance, suburban yet rural character, and superior schools are reflected in an average median household income of \$70,549, compared to a \$52,122 median income for Washington County. Further, the median sale price of residential housing in Sherwood is \$342,184, compared to a median price of \$253,940 for Washington County.

STRONG LOCAL ECONOMY

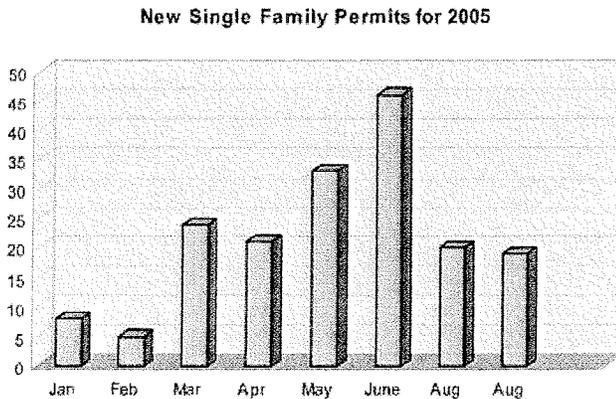
Oregon's unemployment steadily decreased from 2003 through 2005 and stands at 5.57% though the state continues to underperform the nation, which saw an unemployment decrease to 4.7%. Economic forecasters are predicting that the region will create more jobs and see another one million residents added to its population base. Part of the growth is attributed to the excellent quality of life, access to recreational opportunities, moderate climate, and a good public school system.



LACK OF AVAILABLE RESIDENTIAL LAND

With the creation of the Urban Growth Boundary in the 1970s, suburban sprawl has been contained and measured growth has allowed cities such as Sherwood to provide new housing stock and an excellent school system. Development has been thoughtful and reflective of city council decisions aimed at consistent design standards, contained commercial development, and affordable as well as upscale residential neighborhood developments.

However, the supply of developable residential and commercial land has diminished over the past five years, and the challenge of bringing additional land into the Urban Growth Boundary is becoming difficult. These conditions are in large measure responsible for the increase in median housing prices in metropolitan Portland, and the availability of an infill residential-commercial parcel as typified by the Cannery site is a unique opportunity.



3. Executive Summary

THE DEVELOPMENT SITE

An approximate 6.06 acre site owned by the City of Sherwood within the Old Historic Downtown Redevelopment Area, a 10 square block area which has experienced significant revitalization in recent years, including the construction of a new City Hall and Library, and the construction of extensive streetscape improvements.

DEVELOPMENT CONCEPT

Commercial and residential with a pedestrian-oriented, medium-density neighborhood that is compatible with, and ideally supportive of, the Sherwood concept development plan. Important development objectives include attracting sensitive design elements compatible with the historic flavor of the Downtown area. The Development Concept and suggested mix of uses are provided as an attachment to this offering.

PURCHASE

The site is available for sale only to a single buyer. It is not priced but has been the subject of an MAI appraisal in January 2007 which valued the site at \$3,700,000.

SELECTION PROCESS

A two step request for proposal selection process (see Section 7).

SUBMITTALS DUE

September 4, 2007 at 4:00 PM. Submittals may be mailed to the address below or delivered in person to the Bid Desk at the City of Sherwood, City Hall, 22560 SW Pine Street, Sherwood, Oregon 97140.

CITY OF SHERWOOD REPRESENTATIVES

For further information, contact via letter, fax or e-mail.

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Portland, OR 97258
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503.221.2277 fax
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Assistant City Manager
CITY OF SHERWOOD
22560 SW Pine St.
Sherwood, OR 97140
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pattersonj@ci.sherwood.or.us

4. The Site

DESCRIPTION OF SITE

Subject site is located on a city block which is divided by a wetland area. The site is an L-shaped site with frontage along both SW Willamette and SW Pine streets. The site is effectively level at street grade and is served by all public utilities.

LAND AREA

Three parcels consisting of 263,974 square feet (6.06 acres) Gross Site Area. The subject area is summarized in the following table:

<u>Parcel#</u>	<u>Size (Acres)</u>	<u>Size (SF)</u>
R0555599	5.46	237,838
R0555615	0.51	22,216
R0556017	0.09	3,920
	6.06 Acres	263,974 SF

EXISTING BUILDINGS/USE SUMMARY

The City of Sherwood will demolish and remove the existing improvements. The site will be delivered in shovel ready condition.

EXISTING ZONING

Retail Commercial (4.46 acres); High-Density Residential (1.60 acres) The site is the Old Town overlay, the city's most flexible zoning designation that allows for great latitude in redevelopment of the site.

TRANSPORTATION

The site has excellent arterial and freeway access. Arterial access is provided by Oregon Street and Washington Street to Hwy 99, and Oregon Street connects to Tualatin Sherwood Highway to the East, and thereafter to Interstate 5 at the Tualatin interchange.

UTILITIES INFRASTRUCTURE

The site currently has electrical, sewer, water, gas and communications service. The developer will extend these utilities from the property line onto the site. The estimated charges allocable to Systems Development Fees for the project are \$2.0-\$2.5 million.

ENVIRONMENTAL REMEDIATION

The City expects to complete characterization of the site's environmental condition prior to execution of the sale with the developer. Existing environmental assessments have not identified any extraordinary environmental issues. The property will be conveyed by the City ready to develop with no known environmental deficiencies.

UTILITIES

Public Water: Tualatin Valley
Sanitary Sewer: Clean Water Services
Electricity: Portland General Electric
Natural Gas: Northwest Natural

FLOOD PLAIN/WETLAND

FEMA/FIRM Map number 4102730001A – Map Date: 01/06/1952
locates the subject in Zone C, outside the 100-year flood plain.

SOILS

A geotechnical investigation has not been performed.

5. DEVELOPER RESPONSIBILITIES

DEVELOPER'S RESPONSIBILITIES

The Developer will plan and construct a development project on the Cannery site consistent with the objectives described herein. All "due diligence" and development activities shall be undertaken solely at the cost of the Developer. The Developer will assume the following principal responsibilities related to development:

- Obtain entitlements for the development of the property. Following selection the developer will then meet with City of Sherwood Planning personnel for a pre-application conference at no cost to applicant. Following the pre-application conference, the Developer will proceed with the Type IV development agreement application. The Developer will have sole financial responsibility for the entitlement process, including any additional environmental review and/or permitting that may be required. The City will support the Developer during these processes.
- Secure financing for the proposed project.
- Complete construction of the proposed project.

CITY'S RESPONSIBILITIES

The City will assume the following principal responsibilities:

- Cooperate, and assist where needed, in obtaining key entitlements and regulatory approvals.
- Complete investigation and remediation or other appropriate management of any known environmental contamination, consistent with applicable Oregon Department of Environmental Quality regulations, in coordination with the Developer's site planning activities. The City will lead any interactions and negotiations with regulatory agencies that are required to establish a contamination management approach that is consistent with the site development process.
- Complete demolition of the Cannery buildings and other limited site clearance.
- Prompt review and processing of the Type IV development agreement application.
- Certify compliance with SEPA.
- Prompt review and processing of all development permits.

6. Terms & Conditions

GENERAL TERMS

This RFP is neither a contract nor a commitment of any kind by the City, and does not commit the City to begin exclusive negotiations nor to pay any cost incurred in the submission of a response. The submission of a response to this RFP constitutes an invitation to negotiate with the City. The City, at its sole discretion, reserves the right to accept or reject, in whole or in any part, responses to this RFP, to request new responses, reissue the RFP, or not to proceed with this project or any part thereof.

All submitted responses will become the property of the City and will become public documents. Upon receipt by the City, the responses submitted including any and all attachments to the response and any interim reports and investigations prepared by the development team shall become the property of the City. The City shall have the right to copy, reproduce, or otherwise dispose of each response received. The City shall be free to use as its own, without payment of any kind or liability, therefore, any idea, scheme, technique, suggestion, layout, or plan received during the RFP process.

Failure to provide any of the requested data within the specified submission period may cause the City, at its sole discretion, to reject the submitted response or require the data to be promptly submitted.

The qualifications of each member of the development team are important criteria in the selection process. The selected Developer will not be allowed to substitute any members of the development team without prior approval by the City. The City, at its sole discretion, reserves the right to accept or reject proposed changes to the development team.

All facts and opinions stated within this RFP and in all supporting documents and data, including but not limited to statistical and economic data and projections, are based on available information from a variety of sources. No representation or warranty is made with respect to this information. The developer will be responsible for conducting all feasibility analyses required to undertake the development.

In the interest of a fair and equitable selection process, the City retains sole responsibility to determine the timing, arrangement and method of proposal presentations throughout the selection process. Developers and members of their team are cautioned not to undertake any activities or actions to promote or advertise their qualifications or proposal except in the course of City-sponsored presentations.

REAL ESTATE REPRESENTATIVE

GVA Kidder Mathews, or designee, is the designated City representative for this RFP ("City Representative") and is being compensated by the City of Sherwood. No real estate fees or any other commissions of any type will be paid to respondents for this RFP or their agents or representatives. All contacts and communications regarding this RFP should be submitted in writing only by mail, fax or e-mail. The deadline for receipt of questions is 4:00 PM August 30, 2007. Questions received after this date and time will not be considered. Only questions answered by the City in writing will be binding. Oral and other interpretations,

clarifications or submittal instructions will be without legal effect. Interpretations, clarifications or supplemental instructions will be issued by addenda and will be provided in writing to all developers who have indicated an interest in the project by virtue of having downloaded the RFP from the City's web site or received it from the City's Bid Desk or from the representatives listed below:

Submit questions to:	Tony Reser or Colleen Colleary
Mailing address:	GVA Kidder Mathews One SW Columbia Street, Suite 950 Portland, OR 97258
Phone Number:	(503) 221-9900
Fax number:	(503) 221-2277
E-mail:	treser@gvakm.com colleenc@gvakm.com

REJECTION OF RESPONSES

The City reserves the right to accept or reject any or all responses in their entirety or in part, and to waive informalities and minor irregularities. During the evaluation process, if the City determines that a particular requirement may be modified or waived, then the requirement(s) will be modified or waived for all respondents and all responses will be re-evaluated in light of the change.

WITHDRAWAL OF RESPONSES

Submitted responses may be withdrawn prior to the deadline for submission of responses. After opening of the responses by the City and prior to the time the selected developer is notified, respondents may withdraw their response. Financial capacity is addressed below.

PUBLIC DISCLOSURE

As a public agency, the City is subject to the Oregon State Public Disclosure Act. As such, the City may be required to disclose information provided in respondent's response. The City will promptly notify respondent of any requests for public disclosure of respondent's documents. Respondent shall be responsible for and bear the costs of taking legal action in an attempt to prevent disclosure of such documents. In no event shall the City be liable to respondent for disclosure of respondent's documents the City deems disclosable under Public Disclosure Act.

7. Selection Process & Criteria

SELECTION PROCESS

An evaluation panel consisting of City staff and consultants will review all responses for their relative strengths and weaknesses based on the submission requirements and will follow a two-step process.

1. First Step

Initial responses to this RFP will be evaluated and a short list of two to three development teams will be selected.

2. Second Step

Selected developers will be asked to submit detailed proposals that include, but are not limited to, site plan, phasing schedule (if applicable), a financial pro-forma, purchase price and proof of financial capacity.

SELECTION SCHEDULE

ITEM	DATE
RFP Available	July 11, 2007
RFP Response Due	September 4, 2007
Short-listed Recommendations Determined and RFP made to Short Listed Firms	September 18, 2007
Proposals Due from Short-Listed Firms	September 28, 2007
Developer Selection Recommendation to City Council and Public Hearing	October 9, 2007
Exclusive Negotiating Period Begins	October 12, 2007

SELECTION CRITERIA

The City intends to select a development team to enter into exclusive negotiations based on the information contained in the responses to this RFP, an investigation of the team's past projects and performance, interviews with the development teams, and other pertinent factors. The following criteria are among those that the City will use to evaluate the submissions:

1. Developer Experience and Qualifications

Score: 40%

- A demonstrated track record in securing appropriate entitlements and completing development of high quality compatible projects of comparable size, land use type and level of investment.
- Experience in successfully collaborating with public sector partners.
- Economic success of past projects.
- Architectural and urban design quality of past projects.

- Timeliness of performance.
- Qualifications of members of the development team.

2. Preliminary Development Concept

(See Section 8. Submission Requirements, Preliminary Development Concept)

Score: 40%

- Responsiveness of the preliminary development concept to the City's development objectives, including indications of financial feasibility.
- The preliminary development concept should demonstrate a thoughtful and realistic understanding of the potential market and the existing site context, as well as a thorough understanding of the development process. A clear understanding of the market forces leading to a successful development strategy is also critical to the selection process.

3. Financial Capacity

Score: 20%

- Capitalization of the development entity and ability to fund at least \$10 million of development costs.
- Availability of sufficient predevelopment equity for project success.

8. Submission Requirements

COVER LETTER/EXECUTIVE SUMMARY

Each response must contain a cover letter highlighting how the respondent meets the requirements of this RFP. This summary should be written to allow the evaluation panel to quickly ascertain the highlights of the response.

DEVELOPER IDENTIFICATION

1. Identify the lead development entity's name, street address, mailing address, phone number, fax number, and e-mail address. Specify the legal form of the organization (e.g., corporation, partnership, joint venture, other). Specify the date the organization was established.
2. Identify the principal point of contact with the City, who will be authorized to represent the developer in negotiations and make legally binding commitments for the entity. Describe the limitations of the negotiator's authority.
3. List all officers, partners, or owners of the development entity by name, title, and distribution (percentage) of ownership.
4. Identify development partners and any other members of the development team, including planning, design and financial consultants. Identify the specific role and responsibilities of each member of the team. Provide relevant experience for each, a description and photographs of relevant previous projects, and their role in the cited projects. This section cannot exceed 20 pages for all members of the team combined.
5. Provide an organization chart including the key personnel of development team. Include resumes of key personnel in the addendum.

RELEVANT DEVELOPMENT TEAM EXPERIENCE

List and describe the development entity's experience in developing comparable projects. In total, this section is limited to a maximum of 20 pages, including photographs. For each project, provide the following:

- Project description, including date of initiation and completion, location, size of development, concept, price points, land uses and cost.
- The precise role that the entity and principals of the entity who are assigned to the City's project played in the project's development.
- Financial structure of the project, including amount and source of equity and debt financing.
- Key performance dates, including the property acquisition date, the date construction started, and the date completed.
- Evidence of market and economic success.

- Describe the development entity's philosophy regarding long-term holding of its assets. If a management firm is to be employed to manage the project, submit sufficient data on its experience to enable determination of its ability to manage this development.
- Description of the extent to which there was close collaboration with public sector partners.
- Experience in dealing with site contamination issues, including testing, characterization, and remediation of soil and groundwater contamination.
- Experience in dealing with surface water and storm water management during both construction and operation of the project.
- Application of sustainable development policies and/or "green building" principles and practices.
- Experience in creating community consensus and successful public outreach.
- For each project or relevant experience, provide a name and phone number of a contact person familiar with your project.

PRELIMINARY DEVELOPMENT CONCEPT

The respondent should provide a brief narrative description and graphic depiction of the preliminary development concept on which the final site development plan would be based that is consistent with the intent expressed in this RFP and allows the City to understand the respondent's overall vision for and analysis of the project. It is understood that this description would be representative of the type of development proposed by the developer for the site. This description should include preliminary indications of the nature and type of development planned, including land use, building type and configuration; relationship to surrounding uses; approach to access to the site; approach to parking; development phasing; approach to financing development components; and a generalized indication of the types of tenants envisioned for the project. An indication of the design quality of the development should be made, perhaps through reference to other town center or similar developments.

FINANCIAL CAPACITY

The City requests evidence that the development entity has the financial capacity to carry out the proposed project. The City recognizes the sensitive nature of the financial information requested in this RFP. Such information may, therefore, be submitted under separate cover and labeled "Confidential." Only two copies are required. This information will be used solely by the City for purposes of evaluation and will be kept confidential to the fullest extent allowed by law.

