Sherwood Recreation Center
20300 SW Pacific Highway
Sherwood, Oregon

Prepared For

City of Sherwood, Oregon
22560 SW Pine Street
Sherwood, Oregon 97140

Prepared By

R.P. Herman & Associates LLC
922 NW Joy Avenue
Portland, Oregon 97229

File 17059

R.P. Herman & Associates LLC

Real Estate Valuation & Consulting Services
922 NW Joy Avenue
Portland, Oregon 97229-5552

Voice: (503) 626.8841 ***admin@rpherman.com***

July 20, 2017

Mr. Joseph Gall
City Manager
City of Sherwood, Oregon
22560 SW Pine Street
Sherwood, Oregon 97140

Dear Mr. Gall:

In accordance with your request, I have completed an appraisal of the Sherwood Recreation Center facility which is commonly identified by a street address of 20300 SW Pacific Highway, Sherwood, Oregon. The property is specifically located immediately east of the intersection of Pacific Highway (99W) and Sunset Boulevard approximately 1.2 miles west of the Sherwood central business district. The 54,366 square foot recreation and aquatic facility was completed in 1998 together with a "Teen Center" addition in 2002.

The purpose of this appraisal assignment is to develop and support a market value estimate for the subject real property fee simple ownership interest. The intended use of the assignment results is to assist the City of Sherwood in decision-making relative to future operations and a potential sale of the subject property. The client and sole intended user of the assignment results is the City of Sherwood. There are no third-party beneficiaries. Possession of a copy of this report does not create a client or intended user relationship with the appraiser. No one other than the City of Sherwood may rely upon the assignment results in any manner without the express written consent of the appraiser.

The subject is legally described as Tract "A", Woodhaven, City of Sherwood, Washington County, Oregon. For assessment purposes, it is identified as Tax Lot 9100 of Section 31CB, Township 2 South, Range 1 West, Washington County, Oregon and as Assessor Parcel R2046270.

Based upon my investigation and analysis of relevant market data, the market value of the subject real property fee simple estate as of June 22, 2017 has been estimated at $5,000,000 which includes land and improvements.

Mr. Joseph Gall
City Manager
City of Sherwood, Oregon

July 20, 2017

The hypothetical market value of the underlying land, as-if vacant, has been estimated to be $2