1. For the development entity or, in the case of a company formed specifically for this project, for each of its guarantors, provide the following information:
 - Audited financial statements for the most recent calendar or fiscal year.
 - Letters from the developer's lenders and other financial partners attesting to the developer's capacity to undertake this project.
2. Provide evidence from established financial source(s) of the ability to provide the necessary debt and equity for the project, and identify the expected range of financing needed for this project. Indicate other recent projects where a similar level of investment was made, and provide appropriate references.

3. Identify the source, nature and amount of predevelopment equity available to the developer to fund a project of this nature. Identify the process to secure equity for predevelopment costs, and any limitations on the availability of these funds that may impact the development of this project.
4. Is the development entity or any named individual in the proposed project involved in any litigation or other disputes that could result in a financial settlement having a materially adverse effect on the ability to execute this project? If yes, please explain.
5. Has the development entity or any named individual in the proposed project ever filed for bankruptcy or had projects that have been foreclosed? If yes, please list the dates and circumstances.

Due to the often confidential nature of the financial information, the respondent may submit its response to this section in a separate sealed envelope, marked "Confidential Developer Proposal". The sealed envelope will be opened and reviewed by the financial evaluation committee.

DEPOSIT/GUARANTEE

A good faith deposit of \$100,000, is required in the form of a cashier's check, money order, surety bid bond, or letter of credit payable to the City of Sherwood. If applicable, the deposit will be placed in an interest bearing earnest money deposit account accruing interest to the respondent.

RESPONDENT'S CERTIFICATION

A completed certification in form attached as Appendix A.

9. Submission Instructions

INSTRUCTIONS

1. Deadline

Each development entity responding to this RFP is required to submit copies of its response by September 4, 2007 at 4:00 PM to the Bid Desk at the City of Sherwood

Late submittals will not be considered. Fax or e-mail submittals are not acceptable.

2. Delivery

Responses should be directed to:

Jim Patterson
Assistant City Manager
City of Sherwood
22560 SW Pine Street
Sherwood, OR 97140
(503) 625-5522 phone
(503) 625-5524 fax

Responses may be mailed to the address above or delivered in person or by messenger to the Bid Desk at the City of Sherwood.

3. Page Limit

All responses are limited to a maximum of 50 pages, including the limits identified in Section 8, Submission Requirements. A page is defined as a single piece of paper. The "tab" pages are not included in the 50-page limit, nor are any addenda sections. Addenda sections may not, however, exceed ten (10) pages.

APPENDIX A RESPONDENT'S CERTIFICATION

By submitting a response, respondent understands, agrees and warrants that:

Respondent has carefully read and fully understands the information provided in this RFP, including, but not limited to, Section 8. Submission Requirements

Respondent has the capability to successfully undertake and complete the responsibilities and obligations of the response being submitted.

All information in the response is true and correct.

The City has the right to negotiate fees and other items it deems appropriate for the benefit of the City and the general public.

The City has the right to make any inquiry it deems appropriate to substantiate or supplement information supplied by Respondent, and Respondent hereby grants the City permission to make said inquiries and to provide any and all requested documentation in a timely manner.

Dated this ___ day of _____, 2007.

(Respondent)

By: _____

Title: _____

(TO BE ACCEPTED, ALL RESPONDENTS MUST SIGN THIS CERTIFICATION)

RECEIVED

SEP 4 2008

CITY OF SHERWOOD
RECORDER'S OFFICE

PURCHASE AND SALE AGREEMENT

DATE: ~~July~~, 2008

(the "Effective Date")

September 3

BETWEEN: City of Sherwood Urban Renewal Agency
22560 SW Pine Street
Sherwood, OR 97140
ATTN: Jim Patterson
Fax: (503) 625-5524

("Seller")

AND: Capstone Partners, LLC,
an Oregon limited liability company
1015 NW 11th Avenue, Suite 243
Portland, Oregon 97209
ATTN: Chris Nelson

("Purchaser")

Recitals

A. Seller owns certain real property commonly known as the Old Cannery Site and consisting of Tax parcels R0555599, R0556017 and R0555615 in Washington County, in Sherwood, Oregon (the "Current Seller Property"). A legal description of the Current Seller Property is attached as Exhibit A-1 and made a part of this Agreement. Purchaser desires to purchase from Seller a portion of the Current Seller Property depicted as "Site A-1", "Site B-1", "Site B-2", "Site C", "Site D", and "Phase II Property" on the attached Exhibit A-2 (the "Land"). The legal description of the Land will be determined during the subdivision process that Purchaser and Seller contemplate occurring as part of the development of the Property. As used in this Agreement, "Property" includes:

(i) the Land and improvements, and all related rights and appurtenances, including all right, title and interest of Seller in and to any of the following: any oil, gas, or other minerals laying under such land, any water or water rights benefiting such land and any stock evidencing any such rights, any easements benefiting such land and any strips and gores adjoining such land;

(ii) all right, title and interest of Seller in permits or governmental approvals related to the Property, whether granted by governmental authorities or private persons (collectively, the "Rights"); and

(iii) the tangible personal property located on the Property. Tangible personal property shall mean all tangible personal property located on or in the real property or structures on the real property, and owned by the Seller.

B. Purchaser desires to purchase the Property from Seller, and Seller desires to sell the Property to Purchaser for the price and on the terms and conditions described below.

Agreement Terms and Conditions

NOW, THEREFORE, in consideration of the mutual promises of the Parties set forth below, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

1. PURCHASE AND SALE

- 1.1. Seller agrees to sell the Property to Purchaser and Purchaser agrees to purchase the Property from Seller, all on the terms and conditions set forth in this Purchase and Sale Agreement (the "Agreement").
- 1.2. It is contemplated that the Property will be purchased in two (2) phases. The first phase of the Property is comprised of the following parcels (collectively the "Phase I Purchase"), each of which are depicted on the attached Exhibit A-2; provided, however, that the exact size and location of each such parcel shall be determined during the land division process: (i) Site A-1 which is approximately 20,100 square feet of land located at the southwest corner of Pine Street by the railroad, (ii) Site B-1 and Site B-2 which is approximately 47,800 square feet of land, and (iii) Site C and D which is approximately 80,063 square feet of land located along Willamette Street. It is contemplated that the Phase I Purchase will occur on or before July 31, 2009 (the "Phase I Purchase Outside Date"); provided that the Phase I Purchase Outside Date shall be extended for delays beyond the control of Purchaser (collectively, "Delay Events"), including, without limitation, for delays due to force majeure events, acts of terrorism, war, weather delays, public agency delays and delays in obtaining governmental approvals (including appeals), strikes and unavailability of obtaining debt capital on terms reasonably acceptable to Purchaser. The second phase of the Property is comprised of the balance of the Property, which is approximately 32,446 square feet of land (the "Phase II Property"). It is contemplated that the purchase of the Phase II Property will occur on or before December 31, 2012 (the "Phase II Purchase Outside Date"), subject to extensions for Delay Events.
- 1.3. This Agreement shall be effective provided it is executed by both Seller and Purchaser, and in such event shall be deemed effective as of the date set forth above.

2. SELLER DEVELOPMENT GOALS FOR THE PROPERTY. Seller desires in connection with Purchaser's acquisition and development of the Property that Purchaser use commercially reasonable efforts to develop the project to be constructed on the Property consistent with the following:

- 2.1. A medium density mixed use development for both residential and commercial uses.
- 2.2. A development likely to stimulate new investment and development in the Sherwood "Old Town" and surrounding areas.
- 2.3. A development that will contribute to a "small town" feel with a unified architectural character.
- 2.4. A development that is complementary to the major investment that the City of Sherwood has made in new streets, sidewalks and street improvements north of the railroad tracks.
- 2.5. A development that substantially is in compliance with the overlay district standards for the City of Sherwood's Old Town.
- 2.6. It is contemplated that Site A-1 shall be developed as one approximately 5,000 square foot single story brick commercial building fronting on SW Pine Street; provided,

however, Purchaser may change how Purchaser develops Site A-1 so as to allow for integrated and compatible master plan uses between the Property and the existing property located to the east of Site A-1 (the "Warehouse Property").

2.7. It is contemplated that Site B-1 shall be developed as one approximately two-story 14,000 square foot brick mixed use commercial building located adjacent to the public plaza to be constructed by Seller.

2.8. It is contemplated that Site C and Site D shall be developed as two approximately 50 unit three story apartment buildings with brick facades on public streets.

3. PURCHASE PRICE AMOUNTS

3.1. The purchase price (the "Purchase Price") for Site A-1 shall be an amount equal to the product of \$12.50 and square feet of land in Site A-1.

3.2. The Purchase Price for Site B-1 and Site B-2 shall be an amount equal to the product of \$15.00 and square feet of land in Site B-1 and Site B-2.

3.3. The Purchase Price for Site C and D shall be the product of 80,063 square feet and the residual land value of Site C and D (but not more than \$12.00 per square foot or less than \$8.00 per square foot), which residual land value shall be determined by a multi-family appraiser mutually selected by Purchaser (subject to approval by Seller, which approval shall not be unreasonably withheld, conditioned or delayed) using Purchaser's actual cost assumptions, revenue and operating expense assumptions to assist such appraiser in determining such residual land value.

3.4. The Purchase Price for the Phase II Property shall be \$16.00 per square foot of land that comprises the Phase II Property.

4. TIMING OF PAYMENT OF PURCHASE PRICE

4.1. The Purchase Price for Site A-1 and Site B-1 and Site B-2 shall be paid in cash on the closing of the purchase by Purchaser of Site A-1, Site B-1 and Site B-2.

4.2. The Purchase Price for Site C and Site D shall be paid in cash after the closing of the purchase of Site C and Site D. Such Purchase Price shall not be paid until the earlier of (i) thirty (30) days after both of the apartment buildings to be built on Site C and Site D have been built and 95% of the square feet of rental space in such apartment buildings has been leased to tenants who are in occupancy and paying rent, or (ii) the date that is the fifth anniversary of the date that both of the apartment buildings have been completed as determined by the receipt of all necessary final certificates of occupancy or similar permits related to the use and occupancy.

4.3. The Purchase Price for the Phase II Property shall be paid in cash on the closing of the purchase by Purchaser of the Phase II Property.

5. SELLER PRE-CLOSING OBLIGATIONS

5.1. Prior to Closing (defined below), Seller will: (i) discharge all liens (including tax liens, liens for assessments and inchoate liens) encumbering the Property or any part of the

Property; (ii) cure all title objections that Seller agrees to cure in accordance with this Agreement; (iii) satisfy all requirements of the Title Company customarily required of a seller of real property located in Oregon related to issuance of the Purchaser's Title Policy, (iv) within ten (10) days after the Effective Date, provide Purchaser with all information in Seller's possession pertaining to the Property (including, without limitation, information pertaining to environmental matters, wetlands, soils, zoning, title and survey matters); (v) cooperate with Purchaser in facilitating all required zoning approvals, design review approvals, and other approvals necessary or advisable for the development of the Property, (vi) fund the construction of the public plaza and all public streets and related infrastructure that Seller is required to construct pursuant to that certain Development Agreement dated concurrently herewith between Seller and Purchaser (the "Development Agreement"), (vii) obtain a "no further action letter" from the Oregon Department of Environmental Quality with respect to Hazardous Materials that currently and/or previously were present on the Property in form and substance satisfactory to Purchaser, and (viii) initiate and obtain approval of a text amendment to the City of Sherwood's land use regulations so as to allow Purchaser to transfer residential density from portions of the Property to Sites C and D, which text amendment shall be in a form and substance satisfactory to Purchaser.

- 5.2. Until the Closing or termination of this Agreement by Purchaser or Seller, Seller will not, without Purchaser's approval, do any of the following: (i) amend, terminate or otherwise modify, or consent to the amendment, termination or modification of, any Rights related to the Property; (ii) grant, create or allow the creation of any easement, right-of-way, encumbrance, lien, restriction, condition, assessment, lease or other cloud on title which affects the Property, or amend, extend or otherwise modify the terms of any existing easement, right-of-way, encumbrance, lien, restriction, condition, assessment, lease or other cloud on title which affects the Property; or (iii) sell or otherwise transfer or dispose of all or any part of the Property, or enter into an agreement to sell or otherwise transfer or dispose of all or any part of the Property.

6. PURCHASER'S DUE DILIGENCE CONDITIONS

- 6.1. Seller shall promptly deliver to Purchaser (but not later than ten (10) days after the Effective Date) all documents and materials in Seller's possession or control pertaining to the Property, including, without limitation, copies of all environmental reports and test results for the Property and all other information (including reports or test results performed for other persons) relating to the presence of Hazardous Materials, wetlands, environmental constraints, geotechnical data and other considerations typically of importance to a transaction of this nature, as well as a current ALTA survey for the Property and a topographical survey of the Property. Seller shall use commercially reasonable efforts to deliver to Purchaser a traffic study report for Old Town Sherwood as soon as reasonably possible.
- 6.2. Purchaser's satisfaction with the condition of the Property and Purchaser's ability to develop the Property for Purchaser's intended purpose, as determined by Purchaser in Purchaser's sole discretion, is a condition to closing of the purchase and sale. Purchaser shall notify Seller in writing on or before the Due Diligence Contingency Date whether or not Purchaser's due diligence contingency has been satisfied (the "Satisfaction Notice"). As used herein, the "Due Diligence Contingency Date" shall be forty-five (45) days after the later to occur of: (i) the mutual execution of this Agreement, (ii) Seller's delivery to Purchaser of a current ALTA survey of the Property, or (iii)

Seller's delivery to Purchaser of a current traffic impact study with respect to the proposed development of the Property. If Seller does not timely receive the Satisfaction Notice or if Purchaser notifies Seller in writing that Purchaser's due diligence contingency has not been satisfied, this Agreement shall terminate and Purchaser shall provide Seller with copies, at no cost to Seller, of all third party final reports obtained by Purchaser with respect to the physical condition of the Property.

- 6.3. During the term of this Agreement, Purchaser and its representatives shall, at reasonable times, be entitled to go upon the Property for the purpose of making or conducting any inspection, investigation, test or survey reasonably related to the purchase of the Property or to Purchaser's prospective use thereof, provided only that all such activities shall be without expense to Seller and that Purchaser shall fully and immediately restore the Property to substantially its present condition following conduct of any tests. Purchaser shall hold Seller harmless from any damage to persons or property caused by Purchaser's activities on the Property; provided that in no event shall Purchaser be required to indemnify Seller to the extent such liens, costs and expenses arise from the negligence or willful misconduct of Seller or Seller's agents or employees, and in no event shall Purchaser have any duty to indemnify, defend or hold any person or entity harmless from or against any claim, demand, damage, loss, action, liability, cause of action, or judgment, including without limitation, any claim for diminution in value of the Property or for environmental remediation or clean-up costs, arising out of or in connection with the mere fact of having discovered and/or reported (to the extent such reporting was required by law) any adverse physical condition, title condition, or other defect with respect to the Property.
- 6.4. For the purposes of this Agreement, "Hazardous Materials" shall mean any substance, chemical, waste or other material which is listed, defined or otherwise identified as "hazardous" or "toxic" under any federal, state, local or administrative agency law or ordinance including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*; the Federal Water Pollution Control Act, U.S.C. §§ 1251 *et seq.*; the Clean Air Act, 42 U.S.C. §§ 7401 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1471 *et seq.*; Toxic Substances Control Act, 15 U.S.C. §§ 2601 *et seq.*; Refuse Act, 33 U.S.C. §§ 407 *et seq.*; Emergency Planning and Community Right-To-Know Act, 42 U.S.C. §§ 11001 *et seq.*; Occupational Safety and Health Act, 29 U.S.C. §§ 65 *et seq.*, to the extent it includes the emission of any Hazardous Material and includes any Hazardous Material for which hazard communication standards have been established; Federal Insecticide, Fungicide, and Rodenticide Act, Federal Pesticide Act of 1978, 7 U.S.C. §§ 136 *et seq.*; Federal Safe Drinking Water Act, 42 U.S.C. §§ 300(f) *et seq.*; or any similar or analogous state or local statute or ordinance, or any regulation, order, rule, or requirement adopted thereunder, as well as any formaldehyde, urea, polychlorinated biphenyls, petroleum, petroleum product or by-product, crude oil, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel or mixture thereof, radon, asbestos, and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. §§ 3011 *et seq.*
- 6.5. As used in this Agreement, "Title Company" shall mean First American Title Insurance Company. Within thirty (30) days after the Effective Date, Purchaser shall obtain from Title Company and review a preliminary title report with respect to the Property, together with all documents and information pertaining to the exceptions to title listed in

such report. Purchaser may advise Seller in writing and in reasonable detail, not later than thirty (30) days after Purchaser's receipt of the Title Report, what exceptions to title, if any, listed in the then current preliminary report or disclosed on any survey obtained by Purchaser that are not acceptable to Purchaser (the "Title Objections"). Purchaser shall not, however, unreasonably express disapproval of any exceptions to title and, prior to notifying Seller of any Title Objections, shall endeavor in good faith to cause Title Company to modify and update the preliminary report to reflect requested corrections and revisions. Purchaser's failure to deliver a notice of Title Objections to Seller within such thirty (30) day period shall be deemed Purchaser's acceptance of all title and survey matters. Seller shall have five (5) business days after receipt of Purchaser's Title Objections to give Purchaser notice that: (i) Seller will remove any Title Objections from title (or afford the Title Company necessary information or certifications to permit it to insure over such exceptions), or (ii) Seller elects not to cause such exceptions to be removed. Seller's failure to provide notice to Purchaser within such five (5) business day period as to any Title Objection shall be deemed an election by Seller not to remove the Title Objection. If Seller so notifies or is deemed to have notified Purchaser that Seller shall not remove any or all of the Title Objections, Purchaser shall have until sixty (60) days after Purchaser's receipt of the Title Report to determine and to notify Seller whether Purchaser will: (a) proceed with the purchase and take the Property subject to such exceptions, or (b) terminate this Agreement. As used in this Agreement, "Permitted Exceptions" shall include and refer to any and all exceptions to title, excepting solely Title Objections that have been identified by Purchaser within the time frames contained in this Section and that Seller has notified Purchaser pursuant to this Section that Seller is willing to remove.

7. PURCHASER'S AND SELLER'S CONTINGENCIES

- 7.1. Purchaser's obligations under this Agreement are contingent upon the satisfaction or waiver of Purchaser's due diligence and title contingencies set forth above within the time frames set forth above.
- 7.2. Purchaser's obligations under this Agreement are contingent upon the mutual execution of this Agreement and approval of this Agreement by Seller's board.
- 7.3. Purchaser's obligations under this Agreement are contingent upon all representations of Seller contained in this Agreement are accurate and complete in all material respects at the time of a Closing as if made again at that time.
- 7.4. Purchaser's obligations under this Agreement are contingent upon Seller's performance all of the obligations to be performed by Seller under this Agreement at or before Closing.
- 7.5. Purchaser's obligations under this Agreement are contingent upon the Title Company being prepared to issue the Purchaser's ALTA extended coverage Title Policy conforming to the requirements of this Agreement.
- 7.6. Purchaser's obligations under this Agreement are contingent upon Purchaser obtaining final, binding approvals that are not subject to appeal for all governmental approvals required by Purchaser for Purchaser's proposed development of the Property, including, without limitation, all PUD, subdivision, public improvement, land use, building permit and other similar approvals.

- 7.7. Purchaser's obligations under this Agreement are contingent upon the creation of separate legal lots for all portions of the Property to be purchased by Purchaser and which are to be retained by Seller.
- 7.8. Purchaser's obligations under this Agreement are contingent upon the receipt of a binding commitment from Seller to pay for the cost of development and construction of the public plaza and public rights of way and infrastructure contiguous with the Property pursuant to the terms and provisions of the Development Agreement, as well as for the dedication of land areas needed for all such public rights of way.
- 7.9. Purchaser's obligations under this Agreement are contingent upon the receipt of a construction financing commitment with respect to the development of the portion of the Property to be acquired as part of the Phase I Purchase upon such terms and from such lender as is reasonably acceptable to Purchaser.
- 7.10. Purchaser's obligations under this Agreement are contingent upon obtaining pre-release or pre-sale commitments for a minimum of 40% of the proposed retail, office and/or commercial buildings contemplated to be developed on the portion of the Property to be acquired as part of the Phase I Purchase, or as may be required by Purchaser's construction lender.
- 7.11. Purchaser's obligations under this Agreement are contingent upon the receipt by Seller of all building permits necessary for the construction of the public plaza, all public rights of way and all other related infrastructure that is contiguous to the Property.
- 7.12. Purchaser's obligations under this Agreement are contingent upon the receipt of a confirmation from the State of Oregon Bureau of Labor and Industries that under the State of Oregon prevailing wage laws, Purchaser shall have no obligation to pay prevailing wages in connection with Purchaser's proposed development of the Property.
- 7.13. Purchaser's obligations under this Agreement are contingent upon Seller not being in default of the Development Agreement.
- 7.14. Seller's obligations under this Agreement are contingent upon Purchaser providing evidence, reasonably acceptable to Seller, that Purchaser has obtained a loan commitment for construction of a substantial portion of the development on the Phase I Purchase, which commitment shall include a typical completion guarantee in favor of the construction lender.

8. PURCHASER'S RESPONSIBILITIES

- 8.1. Purchaser shall submit a preliminary proforma demonstrating the financial feasibility of the proposed development of the Property to Seller for Seller's review no later than two (2) weeks after the Due Diligence Contingency Date.
- 8.2. Purchaser shall provide Seller with monthly updates on Purchaser's efforts with respect to the development of the Property. Such reports are not intended to be comprehensive reports but merely a summary of the development progress that has occurred during the month period immediately prior to the date of each such report.

8.3. Purchaser shall develop a proposed schedule of performance with respect to the proposed development of the Property for review by Seller. Currently, it is contemplated that such schedule of performance will be as follows, subject Delay Events:

<u>Date</u>	<u>Milestone</u>
Due Diligence Contingency Date	Purchaser's due diligence ends
2 Weeks following Due Diligence Contingency Date	Purchaser provides draft master plan to Seller
4 Weeks following Due Diligence Contingency Date	Seller approves master plan (not to be unreasonably withheld)
Day after Seller approves master plan	Purchaser initiates PUD zoning process
7/31/09	Phase I closing occurs and commences construction.

- 8.4. Purchaser shall develop a preliminary master plan for the Property.
- 8.5. Purchaser shall use commercially reasonable efforts to obtain a planned unit development zoning designation for the Property.
- 8.6. Purchaser shall use commercially reasonable efforts to obtain all legal lot subdivisions to effectuate the transactions contemplated by this Agreement.
- 8.7. Purchaser shall provide Seller with schematic and design documents promptly following preparation by Purchaser's architect.
- 8.8. Purchaser shall provide Seller with such information as Seller reasonably requests regarding the potential sources of financing of the proposed development of the Property.
- 8.9. Purchaser shall develop a marketing program for the sale or lease of the buildings to be developed on the Property.
- 8.10. Purchaser shall participate in Seller's community outreach/public input process pertaining to the proposed development of the Property.
- 8.11. Purchaser agrees to construct Project Improvements as defined and set forth in the Development Agreement between the Seller and Purchaser which is attached and incorporated herein.
- 8.12. Purchaser agrees to assist Seller with Infrastructure Improvements as defined and set forth in the Development Agreement which is attached and incorporated herein.

9. CLOSING

- 9.1. The Closing of the purchase and sale of the Property shall occur in two phases, the first with respect to the portion of the Property to be acquired as part of the Phase I

Purchase (the "Phase I Closing"), and the second with respect to the Phase II Property (the "Phase II Closing"). Each closing will occur in an escrow to be administered by the Title Company ("Escrow"). The parties agree to provide the Title Company with escrow instructions consistent with the terms of this Agreement.

- 9.2. The closing date ("Closing" or "Closing Date") for the Phase I Closing shall occur on a date selected by Purchaser that is on or before the Phase I Purchase Outside Date and the Phase II Closing shall occur on a date selected by Purchaser that is on or before the Phase II Purchase Outside Date.
- 9.3. On or before the applicable Closing Date, Seller shall deposit into Escrow funds to pay Seller's portion of the closing costs and Title Insurance, as well as all of the following: (i) an original special warranty deed in statutory form (the "Deed"), duly executed by Seller and notarized, (ii) a certificate of non-foreign status (the "FIRPTA Certificate"), and (iii) such documents as the Title Company may require to establish the authority of Seller to complete the sale of the Property as contemplated by this Agreement and to issue the Purchaser's Title Policy with respect to the portion of the Property purchased on such Closing Date.
- 9.4. On or before the applicable Closing Date, Purchaser shall deposit into Escrow such funds (by certified check or wire transfer) as are necessary to complete payment of the Purchase Price that is payable on such Closing Date under the terms and provisions of this Agreement, and to pay Purchaser's portion of the closing costs. Purchaser shall also deposit into Escrow such documents as the Title Company may require to complete the sale of the Property as contemplated by this Agreement.
- 9.5. On the Closing Date, the Title Company shall: (i) deliver the applicable Purchase Price to Seller; (ii) cause the Deed to be recorded in the Official Records of Washington County, Oregon; (iii) deliver to Purchaser the Purchaser's Title Policy (defined below) and, the executed FIRPTA Certificate, (iii) promptly after such Closing, the Title Company shall deliver to each of Purchaser and Seller an accounting of all funds received and disbursed and copies of all executed and recorded or filed documents deposited with the Title Company with the recording or filing information noted on such documents.
- 9.6. On the applicable Closing Date, the Title Company shall issue to Purchaser an extended ALTA owner's policy of title insurance (the "Purchaser's Title Policy"), insuring Purchaser as the owner of the portion of the Property acquired on such Closing Date subject only to non-delinquent real property taxes and assessments and the Permitted Exceptions. The Purchaser's Title Policy shall have a liability limit equal to the Purchase Price for the portion of the Property acquired on such Closing Date. Seller shall pay the premium for extended ALTA coverage and endorsements.
- 9.7. Purchaser shall pay one-half of the Title Company's escrow fee and all recording fees, and Seller shall pay one-half of the Title Company's escrow fee and all transfer or similar taxes.
- 9.8. The Title Company shall prorate, as of the Closing Date, real property taxes and assessments payable in the tax year of the Closing between Purchaser and Seller based upon the number of days such portion of the Property conveyed on the Closing Date is owned by the respective parties during such year. If such portion of the

Property is subject to taxation for a prior tax year as a result of the transfer of such portion of the Property from a public Seller to a taxable purchaser, Purchaser shall pay the taxes for such earlier tax years.

9.9. Seller will deliver possession of the applicable portion of the Property to Purchaser at Closing, free of all rights of possession of Seller or any third parties.

10. WARRANTIES

10.1. Seller hereby represents and warrants to Purchaser as follows:

10.1.A. Seller has full power and authority to enter into and perform this Agreement in accordance with its terms, and all requisite action has been taken by Seller in connection with the execution of this Agreement and the transaction contemplated by this Agreement.

10.1.B. This Agreement has been duly executed and delivered by Seller and constitutes a valid, binding and enforceable obligation of Seller.

10.1.C. Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended.

10.1.D. There is no litigation, claim or arbitration pending or, to Seller's knowledge, threatened with respect to the Property. There is no condemnation, environmental, zoning or other proceeding, either instituted or to Seller's knowledge, planned to be instituted, which could detrimentally affect the use, development or operation of the Property or the value of the Property, nor has Seller received notice of any special assessment proceeding affecting the Property.

10.1.E. Except as disclosed to the Purchaser in writing, Seller has received no notice from any governmental entity that the Property is in violation of any laws, ordinances, rules or regulations applicable to the Property, including, without limitation, any such laws, ordinances, rules or regulations pertaining to Hazardous Materials. Neither Seller, nor, to Seller's knowledge, any third party has used, generated, manufactured, produced, stored or disposed of on, under, or about the Property or transported to or from the Property any Hazardous Materials.

10.1.F. Seller owns the Property free and clear of all liens, encumbrances, leases or other occupancy rights and security interests whatsoever, subject only to the Permitted Exceptions. Seller has not performed, nor caused to be performed, any work on the Property which would cause a construction or other lien to be filed against the Property. No special tax, regular or special assessment, license, fee, impact or development fee, levy, late-comer charge, mitigation payment, lien or charge (individually and collectively a "Charge") has been imposed against the Property or Seller by any governmental, quasi-governmental, public, quasi-public, utility, transportation or other entity, authority or agency (individually and collectively an "Agency"). Seller has not entered into any agreement or understanding with respect to any Charge which may now or hereafter, directly or indirectly, be imposed on the Property or become an obligation of

the owner of the Property. Seller has not agreed to install, construct, modify, repair or improve any improvement for or on behalf of any Agency, the cost of which may now or hereafter, directly or indirectly, be imposed on the Property or become an obligation of the owner of the Property.

10.1.G. Seller knows of no defect in the physical condition of the Property.

10.1.H. No representation, warranty or statement of Seller in this Agreement contains any untrue statement of a material fact or omits a material fact necessary to make the statements of fact contained herein not misleading. All such representations, warranties and statements of Seller are based upon current, accurate, and complete information and there has been no adverse material change in such information. Seller knows of no material fact nor has Seller failed to disclose to Purchaser any material fact which would prevent Purchaser from developing the Property after the closing of the sale of the Property as contemplated by Purchaser.

10.1.I. Seller and each person or entity owning an interest in Seller is:

(1) not identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "List"), and

(2) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, and

(3) none of the funds or other assets of Seller constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person (as hereinafter defined), and

(4) no Embargoed Person has any interest of any nature whatsoever in Seller (whether directly or indirectly). The term "Embargoed Person" means any person, entity or government subject to trade restrictions under law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Seller is prohibited by law or Seller is in violation of law. Seller also shall require, and shall take reasonable measures to ensure compliance with the requirement, that no person who owns any other direct interest in Seller is or shall be listed on any of the Lists or is or shall be an Embargoed Person.

10.2. Purchaser hereby represents and warrants to Seller as follows:

10.2.A. Purchaser has full power and authority to enter into and perform this Agreement in accordance with its terms, and all requisite action has been

taken by Purchaser in connection with the execution of this Agreement and the transactions contemplated hereby.

10.2.B. This Agreement has been duly executed and delivered by Purchaser and constitutes a valid, binding and enforceable obligation of Purchaser.

10.2.C. Purchaser represents and warrants that Purchaser and each person or entity owning an interest in Purchaser is:

(1) not identified on any List maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation; and

(2) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States; and

(3) none of the funds or other assets of Purchaser constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person; and

(4) no Embargoed Person has any interest of any nature whatsoever in Purchaser (whether directly or indirectly). Purchaser also shall require, and shall take reasonable measures to ensure compliance with the requirement, that no person who owns any other direct interest in Purchaser is or shall be listed on any of the Lists or is or shall be an Embargoed Person.

10.3. Except as expressly set forth in this Agreement, as of the Effective Date, no warranties, guarantees or representations have been or are being made by Seller or any agent or representative of Seller concerning: (i) the availability of any governmental permits or approvals obtained or to be obtained in connection with Purchaser's use of the Property, except to the extent that such permits or approvals may be obtained by Purchaser applying for, and the City of Sherwood approving, such permits or approvals through the City's regulatory land use and building permit processes; (ii) the suitability of the Property for Purchaser's intended use; (iii) the physical condition of the Property; (iv) the compliance of the Property with any past or present zoning, land use, building, fire, safety, environmental or other ordinances, restrictions, laws and regulations; (v) the sub-surface condition of the Property; or (vi) the presence of any material in, under, or on the Property which is regulated by any ordinance, regulation or law.

10.4. Purchaser will accept the Property in its present condition, "AS IS, WITH ALL FAULTS" without any representations or warranties by Seller or any agent or representative of Seller, expressed or implied, except as set forth in this Agreement and the documents to be delivered by Seller at Closing. Purchaser acknowledges that Purchaser will ascertain for itself the value and condition of the Property and Purchaser is not relying on, nor has Purchaser been influenced by, any representation of Seller or any agent or representative of Seller regarding the value, condition, or any aspect of the Property, except as set forth in this Agreement. As part of Purchaser's agreement to purchase the Property "AS IS, WITH ALL FAULTS," and not as a limitation on such

agreement, Purchaser hereby unconditionally and irrevocably waives and releases any and all actual or potential rights Purchaser might have regarding any form of warranty, express or implied, of any kind or type, relating to the Property, except for Seller's warranties set forth in this Agreement and the documents to be delivered by Seller at Closing. Such waiver is absolute, complete, total and unlimited in every way.

11. BROKERAGE COMMISSIONS

- 11.1. Seller acknowledges to Purchaser that it has a broker relationship with GVA Kidder Mathews in connection with the transactions contemplated by this Agreement, whose fee shall be paid by Seller. Seller shall protect, defend, indemnify, and hold Purchaser harmless for, from and against any and all other claims, liabilities or demands with respect to any fees or other compensation asserted as a result of Seller's actions in connection with this Agreement.
- 11.2. Purchaser acknowledges to Seller that Purchaser has not used a broker or finder in connection with the transactions contemplated by this Agreement. Purchaser shall protect, defend, indemnify, and hold Seller harmless for, from and against any and all other claims, liabilities or demands with respect to any fees or other compensation asserted as a result of Purchaser's actions in connection with this Agreement.
- 11.3. These indemnities shall survive the Closing or the termination of this Agreement.

12. BREACH

- 12.1. If a party (a "Breaching Party") is in breach of such party's obligations under this Agreement, the non-breaching party (the "Non-Breaching Party") may give the Breaching Party written notice of such default. If such default is not cured within thirty (30) days of the date of such notice is received by the Breaching Party, the Non-Breaching Party may then terminate this Agreement by written notice to the Breaching Party; provided, if the Breaching Party notifies the Non-Breaching Party that the default specified in such notice is one that cannot be cured within such thirty (30) day period, but that the Breaching Party has commenced the cure of such default and is diligently pursuing the cure of such default to completion, the Non-Breaching Party may not terminate this Agreement prior to the completion of such cure unless the Breaching Party ceases to diligently pursue the cure of such default.
- 12.2. If this Agreement is terminated pursuant to the provisions of this Section, neither party shall have any further obligations under this Agreement; provided, however, if this Agreement is terminated due to a Seller default, Purchaser shall be entitled to pursue any remedy available to Purchaser at law or in equity, including, without limitation, an action of specific performance, or receive reimbursement from Seller for all costs and expense incurred by Purchaser in connection with this Agreement, including, without limitation, Purchaser's due diligence costs and costs and expense incurred in connection with efforts to obtain financing. If this Agreement is terminated due to Purchaser's default, Seller shall be entitled to receive Seller's out of pocket third party costs incurred in connection with the transaction contemplated by this Agreement up to an amount equal to Fifty Thousand Dollars (\$50,000.00).

13. CONDEMNATION

If after the Effective Date, and prior to Closing, the Property is or becomes subjected to a bona fide threat of condemnation by a body having the power of eminent domain, or is taken by eminent domain or condemnation (or sale in lieu thereof), Purchaser shall have the right to terminate this Agreement by written notice to Seller or proceed with the purchase (in which event all condemnation proceeds shall be paid to Purchaser).

14. DAMAGE OR DESTRUCTION

14.1. All risk of damage or destruction of the Property after the Effective Date and prior to Closing shall remain with the Seller. If the Property is or becomes damaged, the Seller shall notify the Purchaser of the extent of the damage and the scope of necessary repairs as soon as such information is reasonably available to the Seller, and Purchaser shall give notice within ten (10) business days after receiving Seller's notification, of its election to either proceed with the Closing, or to terminate the Agreement. If the Purchaser elects to proceed to Closing, the Seller shall assign any available insurance proceeds applicable directly to the Property to the Purchaser for Purchaser's use in making repairs, but Seller's responsibility for repairs is limited to the applicable insurance proceeds. If the Purchaser elects to terminate the Agreement solely as a result of damage or destruction, the termination shall be effective as of the date of Purchaser's notice. In the case of termination under this Section, no breach of the Agreement shall be deemed to have occurred, and a Party shall have no further claim or remedy against the other party as a result of the termination.

15. GENERAL PROVISIONS

15.1. Assignment

Purchaser may not assign this Agreement or its rights under this Agreement without the written consent of the Seller, which consent shall not be unreasonably withheld or delayed; provided, however, no consent shall be required in connection with the assignment of Purchaser's interest in this Agreement to any entity in which Purchaser has an ownership or management interest. Purchaser shall remain a manager of any entity to which Purchaser assigns its interest in this Agreement. This Agreement shall be binding upon and inure to the benefit of any permitted assignee or successor in interest to a party, and Purchaser shall be released of all obligations under this Agreement.

15.2. Notices

All notices and demands which either party gives to the other under this Agreement shall be sent by hand delivery, by registered or certified mail (postage pre-paid, return-receipt requested), by fax transmission, or by Federal Express or other reputable overnight courier service. All notices and demands shall be given to a party at the address or fax number set forth at the beginning of this Agreement or as may be changed upon written notice to the other party. Notices shall be effective upon the earlier of actual delivery or refusal of a party to accept delivery thereof; *provided that* notices given by fax transmission shall be simultaneously transmitted by another means allowed hereunder. A copy of any notice given to Purchaser shall also be given to Brad Miller, Ball Janik LLP, 101 SW Main Street, Suite 1100, Portland, Oregon 97204. A copy of any notice given to the Seller shall also be given

to Pamela J. Beery, Beery, Elsner & Hammond, 1750 SW Harbor Way, Suite 380, Portland, Oregon 97201.

15.3. Severability

If any provision of this Agreement shall be invalid or unenforceable, the remaining provisions shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15.4. Attorneys' Fees

In the event a suit, action, arbitration, or other proceeding of any nature whatsoever, including, without limitation, any proceeding under the U.S. Bankruptcy Code, is instituted, or the services of an attorney are retained with respect to any dispute relating to this Agreement, the prevailing or non-defaulting party shall be entitled to recover from the losing or defaulting party its reasonable attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith. In the event of suit, action, arbitration, or other proceeding, the amount thereof shall be determined by the judge or arbitrator, shall include fees and expenses incurred on any appeal or review, and shall be in addition to all other amounts provided by law.

15.5. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon.

15.6. Time of the Essence

Time is of the essence in this Agreement.

15.7. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

15.8. Amendment to this Agreement

The terms of this Agreement may not be modified or amended except by an instrument in writing executed by Seller and Purchaser.

15.9. Waiver

The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

15.10. Statutory Disclaimer

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY

IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. 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, THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

15.11. Consequences of Termination

If Purchaser or Seller terminates this Agreement, neither Purchaser nor Seller will have any further obligation under this Agreement, except for indemnity obligations, which shall survive such termination. Nothing in this Section is intended to limit the provisions of this Agreement dealing with the disposition funds or documents held in Escrow following termination of the obligations of Purchaser or Seller. In addition, neither the termination of this Agreement nor this Section limits the liability of a party for its breach of this Agreement, which liability shall survive termination.

15.12. Public Communications

Whenever commercially practicable, all public communications concerning the Property (such as press releases or information provided to the media and all substantive discussions with public agencies having jurisdiction over the Property) will be undertaken jointly by Purchaser and Seller and shall be subject to prior written approval of each party, which approval shall not be unreasonably withheld, conditioned or delayed.

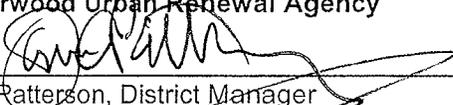
15.13. Survival

Except as otherwise provided in this Agreement, all covenants, undertakings and obligations under this Agreement and all representations and warranties contained in this Agreement will survive Closing and will not be merged into the Deed or other documents delivered under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

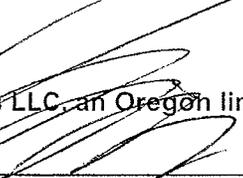
SELLER:

City of Sherwood Urban Renewal Agency

By: 
Jim Patterson, District Manager

PURCHASER:

Capstone Partners LLC, an Oregon limited liability company

By: 
Chris Nelson, Member

By: Triangle Development Company, an Oregon corporation, Member

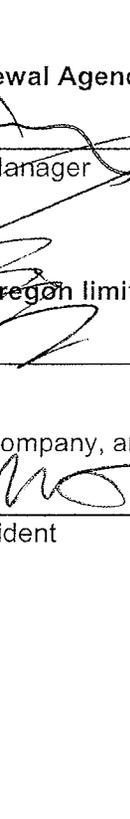

Jeffrey M. Sackett, President

EXHIBIT A-1

LEGAL DESCRIPTION of CURRENT SELLER PROPERTY

Real property in the County of Washington , State of Oregon, described as follows:

PARCEL I:

BEGINNING AT A POINT ON THE SOUTHERLY BOUNDARY OF THE SOUTHERN PACIFIC RIGHT OF WAY, FROM WHICH THE CENTER OF SECTION 32, TOWNSHIP 2 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, IN WASHINGTON COUNTY, OREGON, BEARS SOUTH 47°17' WEST, 230.0 FEET AND SOUTH 43°24' EAST, 1443.0 FEET, BEING ALSO THE MOST NORTHERLY CORNER OF THE WAREHOUSE LOT; FROM THE SAID BEGINNING POINT;
RUNNING THENCE SOUTH 43°33' EAST, 200.00 FEET TO THE NORTHERLY LINE OF THAT CERTAIN TRACT OF LAND, DEED FOR WHICH IS RECORDED IN DEED BOOK 102, PAGE 0497;
THENCE WITH THE NORTHERLY LINE OF SAID TRACT, NORTH 47°50' EAST, 90 FEET;
THENCE NORTH 43°33' WEST, 200.26 FEET TO THE ABOVE DESCRIBED RIGHT OF WAY LINE;
THENCE SOUTH 47°18' WEST 90 FEET TO THE PLACE OF BEGINNING.

PARCEL II:

BEGINNING AT THE CENTER OF SECTION 32, TOWNSHIP 2 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, IN WASHINGTON COUNTY, OREGON;
RUNNING THENCE NORTH 43°24' WEST, 21.87 CHAINS TO THE SOUTH BOUNDARY LINE OF THE SOUTHERN PACIFIC RAILROAD RIGHT OF WAY;
THENCE NORTH 47°15' EAST, 130 FEET TO THE PLACE OF BEGINNING;
THENCE NORTH 47°18' EAST, 100 FEET;
THENCE SOUTH 46°36' EAST, 200 FEET;
THENCE SOUTH 42°45' WEST, 100 FEET;
THENCE NORTH 43°24' WEST, 200 FEET TO THE PLACE OF BEGINNING.

PARCEL III:

BEGINNING AT THE CENTER OF SECTION 32, TOWNSHIP 2 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, IN WASHINGTON COUNTY, OREGON AND
RUNNING THENCE NORTH 43°24' WEST, 21.87 CHAINS TO THE SOUTH BOUNDARY LINE OF THE RIGHT OF WAY OF THE PORTLAND AND WILLAMETTE VALLEY RAILROAD COMPANY (NOW HELD AND USED BY SOUTHERN PACIFIC COMPANY);
THENCE NORTH 47°15' EAST, 30 FEET TO A POINT WHICH IS THE TRUE PLACE OF BEGINNING OF THE LAND HEREBY DESCRIBED;
THENCE RUNNING NORTH 47°15' EAST 100 FEET;
THENCE SOUTH 46°36' EAST, 50 FEET;
THENCE SOUTH 42°45' WEST, 100 FEET;
THENCE NORTH 43°24' WEST, 50 FEET TO THE PLACE OF BEGINNING.

PARCEL IV:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF THE RIGHT OF WAY OF THE SOUTHERN PACIFIC COMPANY, WHICH IS NORTH 43°24' WEST, 1443.0 FEET OF THE CENTER OF SECTION 32, TOWNSHIP 2 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, IN WASHINGTON COUNTY, OREGON, SAID POINT BEING ALSO THE NORTHERLY CORNER OF EPLER'S ADDITION TO SHERWOOD;
THENCE NORTH 47° 14' EAST ALONG SAID SOUTHEASTERLY RIGHT OF WAY LINE, 30.0 FEET TO THE MOST WESTERLY CORNER OF TRACT CONVEYED TO WILLIAM FRANKLIN SMITH BY DEED RECORDED IN DEED BOOK 106, PAGE 0359;
THENCE SOUTH 43°24' EAST, 50.0 FEET TO THE MOST SOUTHERLY CORNER OF SAID SMITH TRACT;

THENCE NORTH 47° 15' EAST, 100.0 FEET TO THE MOST EASTERLY CORNER OF SAID SMITH TRACT;
THENCE SOUTH 43°24' EAST ALONG THE SOUTHWESTERLY LINE OF TRACT CONVEYED TO CRAVES
CANNING CO., A CORPORATION, BY DEED RECORDED IN DEED BOOK 121, PAGE 0076, 40.0 FEET;
THENCE SOUTH 47°26' WEST, 130.0 FEET TO THE NORTHEASTERLY LINE OF SAID EPLER'S ADDITION;
AND
THENCE NORTH 43°24' WEST TO THE TRUE PLACE OF BEGINNING.
EXCEPTING THEREFROM THAT PORTION DEDICATED FOR RIGHT-OF-WAY PURPOSES BY RESOLUTION
2007-080 RECORDED NOVEMBER 2, 2007 AS FEE NO. 2007-115729.

PARCEL V:

ALL OF LOT 5, BLOCK 1, EPLER'S ADDITION TO SHERWOOD (PLAT VOLUME 3, PAGE 0004), IN THE
COUNTY OF WASHINGTON AND STATE OF OREGON.
EXCEPT A STRIP FROM THE SOUTHERLY END OF SAID LOT WHICH HAS BEEN PREVIOUSLY DEEDED TO
THE TOWN OF SHERWOOD FOR STREET PURPOSES BY DEED BOOK 147, PAGE 0079.
ALSO EXCEPTING THEREFROM THAT PORTION DEDICATED FOR RIGHT-OF-WAY PURPOSES BY
RESOLUTION 2007-080 RECORDED NOVEMBER 2, 2007 AS FEE NO. 2007-115729.

PARCEL VI:

BEGINNING AT THE MOST NORTHERLY CORNER OF LOT 5, BLOCK 1, EPLER'S ADDITION TO
SHERWOOD (PLAT VOLUME 3, PAGE 0004), IN WASHINGTON COUNTY, OREGON;
THENCE WITH THE NORTHEASTERLY LINE OF SAID LOT EXTENDED, NORTH 43°24' WEST, 18.0 FEET
TO THE SOUTHEASTERLY RIGHT OF WAY LINE OF THE SOUTHERN PACIFIC COMPANY;
THENCE RUNNING ALONG SAID RIGHT OF WAY LINE, SOUTH 47°33' WEST 50.0 FEET;
THENCE SOUTH 43°24' EAST, 18.0 FEET TO THE MOST WESTERLY CORNER OF SAID LOT 5; AND
THENCE NORTH 47°33' EAST, 50.0 FEET TO THE PLACE OF BEGINNING.

PARCEL VII:

BEGINNING AT A POINT ON THE SOUTHEASTERLY BOUNDARY LINE OF THE SOUTHERN PACIFIC RIGHT
OF WAY, IN SECTION 32, TOWNSHIP 2 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, IN
WASHINGTON COUNTY, OREGON; FROM SAID BEGINNING POINT THE CENTER OF SAID SECTION 32
BEARS SOUTH 47°17', WEST, 320 FEET AND SOUTH 43°24' EAST, 1443 FEET; FROM SAID BEGINNING
POINT;
RUNNING THENCE WITH THE SAID RIGHT OF WAY LINE, NORTH 47°17' EAST, 350.8 FEET;
THENCE SOUTH 42°44' EAST, 511 FEET;
THENCE SOUTH 47°24' WEST, 328 FEET;
THENCE NORTH 43°24' WEST, 310 FEET TO AN IRON PIPE AT THE MOST NORTHERLY CORNER OF
TRACT, DEED FROM WHICH IS RECORDED IN DEED BOOK 102, PAGE 0497;
THENCE WITH THE NORTHWESTERLY LINE OF SAID TRACT SOUTH 47°50' WEST, 17 FEET;
THENCE NORTH 43°33' WEST, 200.26 FEET TO THE PLACE OF BEGINNING.

PARCEL VIII:

BEGINNING AT AN IRON PIPE WHICH BEARS NORTH 43°24' WEST 1243.4 FEET AND NORTH 47°15'
EAST 337.85 FEET FROM A STONE SET FOR THE CENTER OF SECTION 32, TOWNSHIP 2 SOUTH, RANGE
1 WEST OF THE WILLAMETTE MERIDIAN, IN THE COUNTY OF WASHINGTON AND STATE OF OREGON;
SAID POINT OF BEGINNING BEING THE MOST NORTHERLY CORNER OF A TRACT OF LAND CONVEYED
TO THE CITIZENS BANK OF SHERWOOD BY DEED RECORDED IN DEED BOOK 154, PAGE 0449;
THENCE SOUTH 43°24' EAST ALONG THE NORTHEASTERLY LINE OF SAID TRACT, 280 FEET TO A
CORNER OF SAME;
THENCE SOUTH 47°15' WEST 17 FEET TO A POINT;
THENCE NORTH 43°24' WEST 280 FEET TO A POINT;
THENCE NORTH 47°15' EAST TO THE PLACE OF BEGINNING.

PARCEL IX:

Purchase and Sale Agreement

ALL OF LOTS 7 AND 8, BLOCK 1 EPLER'S ADDITION TO SHERWOOD (PLAT VOLUME 3, PAGE 0004), IN WASHINGTON COUNTY, OREGON;
EXCEPTING A TRACT DEEDED BY ELLA WECKERT TO THE PUBLIC FOR STREET PURPOSES, BY INSTRUMENT RECORDED IN DEED BOOK 147, PAGE 0079.

PARCEL X:

BEGINNING AT THE MOST NORTHERLY CORNER OF LOT 7, BLOCK 1, EPLER'S ADDITION TO SHERWOOD (PLAT VOLUME 3, PAGE 0004), IN WASHINGTON COUNTY, OREGON;
THENCE SOUTHERLY ALONG THE NORTHWESTERLY LINE OF SAID BLOCK 1, 105 FEET TO THE MOST WESTERLY CORNER OF LOT 8 IN SAID BLOCK;
THENCE NORTH 43°24' WEST FOLLOWING THE MOST SOUTHERLY LINE OF SAID LOT 8 IF EXTENDED, 18 FEET TO THE SOUTHEASTERLY LINE OF THE RIGHT OF WAY OF THE SOUTHERN PACIFIC RAILROAD;
THENCE NORTHERLY FOLLOWING THE SOUTHEASTERLY LINE OF SAID RIGHT OF WAY 105 FEET;
THENCE SOUTH 43°24' EAST, 18 FEET TO THE PLACE OF BEGINNING.

PARCEL XI:

THE NORTHEASTERLY 15 FEET OF LOT 6, BLOCK 1, EPLER'S ADDITION TO SHERWOOD (PLAT VOLUME 3, PAGE 0004), IN THE COUNTY OF WASHINGTON AND STATE OF OREGON.

PARCEL XII:

BEGINNING AT THE MOST NORTHERLY CORNER OF LOT 6, BLOCK 1, EPLER'S ADDITION TO SHERWOOD (PLAT VOLUME 3, PAGE 0004), IN THE COUNTY OF WASHINGTON AND STATE OF OREGON;
THENCE WITH THE NORTHEASTERLY LINE OF SAID LOT EXTENDED, NORTH 43°24' WEST 18 FEET TO THE SOUTHEASTERLY RIGHT OF WAY LINE OF THE SOUTHERN PACIFIC COMPANY;
THENCE RUNNING WITH SAID RIGHT OF WAY LINE, SOUTH 47°33' WEST 15 FEET;
THENCE SOUTH 43°24' EAST 18 FEET TO THE WESTERLY LINE OF SAID LOT 6, BLOCK 1, EPLER'S ADDITION TO SHERWOOD;
THENCE WITH THE SAID WESTERLY LINE OF LOT 6, NORTH 47°33' EAST 15 FEET TO THE PLACE OF BEGINNING.

PARCEL XIII:

BEGINNING AT THE SOUTHWEST CORNER OF THAT CERTAIN TRACT DEEDED TO JOHN BRIGHOUSE AND IVY M. BRIGHOUSE IN DEED BOOK 254, PAGE 0025, SAID BEGINNING POINT BEING NORTH 43°24' WEST 1353.42 FEET FROM A STONE MARKED WITH X, SET FOR CENTER OF SECTION 32, TOWNSHIP 2 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, IN WASHINGTON COUNTY, OREGON;
RUNNING THENCE NORTH 47°15' EAST AND PARALLEL WITH THE PORTLAND AND WILLAMETTE VALLEY RAILROAD RIGHT OF WAY 130 FEET;
THENCE SOUTH 43°24' EAST 110 FEET;
THENCE NORTH 47°15' EAST AND PARALLEL WITH SAID PORTLAND AND WILLAMETTE VALLEY RAILROAD RIGHT OF WAY 6 FEET;
THENCE SOUTH 43°24' EAST 105 FEET;
THENCE SOUTH 47°15' WEST AND PARALLEL WITH SAID RAILROAD RIGHT OF WAY 48 FEET;
THENCE NORTH 43°24' WEST 75 FEET;
THENCE SOUTH 47°15' WEST 13 FEET;
THENCE NORTH 43°24' WEST 128 FEET;
THENCE SOUTH 47°15' WEST 75 FEET TO THE SOUTH LINE OF BRIGHOUSE TRACT;
THENCE NORTH 43°24' WEST 12 FEET TO THE POINT OF BEGINNING.
EXCEPTING THEREFROM THAT PORTION DEDICATED FOR RIGHT-OF-WAY PURPOSES BY RESOLUTION 2007-080 RECORDED NOVEMBER 2, 2007 AS FEE NO. 2007-115729.

PARCEL XIV:

BEGINNING AT THE SOUTHWEST CORNER OF THAT CERTAIN TRACT DEEDED TO JOHN BRIGHOUSE AND IVY M. BRIGHOUSE IN DEED BOOK 254, PAGE 0025, SAID BEGINNING POINT BEING NORTH 43°24' WEST 1353.42 FEET FROM A STONE MARKED WITH X, SET FOR CENTER OF SECTION 32, TOWNSHIP 2 SOUTH, RANGE 1 WEST OF THE WILLAMETTE MERIDIAN, IN WASHINGTON COUNTY, OREGON;

RUNNING THENCE SOUTH 43°24' EAST 12 FEET TO THE TRUE POINT OF BEGINNING OF THE TRACT TO BE DESCRIBED;

THENCE NORTH 47°15' EAST 75 FEET TO A POINT;

THENCE SOUTH 43°24' EAST 128 FEET;

THENCE NORTH 47°15' EAST 13 FEET;

THENCE SOUTH 43°24' EAST 75 FEET TO A POINT;

THENCE SOUTH 47°15' WEST 88 FEET, MORE OR LESS, TO A POINT WHICH IS SOUTH 43°24' EAST OF THE TRUE POINT OF BEGINNING;

THENCE NORTH 43°24' WEST TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION DEDICATED FOR RIGHT-OF-WAY PURPOSES BY RESOLUTION 2007-080 RECORDED NOVEMBER 2, 2007 AS FEE NO. 2007-115729.

PARCEL XV:

LOT 6, EPLER'S ADDITION TO SHERWOOD (PLAT VOLUME 3, PAGE 0004), IN THE CITY OF SHERWOOD, COUNTY OF WASHINGTON AND STATE OF OREGON.

TOGETHER WITH THAT PORTION OF THE VACATED STREET LYING ADJACENT TO AND NORTHWESTERLY OF SAID LOT 6 WHICH INURED THERETO BY ORDINANCE NO. 112, RECORDED MAY 14, 1931 IN BOOK 147, PAGE 0080.

EXCEPTING THEREFROM THE NORTHERLY MOST 15 FEET OF SAID LOT 6, LYING WITHIN 15 FEET OF THE BOUNDARY LINE BETWEEN AND COMMON TO LOTS 5 AND 6, EPLER'S ADDITION TO SHERWOOD (PLAT VOLUME 3, PAGE 0004), AS CONVEYED TO PORTLAND CANNING COMPANY, INC., AN OREGON CORPORATION, BY DEED RECORDED JUNE 11, 1953 IN BOOK 345, PAGE 0621.

THE LEGAL DESCRIPTION WAS CREATED PRIOR TO JANUARY 01, 2008.

Source: Preliminary Report Order Number: NCS-346311-OR1 - First American Title

EXHIBIT A-2
TO PURCHASE AND SALE AGREEMENT

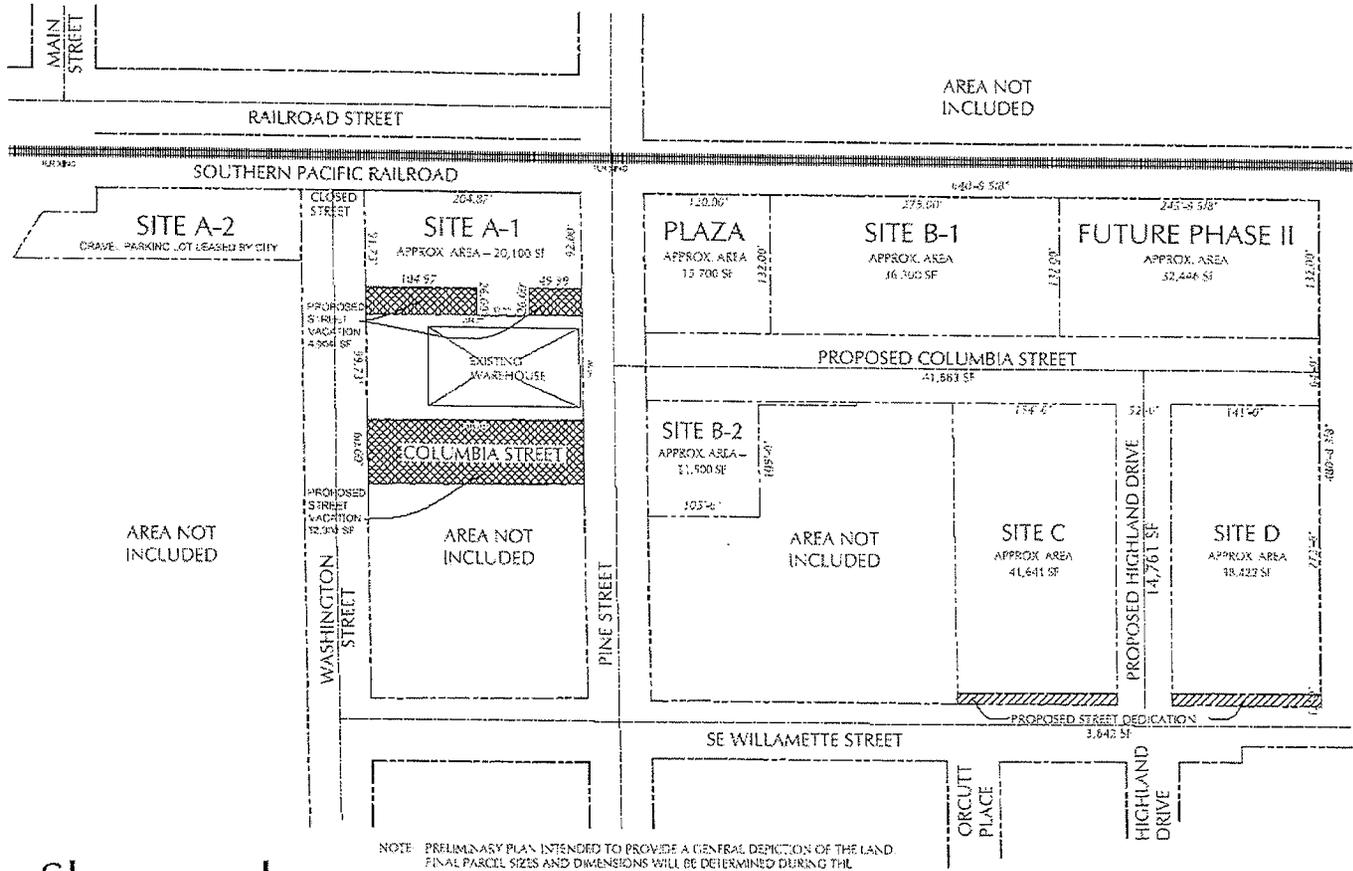
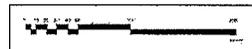


EXHIBIT A-2
DEPICTION OF LAND

AREA NOT INCLUDED

NOTE: PRELIMINARY PLAN INTENDED TO PROVIDE A GENERAL DEPICTION OF THE LAND. FINAL PARCEL SIZES AND DIMENSIONS WILL BE DETERMINED DURING THE SUBDIVISION PROCESS.

Sherwood
Mixed Use Development



CAPSTONE PARTNERS
ANKROM MOISAN ARCHITECTS
AUGUST 14, 2008

RECEIVED

SEP 4 2008

OLD CANNERY SITE DEVELOPMENT AGREEMENT

CITY OF SHERWOOD
RECORDER'S OFFICE

THIS OLD CANNERY SITE DEVELOPMENT AGREEMENT (this "Agreement"), made as of this 3rd day of September, 2008 (hereinafter referred to as the "date of this Agreement"), by and between Sherwood URA Urban Renewal Agency ("Sherwood URA"), and Capstone Partners, LLC ("Developer").

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, and for and in consideration of Ten Dollars (\$10.00) and other valuable consideration in hand paid by each party hereto to the other at or before the sealing hereof, the receipt and sufficiency of said consideration being hereby acknowledged by the parties hereto, Sherwood URA and Developer do hereby agree as follows:

ARTICLE I
DEFINITION

Section 1.1 Definition of Terms. Whenever used in this Agreement, the following terms shall have the following meanings:

Business Day. Any Day excluding any Saturday, any Sunday, and any national holiday observed by the United States Government.

Closing. The meaning ascribed to such term in the Purchase and Sale Agreement.

Conveyed Property. The land depicted on Exhibit B-1 attached hereto.

Construction. Any activity normally encompassed by any of the following terms: construction, reconstruction, demolition, excavation, building, rebuilding, renovation, restoration, or any similar term, which is performed within the Conveyed Property or the Infrastructure Property or any portion thereof at any time subsequent to the date of this Agreement.

Day. Any one calendar day, unless specifically noted to the contrary.

Default. An occurrence of any event or omission which, with giving of notice or passage of time or otherwise, may become an Event of Default.

Development Services Agreement. An agreement between Developer and Sherwood URA in the form attached as Exhibit B-4, pursuant to which Sherwood URA will contract with Developer to, among other things, provide development services in connection with the design and construction of the Infrastructure Improvements.

Event of Default. Any Event of Default as defined in Section 5.1 or 5.2 hereof, as applicable.

Herein, hereunder, hereby, hereto, hereof and any similar term shall mean and have reference to this Agreement as a whole.

The term **including** shall mean and have reference to "including without limitation."

Infrastructure Improvements. The structures and improvements, together with all fixtures and appurtenances attached or affixed thereto constructed, equipped and installed on the Infrastructure Property, which Infrastructure Improvements shall include a public plaza, public streets, utilities and similar public amenities, all described on Exhibit B-2 attached hereto.

Infrastructure Property. The property upon which the Infrastructure Improvements are located as depicted on the attached Exhibit B-3.

Interference. A direct and physical encroachment or other incursion upon the Infrastructure Property or the Conveyed Property that causes a material construction delay or increase in costs or operation expenses, or an unreasonable disruption with respect to the use or occupancy of either the Infrastructure Property or the Conveyed Property for its intended use.

Laws. Any and all present and future statutes, ordinances, rules, regulations, or binding determinations by the United States Government, the State of Oregon, the City Sherwood, Oregon, Washington County, or any other governmental authority having power or jurisdiction over Sherwood URA, Developer, the Conveyed Property, the Project Improvements, the Infrastructure Property or any of them.

Lien. With respect to any property, any security deed, mortgage, deed to secure debt, deed of trust, lien, pledge, assignment, charge, security interest, title retention agreement, levy, execution, seizure, attachment, garnishment, or other encumbrance of any kind in respect of such property, whether or not choate, vested, or perfected.

Notice of Noncompliance. The meaning ascribed to such term in Section 3.2 hereof.

Operations. Any and all operations, occupation, maintenance, repair, and similar and related work performed on or in the Conveyed Property or any portion thereof or on or in the Infrastructure Property or any portion thereof at any time subsequent to the Closing.

Operative Agreements. The Purchase and Sale Agreement, this Agreement and all easements or covenants granted or reserved at the time of conveyance of the Conveyed Property.

Person. Any natural person, corporation, partnership, limited liability company, business trust, or other legal entity.

Project Improvements. The buildings, structures, and improvements, together with all fixtures and appurtenances attached or affixed thereto, required to be constructed, equipped and installed on the Conveyed Property by Developer pursuant to the Purchase and Sale Agreement.

Purchase and Sale Agreement. That certain Purchase and Sale Agreement of even date herewith, by and between Sherwood URA and Developer providing for the sale by Sherwood URA and the purchase by Developer of the Conveyed Property.

Substantial Completion of the Project Improvements. Such completion of Construction of the Project Improvements as will make the Project Improvements sufficient, suitable, and ready for immediate occupancy for the use intended, which completion shall be deemed to have occurred when all necessary final certificates of occupancy or similar permits related to the use and occupancy of the Project Improvements have been issued.

Substantial Completion of the Infrastructure Improvements. Such completion of Construction of the Infrastructure Improvements as will make the Infrastructure Improvements sufficient, suitable, and ready for immediate occupancy for the use intended, which completion shall be deemed to have occurred when all necessary final certificates of occupancy or similar permits related to the use and occupancy of the Infrastructure Improvements have been issued.

Section 1.2 Other Capitalized Terms. Capitalized terms not defined in this Article 1 shall have the meanings set forth for such terms in this Agreement.

ARTICLE II
COORDINATION OF CONSTRUCTION OF PROJECT IMPROVEMENTS AND
INFRASTRUCTURE IMPROVEMENTS

Section 2.1 Work Groups to Coordinate Project Improvements and Infrastructure Improvements.

(a) Sherwood URA and Developer shall coordinate development and construction of the Project Improvements and the Infrastructure Improvements. Sherwood URA and Developer shall create a work group (hereinafter "Work Group") to, among other things, work collaboratively on:

(i) communicating and cooperating in seeking approvals from the City of Sherwood for the construction of the Infrastructure Improvements and the Project Improvements;

(ii) resolution of any inter-related civil engineering issues;

(iii) development of tentative construction schedules for the Infrastructure Improvements and the Project Improvements; and

(iv) addressing site maintenance during the construction of the Infrastructure Improvements and the Project Improvements.

(b) The work group shall consist of those representatives of Sherwood URA, Developer and such other persons who possess the information and skills needed to achieve the objectives of the Work Group. Developer and Sherwood URA each shall appoint a lead representative to the Work Group. The lead representative shall coordinate

scheduling of the Work Group activity and be responsible for documenting the agreements reached by the Work Group as required herein.

(c) Lead Representatives shall determine on behalf of the party he or she represents if the proposals from the Work Group are acceptable. If the Work Group fails to agree upon the specifications or other information necessary to undertake the Project Improvement or the Infrastructure Improvements by the agreed-upon deadlines or if an agreement can not be reached regarding such deadlines, the party undertaking the impacted improvement shall have the right to propose such specifications or schedules to the other party. The party receiving the specifications or schedules shall have ten (10) Business Days to provide comments on the proposal. If comments are submitted, the party undertaking the Improvement shall notify the other party within ten (10) Business Days if the comments will be incorporated into the party's plan and, if so, in what manner. The parties shall then proceed under the resulting plan or schedule.

(d) The Work Group shall document agreements, or alteration thereof, on the subjects listed in subsection 2.1(a) herein in written reports to the parties.

Section 2.2 Construction of the Project Improvements. Developer shall comply with all of the following covenants in connection with the Construction of the Project Improvements:

(a) Developer shall keep Sherwood URA notified of all Construction scheduled for the Project Improvements on a monthly basis via the Work Group.

(b) Any and all Project Improvements shall be constructed at the sole cost and expense of Developer and Persons other than Sherwood URA, and Sherwood URA shall have no obligation to Developer or to any third party to construct, repair, maintain, or operate any Project Improvements. This covenant shall survive the expiration or termination of this Agreement.

Section 2.3 Construction of the Infrastructure Improvements. Sherwood URA shall comply with all of the following covenants in connection with the Construction of the Infrastructure Improvements:

(a) Sherwood URA and Developer shall enter into the Development Services Agreement and will abide by the terms and conditions therein.

(b) Sherwood URA shall keep Developer notified of all Construction scheduled for the Infrastructure Improvements on a monthly basis via the Work Group.

(c) Any and all Infrastructure Improvements shall be constructed at the sole cost and expense of Sherwood URA and Persons other than Developer, and Developer shall have no obligation to Sherwood URA or to any third party to construct, repair, maintain, or operate any Infrastructure Improvements. This covenant shall survive the expiration or termination of this Agreement.

ARTICLE III
INTERFERENCE

Section 3.1 No Interference. All Construction and Operations on the Conveyed Property and the Infrastructure Property and any work or activity connected therewith by or on behalf of Developer or Sherwood URA, shall be performed in such a manner so as not to constitute an Interference.

Section 3.2 Notice of Noncompliance. Prior to commencing any action to seek remedial activity under this Article, Sherwood URA or Developer, as applicable, shall raise the issue with the Work Group. If the Work Group can not resolve the dispute in a timely manner, Sherwood URA or Developer, as applicable, shall give written notice to the other describing with particularity the Interference (the "Notice of Noncompliance"). The recipient of a Notice of Noncompliance shall be responsible for curing or correcting the Interference within a period of five (5) Business Days following receipt of such Notice of Noncompliance; provided, however, that if such cure or correction cannot reasonably be effected within said five (5) Business Day period, then the recipient of the Notice of Noncompliance shall be required to commence, within said five (5) Business Day period, action to effect such cure or correction and thereafter to prosecute diligently and continuously such action until such cure or correction has been effected.

ARTICLE IV
ADDITIONAL COVENANTS

Section 4.1 Management of Construction of Infrastructure Improvements. Sherwood URA shall contract with Developer to provide development services to Sherwood URA in connection with the Construction of the Infrastructure Improvements pursuant to the terms and provisions of the Development Services Agreement. Developer shall be paid a development services fee described in the Development Services Agreement, which fee shall be based on the actual bids utilized for the construction of the Infrastructure Improvements, which fee shall be determined by Developer (but is subject to the approval of Sherwood URA, not to be unreasonably withheld, conditioned or delayed and in no event is to be less than five percent or more than eight percent of the project costs for the Infrastructure Improvements). Such development services fee shall be paid on a monthly straight-line basis, starting at the closing of Site B (as defined in the Purchase and Sale Agreement) and running through the estimated course of construction of the Infrastructure Improvements.

Section 4.2 Utility Facilities. Sherwood URA shall be wholly responsible for maintaining, in good and operating condition and repair, all utility facilities used during Construction of the Project Improvements and the Infrastructure Improvements (including, without limitation, the water, sewer, gas, and electrical facilities) which are located on the Infrastructure Property. Sherwood URA shall complete the construction of all utility facilities that are part of the Infrastructure Improvements that are necessary for the construction of the Project Improvements prior to the date Developer is scheduled to commence construction of the Project Improvements. Developer shall be wholly responsible for maintaining, in good and operating condition and repair, all utility facilities used during Construction of the Project Improvements and the Infrastructure Improvements (including, without limitation, the water,

sewer, gas, and electrical facilities) which are located on the Conveyed Property. In the case use of a utility is shared by Sherwood URA and Developer during Construction, costs shall be allocated based on the relative usage of the utility by each party.

Section 4.3 Maintenance of Infrastructure Improvements. The parties may agree to share maintenance on some Infrastructure Improvements and Project Improvements jointly used by the parties notwithstanding obligations set forth in the Operative Agreements. Further written agreements will detail the improvements being shared, maintenance responsibilities, and the cost allocation.

ARTICLE V **DEFAULTS**

Section 5.1 Events of Default by Developer. An Event of Default by Developer shall be deemed to have occurred under this Agreement if Developer shall fail or refuse to observe, perform, or comply with any of the other provisions of this Agreement, whether by neglect, inadvertence, intent, or otherwise within forty-five (45) Days after written notice is given by Sherwood URA to Developer (a "Developer Default Notice"); provided, however, that in the case of a failure which cannot reasonably be cured within the aforesaid forty-five (45) Day period, no Event of Default shall be deemed to exist and Sherwood URA may not exercise any of the remedies set forth in this Agreement, unless and until Developer shall have failed either (i) to commence action to effect such cure within such forty-five (45) Day period or (ii) to prosecute diligently and continuously such action until such failure has been cured. Any notice given pursuant to this Section shall identify the failure in question with reasonable particularity.

Section 5.2 Events of Default by Sherwood URA. An Event of Default by Sherwood URA shall be deemed to have occurred under this Agreement if Sherwood URA shall fail or refuse to observe, perform, or comply with any of the other provisions of this Agreement, whether by neglect, inadvertence, intent, or otherwise within forty-five (45) Days after written notice is given by Developer to Sherwood URA (a "Sherwood URA Default Notice"); provided, however, that in the case of a failure which cannot reasonably be cured within the aforesaid forty-five (45) Day period, no Event of Default shall be deemed to exist and Developer may not exercise any of the remedies set forth in this Agreement, unless and until Sherwood URA shall have failed either (i) to commence action to effect such cure within such forty-five (45) Day period or (ii) to prosecute diligently and continuously such action until such failure has been cured. Any notice given pursuant to this Section shall identify the failure in question with reasonable particularity.

Section 5.3 Remedies. Upon the occurrence of an Event of Default, the non defaulting party shall be entitled to exercise any and all remedies conferred by this Agreement or otherwise available to such non defaulting party in law or in equity.

Section 5.4 No Waiver of Rights. No failure by a non defaulting party to insist upon the strict performance of any of the terms of this Agreement or to exercise any right or remedy upon a Default hereunder, no acceptance by a non defaulting party of partial performance, and no custom or practice of the parties hereto at variance with the provisions hereof shall constitute a waiver of any such Default or of any of the terms of this Agreement or a waiver of a non

defaulting party's right to demand exact compliance with the provisions contained in this Agreement. None of the terms of this Agreement to be kept, observed, or performed by a defaulting party and no breach thereof shall be waived, altered, or modified except by a written instrument executed by a non defaulting party. No waiver of any breach shall affect or alter this Agreement, but each of the terms of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach hereunder. No waiver of any Default hereunder by a defaulting party shall be implied from any omission by a non defaulting party to take any action on account of such Default if such Default persists or is repeated, and no express waiver shall affect any Default other than the Default specified in the express waiver for the time and to the extent therein stated. One or more waivers shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

Section 5.5 Rights Are Cumulative. All rights, powers, privileges, and remedies conferred by this Agreement upon Sherwood URA and Developer shall be cumulative and shall be deemed additional to any and all of the remedies to which either party may be entitled in law, in equity, or otherwise, unless specifically and expressly limited by the provisions of this Agreement. Either party shall have the right to restrain by injunction any violation or threatened violation of any of the terms, covenants, or conditions of this Agreement and by decree to compel performance of any such terms, covenants, or conditions, it being agreed by Developer and Sherwood URA that the remedy at law for any breach of such term, covenant or condition (except those requiring the payment of a liquidated sum or damages in accordance with express provisions of this Agreement) is not adequate.

ARTICLE VI **MISCELLANEOUS PROVISIONS**

Section 6.1 No Joint Venture or Partnership. Nothing contained in this Agreement shall be construed to create the relationship between Sherwood URA and Developer of principal and agent, of mortgagee and mortgagor, of partners, of joint venturers, or of any association with each other or, except as may be expressly provided in this Agreement, so as to render either of the parties liable for the debts or obligations of the other.

Section 6.2 Effect of Review, Objection, Failure to Object, Approval. Non-Approval or Consent. In no event shall any review, objection, failure to object, approval, non-approval, or consent by Sherwood URA or Developer with respect to any act, plan, or proposal of the other made pursuant to any provision of this Agreement or otherwise be deemed (i) to constitute an assumption by Sherwood URA or Developer of responsibility or liability for the adequacy or suitability of any such act, plan, or proposal, (ii) to constitute a waiver of any claim or right that Sherwood URA or Developer might have against the other or any other person or entity by reason of or in connection with any act or omission of such other person pursuant to or in accordance with any act, plan, or proposal reviewed by Sherwood URA or Developer, or (iii) to result in Sherwood URA's or Developer's being deemed a joint tortfeasor with the other.

Section 6.3 Notices. Except as may be expressly set forth in this Agreement to the contrary, every notice, demand, request, submittal, consent, approval, or other communication required or permitted to be given to any party hereto pursuant to the terms of this Agreement

shall be effective only if given in writing and personally delivered or mailed, postage prepaid, by certified United States mail, return receipt requested, addressed as follows:

SHERWOOD URA: Sherwood URA Urban Renewal Agency
22560 SW Pine Street
Sherwood, OR 97140
ATTN: Jim Patterson
Fax: (503) 625-5524

With a copy to: Pamela J. Beery
Beery, Elsner & Hammond
1750 SW Harbor Way, Suite 380
Portland, OR 97201

DEVELOPER: Capstone Partners LLC
1015 NW 11th Avenue, Suite 243
Portland, Oregon 97209
ATTN: Chris Nelson
Fax No.: (503) 226-1973

With a copy to: Ball Janik LLP
Attn: Bradley S. Miller
101 SW Main St., Suite 1100
Portland, OR 97204
Fax No.: (503) 295-1058

or to such other address as any such party may from time to time designate by notice to the other party in accordance with this Agreement. Every notice, demand, request, submittal, consent, approval, or other communication transmitted as aforesaid shall be deemed to have been given, or communicated, as the case may be, on the date of personal delivery or three (3) Business Days after the time that the same shall have been deposited, certified, in the United States mail from a United States post office or box.

Section 6.4 No Personal Liability. No director, commissioner, officer, official, or employee of Sherwood URA or Developer shall be personally liable to the other (i) on account of any default or breach by Sherwood URA or Developer under this Agreement, (ii) for any amount which may become due to the other under this Agreement, or (iii) with respect to any obligations under the terms of this Agreement. Neither Sherwood URA nor Developer shall collect or attempt to collect any money judgment for such matters from the personal assets of any of the directors, commissioners, officers, officials, or employees of the other on account of a failure by the other to comply with, observe, or perform any of the terms of this Agreement.

Section 6.5 Headings. The headings of the various articles and sections of this Agreement have been inserted for convenient reference only and shall not in any manner be construed as modifying, amending, or affecting in any way the express terms and provisions hereof.

Section 6.6 Severability. If any provision of this Agreement or the application thereof to any person, business entity, public body, or situation shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement, and the application of such provision to persons, business entities, public bodies, or situations other than those as to which it shall have been held invalid or unenforceable, shall not be affected thereby and shall continue to be valid and enforceable to the fullest extent permitted by law.

Section 6.7 Governing Law. This Agreement shall be governed by and interpreted and construed under the laws of the State of Oregon.

Section 6.8 Exhibits. All Exhibits referred to herein and affixed hereto are deemed incorporated herein by reference with the same force and effect as if at each place of reference, in lieu of such reference, such respective Exhibit were set forth in its entirety.

Section 6.9 Entire Agreement. In the making, execution, and delivery of this Agreement, neither party has been induced by any representations, statements, covenants, or warranties made by the other party or its agents, other than as specifically set forth herein and in the other Operative Agreements. This Agreement and the other Operative Agreements constitute the full, complete, and entire agreement between and among the parties hereto with respect to the subject matters set forth herein and supersede all prior agreements between Sherwood URA and Developer on the subject matters set forth herein. No agent, employee, officer, representative, or attorney of the parties hereto has the authority to make, or has made, any statement, agreement, representation, or contemporaneous agreement, oral or written, in connection herewith modifying, adding to, or changing the provisions of this Agreement. No amendment of this Agreement shall be binding or effective unless such amendment shall be in writing, signed by both Sherwood URA and Developer.

Section 6.10 Time Is Of Essence. All time limits stated in this Agreement are of the essence of this Agreement.

Section 6.11 Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original instrument, and such counterparts together shall constitute one and the same instrument.

Section 6.12 Compliance. No failure of either party hereto to exercise any right or power given hereunder or to insist upon strict compliance with any conditions and obligations specified herein, and no custom or practice of any of the parties hereto at variance with the terms of this Agreement, shall constitute a waiver of either party's right to demand exact compliance with the terms and conditions of this Agreement.

Section 6.13 Survival and Termination of Agreement. This Agreement shall expire and terminate upon the termination of the Purchase and Sale Agreement, or, if the Purchase and Sale Agreement is not terminated, upon later to occur of the Substantial Completion of the Project Improvements or Substantial Completion of the Infrastructure Improvements in compliance with the requirements of this Agreement or the mutual agreement of Developer and Sherwood URA.

Section 6.14 No Third Party Beneficiary. No individual or entity that is not a signatory to this Agreement (other than successors, successors-in-title and assigns of the parties to this Agreement) shall have any rights or privileges under or arising out of this Agreement, nor shall any person or entity that is not a signatory to this Agreement otherwise be deemed a third party beneficiary of this Agreement.

Section 6.15 Estoppel Certificates. Sherwood URA and Developer shall execute, acknowledge and deliver to the other promptly upon written request a certificate certifying, among other things, any of the following as requested:

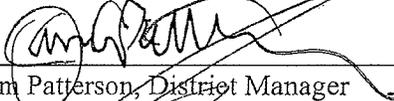
(a) that this Agreement is unmodified and in full force and effect (or, if there have been modifications, that this Agreement is in full force and effect, as modified, and stating the modifications);

(b) that no notice has been given by Sherwood URA to Developer or by Developer to Sherwood URA of any default under this Agreement that has not been cured and to the best of its knowledge and belief no default exists (or, if such exists, describing the same).

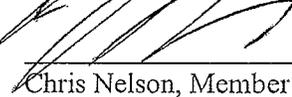
Certificates from Sherwood URA and Developer pertaining to the aforesaid matters may be relied upon by any existing or prospective lending institution and by any prospective assignee or successor of any interest under this Agreement. No certificate issued hereunder, however, shall be deemed to affect the rights and obligations of Sherwood URA and Developer between themselves under this Agreement.

IN WITNESS WHEREOF, Sherwood URA has caused this Agreement to be executed on its behalf by its duly authorized officers, and Developer has caused this Agreement to be executed on its behalf by its duly authorized officers, all on the day and year first above set forth.

Sherwood URA Urban Renewal District

By: 
Jim Patterson, District Manager

Capstone Partners LLC, an Oregon limited liability company

By: 
Chris Nelson, Member

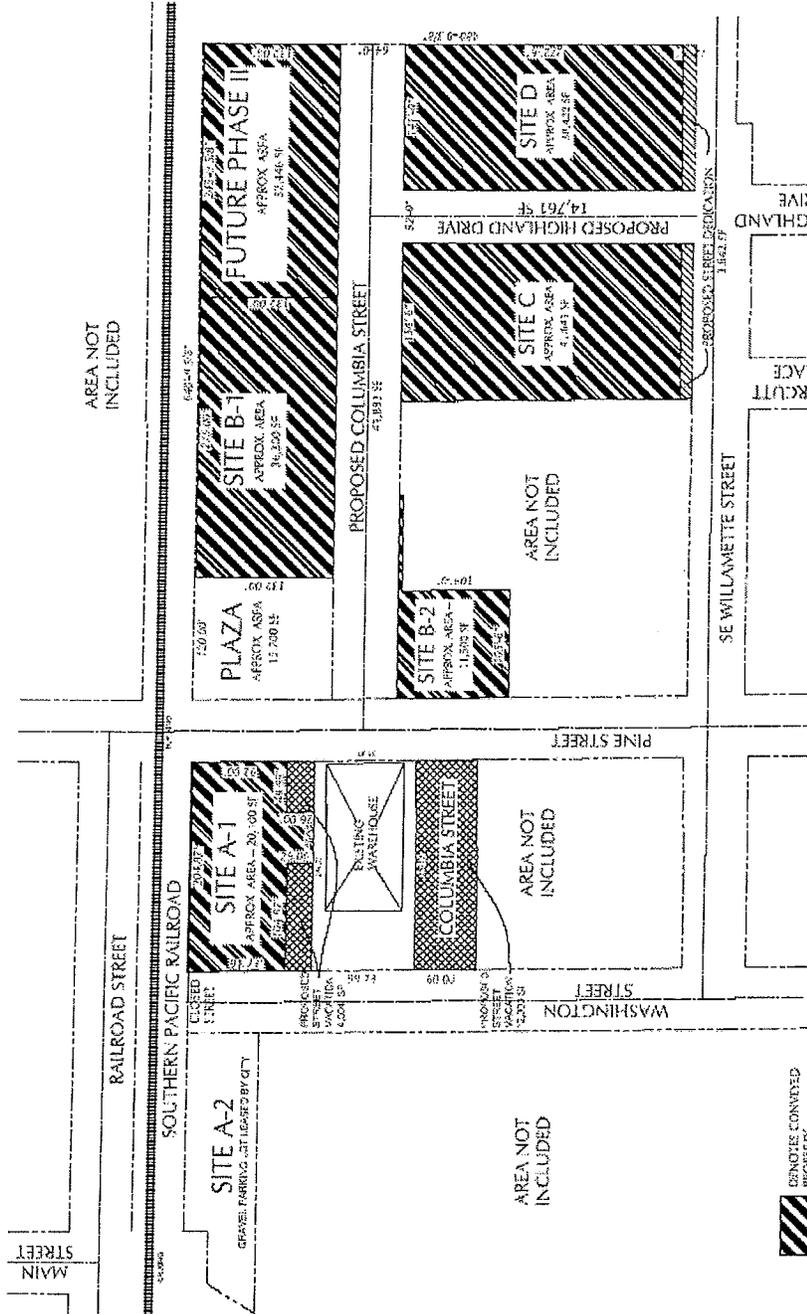
By: Triangle Development Company, an Oregon corporation, Member


Jeffrey M. Sackett, President

EXHIBIT B-1

Depiction of Conveyed Property

EXHIBIT B-1
TO SITE DEVELOPMENT AGREEMENT
"CONVEYED PROPERTY"



NOTE: PRELIMINARY PLAN INTENDED TO PROVIDE A GENERAL DEPICTION OF THE CONVEYED PROPERTY. FINAL SITE LINES AND DIMENSIONS WILL BE DETERMINED DURING THE SUBDIVISION PROCESS.

CAPSTONE PARTNERS
ANKROM/MOJIBAN ARCHITECTS
AUGUST 14, 2008



Sherwood
Mixed Use Development

EXHIBIT B-2

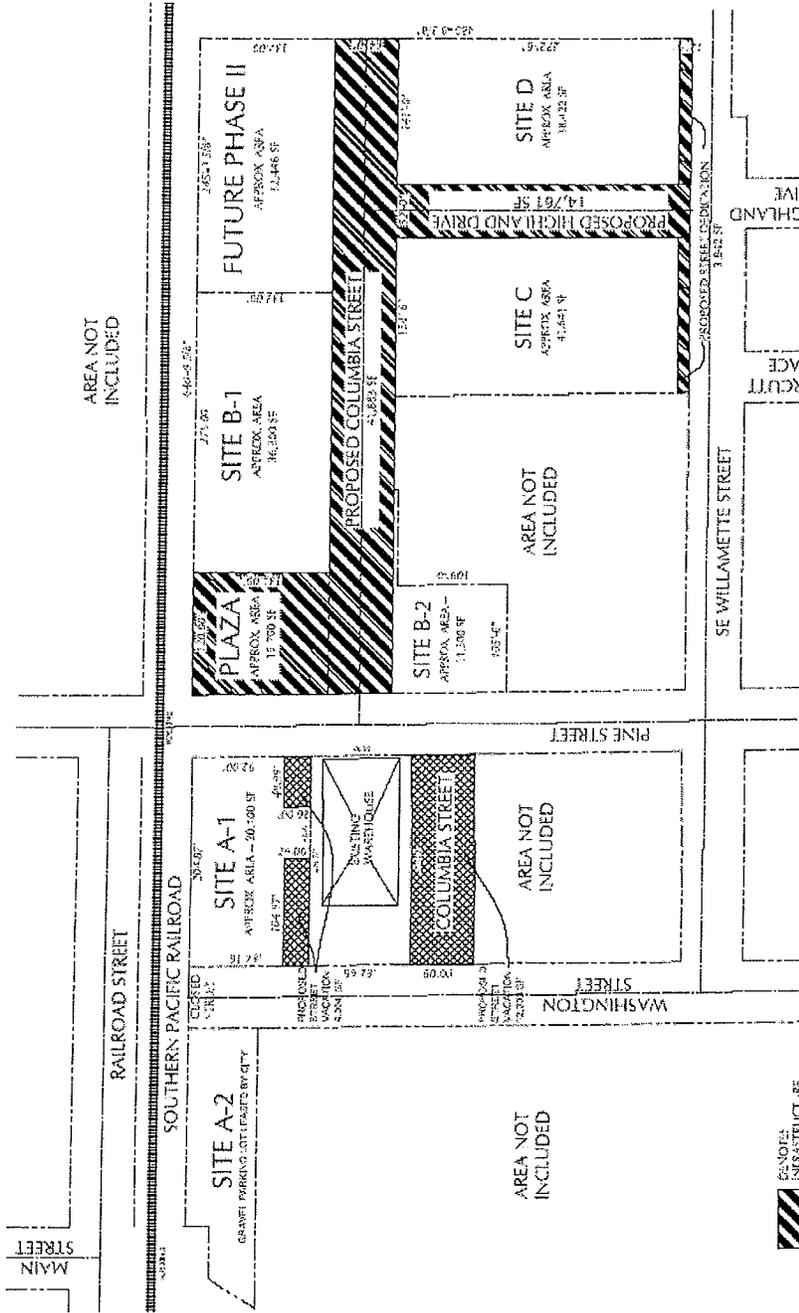
General Description of Infrastructure Improvements

The Infrastructure Improvements consists of a public plaza containing not less than 10,000 square feet nor more than 20,000 square feet (currently contemplated and depicted herein to be approximately 15,700 square feet) at the northeast corner of the intersection of SE Pine Street and the Southern Pacific Railroad tracks, the construction of public rights of way for the proposed SE Columbia Street north of Pine Street and the proposed SE Highland Drive west of Willamette Street, the improvement of SE Willamette Street adjacent to Sites C and D of the Conveyed Property, and the improvement, if any, required to Pine Street between the railroad and Willamette Street

EXHIBIT B-3

Depiction of Infrastructure Improvements

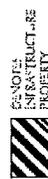
EXHIBIT B-3
TO SITE DEVELOPMENT AGREEMENT
"INFRASTRUCTURE PROJECT"



NOTE: PRELIMINARY PLAN INTENDED TO PROVIDE A GENERAL INDICATION OF THE INFRASTRUCTURE PROJECT. FINAL DIMENSIONS OF INFRASTRUCTURE PROPERTY WILL BE DETERMINED DURING THE SUBSEQUENT PROCESS.



CAPSTONE PARTNERS
ANKROM MOISAN ARCHITECTS
AUGUST 14, 2003



Sherwood
Mixed Use Development

EXHIBIT B-4

Development Services Agreement

The Development Services Agreement is that separate agreement between the parties as defined in Section 1.1 herein. It is attached here as Exhibit B-4 for clarity.

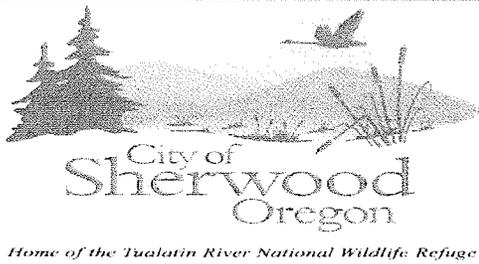


This photograph creates an accurate spacial dimension between the Langer Mega Mall and the High Density Residential PUD being planned by Capstone, Jim Patterson, and Keith Mays for Sherwood.

Please note that traffic will move through the downtown creating considerable more congestion and lack of parking as in the high days the 40,000 to 60,000 vehicles move through Langer Mega Mall.

The original gravity models produced by responsible transportation engineers would point out that it puts the Cannery in the Center of a 10 mile radius of automobiles being brought into the city.

Any competent transportation engineer would recognize that the downtown streets are built as feeder streets. Langer Mega Mall turns them into collector streets, a truly dangerous situation.



THE SHERWOOD ARCHER

FEBRUARY 2010 ISSUE

WWW.SHERWOODOREGON.GOV

COMMON SENSE SHOULD RULE THE DAY FROM CITY MANAGER JIM PATTERSON

With the 2010-2011 budget planning process in full swing after our Strategic Planning Meetings with City Council, and a review of the last 6 months of City business completed, several key themes for the New Year are emerging. Wouldn't you know at the top of the list is exercising common sense.

The American Heritage dictionary definition for common sense is "sound and prudent judgment based on a simple perception of the situation or facts". The Wikipedia Merriam Webster on-line definition suggests that common sense equates to "the knowledge and experience which most people allegedly have, or which the person using the term believes they do or should have".

As we move into this year City staff has identified a number of areas in serving people that need to be evaluated and common sense be exercised. One example, it has been years since certain sections of the municipal code have been reviewed and updated. In some cases, our code is dated and not "user friendly" and that needs to change. By taking the approach we will exercise sound and prudent judgment based on a simple perception of situations or facts in reviewing our code, the result may be a more user friendly code that encourages rather than discourages, that considers possibilities rather than eliminates possibilities.

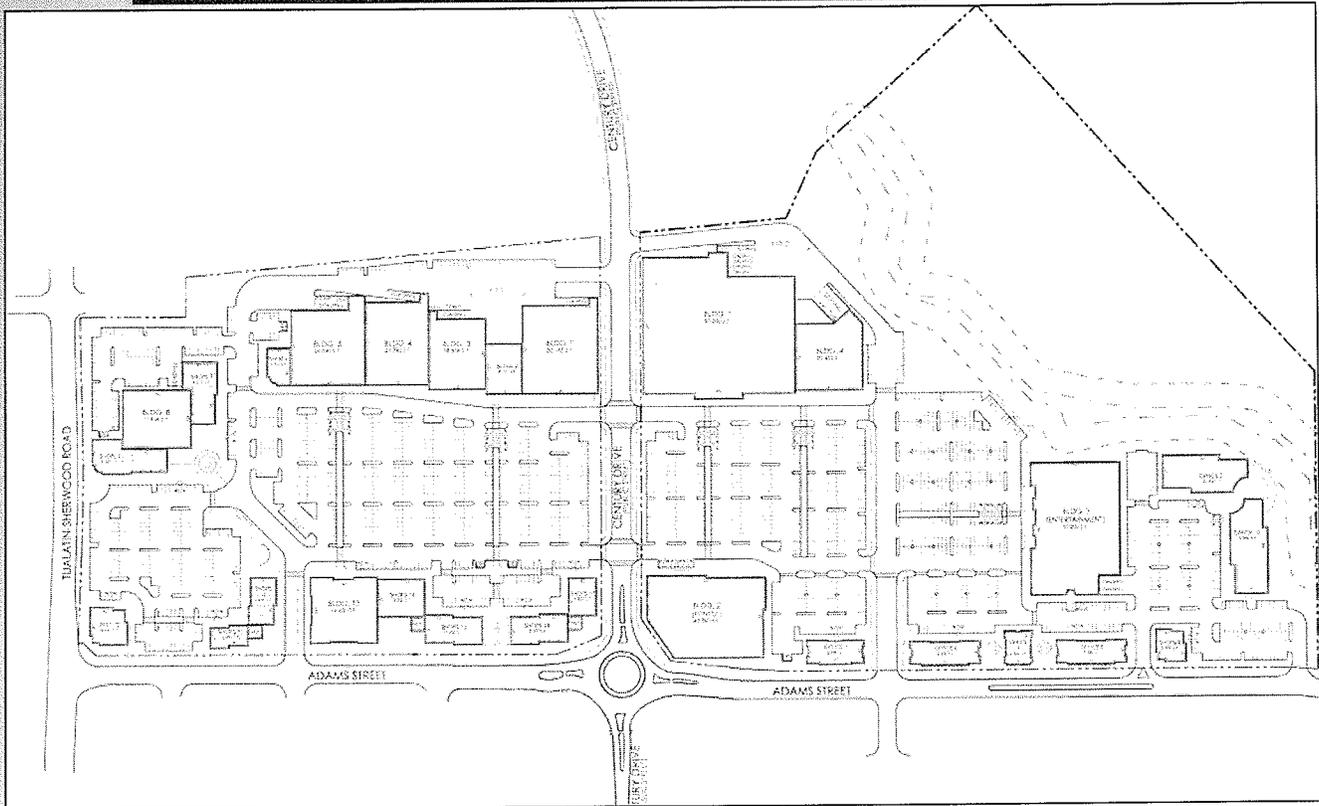
Like other municipalities in Oregon, Sherwood will be faced with important financial decisions, planning and development decisions, public safety and emergency management decisions, community services and day to day operational decisions. Incredibly important decisions about redevelopment of the Cannery property including the Community / Arts Center and Old Town revitalization are central to the on-going debate about what makes a great City and preserves our history. The completion of phase 2 of the Old Town street project including Washington and Railroad is at an important decision point for our elected officials along with projects moving forward including the Langer property redevelopment, construction of Adams Avenue North and South roadways, improvements to Tualatin Sherwood Road, redevelopment opportunities on Highway 99W and completion of the water pipeline from Wilsonville.

Each and every one of these decision points and projects will require sound and prudent judgment in approving and or executing the plans. It is no secret, our City does not have unlimited financial resources but the result of sound and prudent judgment related to fiscal policy over the course of the last 4 years has prepared us for challenging times and "rainy days". In looking at our proposed budget the City Council with assistance from City staff will not be growing local government unnecessarily, we will responsibly preparing for better days ahead and we will not propose to cut services or support to our community.

Finally, while on the subject of common sense, with the installation of a fence and grass at Woodhaven Park off Pinehurst and Sunset the City reminds citizens that this park is not a dog park nor was it ever intended to be. Over the last several months my office has heard a number of complaints from concerned citizens about dog owners releasing their pets from leashes and allowing dogs to run at large in the park and using it as an "exercise area for our 4 legged friends". If you are user of this park or others in our City, please make sure to comply with parks rules and City Ordinances related to pets in parks. Thanks for your cooperation.

Please feel free to contact me directly via e-mail at pattersonj@ci.sherwood.or.us or call 503-625-4200.

SHERWOOD TOWNCENTER FOR LEASE ~ RETAIL & OFFICE SPACE SHERWOOD, OREGON



Location: Tualatin-Sherwood Rd. @ Adams Ave.

Project: 466,324 SF Retail Development

Size: 57 acre Master Development

Traffic Counts: 23,876 VPD on Tualatin-Sherwood Rd.

Demographics: **1 Mile** **3 Mile** **5 Mile**

2006 Population 6,305 34,419 104,666

2006 Household Income \$72,982 \$73,372 \$68,916

Expected Income Growth: 4.9% a year over the next 5 years

Population Growth: 27% from 2000 - 2006

Estimated Completion: Spring 2009

EXCLUSIVE LEASING AGENTS

George Diamond, Principal Broker

Austin Cain, Principal Broker

Nicholas Diamond, Broker

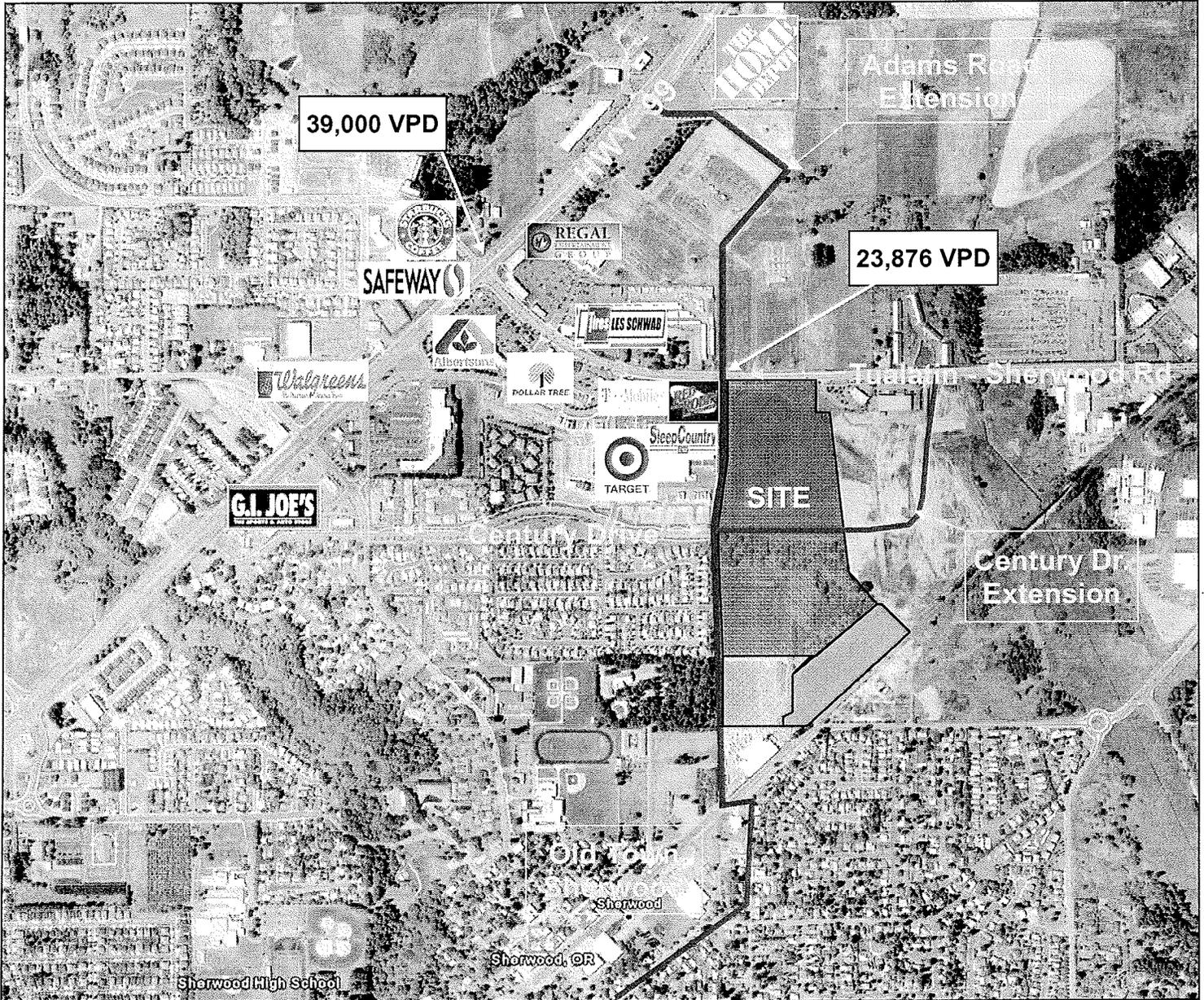
503-222-1655



2839 SW Second Avenue, Portland, Oregon, 97201 • Ph. 503-222-1655 Fax 503-274-6510 • www.reig.com • invest@reig.com

The information contained herein has been obtained from sources we deem reliable. We cannot, however, guarantee its accuracy. Current as of 5/2/2007

SHERWOOD TOWNCENTER FOR LEASE ~ RETAIL & OFFICE SPACE SHERWOOD, OREGON



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SHERWOOD TOWNCENTER FOR LEASE ~ RETAIL & OFFICE SPACE SHERWOOD, OREGON

Description

PROJECT INFORMATION

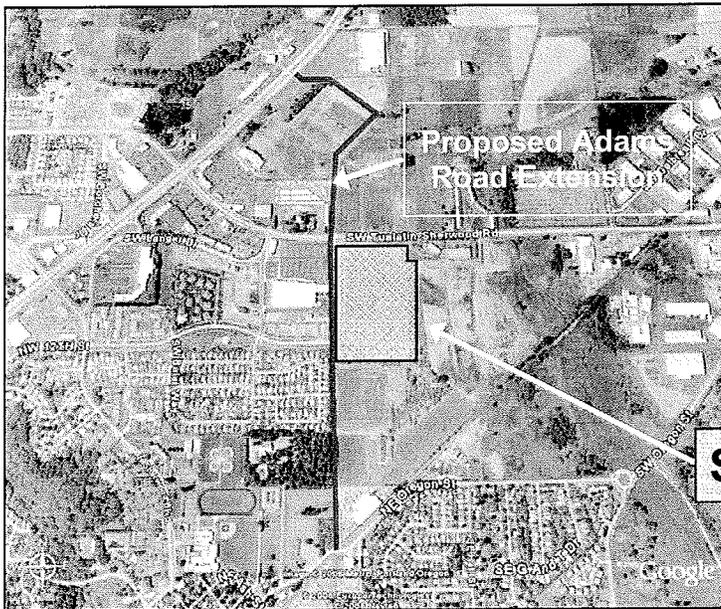
Langer Crossings at Sherwood is a planned, 57 acre Retail/Office Development in the heart of Sherwood located on Tualatin Sherwood Road directly east of Target and Langer Shopping Center in Sherwood, Oregon. Langer Crossings will be fronted by the new Adams Avenue extension which will become the new north/south arterial to Historic Downtown Sherwood and SW Pacific Highway. Langer Crossing will be a new 22-acre Power Center in addition to new office and flex space on the remaining 27 acres.

Langer Crossing is situated in the heart of the Tualatin Valley between I-5, the fast growing City of Tualatin, and the famous Willamette Valley Vineyards. As the Willamette Valley expands with new boutique hotels, gourmet restaurants and over 200 existing wineries, Sherwood has become the main entrance to the wine country. The population of the primary trade enjoyed a 27% growth rate from 2000 to 2006, averaging 4.5% per year. The City of Sherwood's population has grown at an average rate of 3.4% annually for the last 10 years. This site is ready for retail development today and in fact the Johnson/Gardner Report has estimated that there is an approximate demand for over 800,000 s.f. of new retail. The average household income is expected to increase \$17,845 over the next 5 years, an average annual increase of 4.9%.

Langer Crossing preliminary design will include approximately 225,000 s.f. of retail, plus 295,000 s.f. of office and flex development. Directly west of Langer Crossings is Langer Shopping Center, a 186,000 s.f. Target-anchored retail center. Langer Crossing is in close proximity to existing retail centers that include Albertsons, Safeway, GI Joes, Home Depot and a 10- screen Regal Movie Theater for over 700,000 square feet of retail space.

RETAIL DEMAND

Currently, the residual demand in the Primary Trade Area is estimated at over 800,000 s.f. of retail space. Over the next 20 years, the residual demand is projected to grow at a faster rate than supply in the area. There are no other vacant commercially zoned parcels that approach the size of Langer Crossing it will be almost impossible to have another center of this magnitude within several miles. The site is located next to an established cluster of retail



Subject

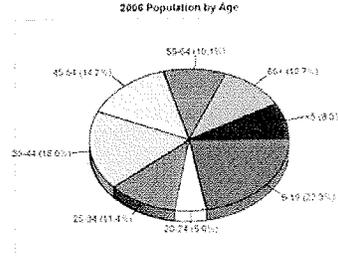
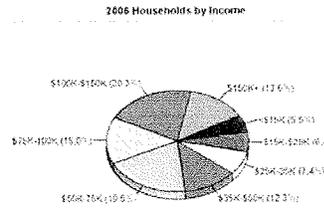
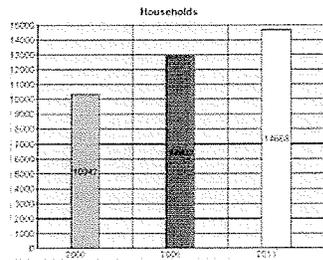
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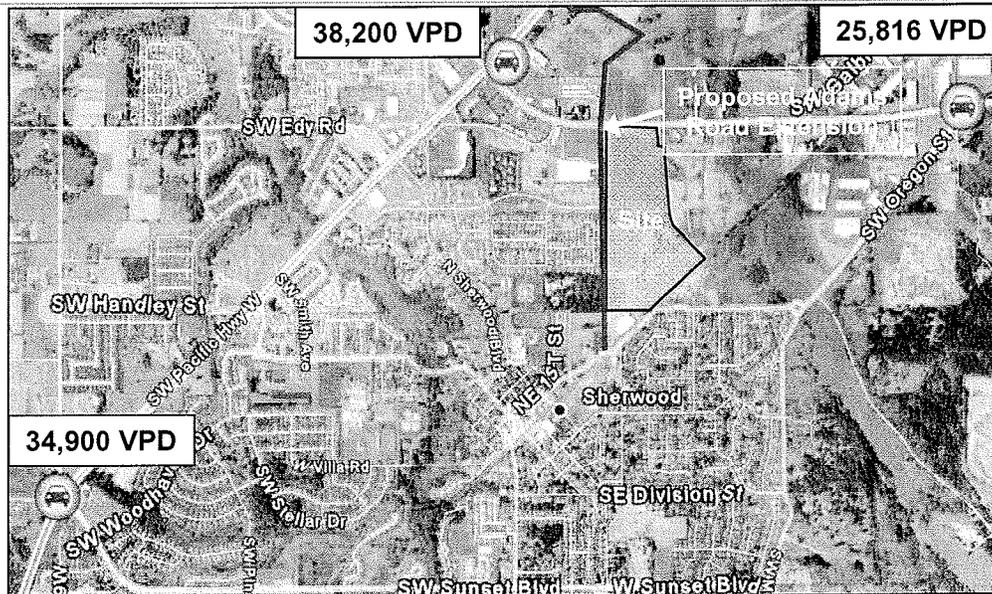
SHERWOOD TOWNCENTER FOR LEASE ~ RETAIL & OFFICE SPACE SHERWOOD, OREGON

Demographics



Sherwood, OR 97140		Site Type: Radius 3.0 Mile		Radius:
Summary	2000	2006	2011	
Population	26,947	34,419	39,406	
Households	10,342	12,903	14,668	
Families	7,430	9,244	10,423	
Average Household Size	2.59	2.65	2.67	
Owner Occupied HUs	7,723	9,979	11,417	
Renter Occupied HUs	2,619	2,924	3,251	
Median Age	35.2	36.6	37.2	
Trends: 2006-2011 Annual Rate	Area	State	National	
Population	2.74%	1.23%	1.30%	
Households	2.6%	1.23%	1.33%	
Families	2.43%	1.02%	1.08%	
Owner HHs	2.73%	1.27%	1.41%	
Median Household Income	4.07%	3.29%	3.32%	

Average Daily Traffic Counts



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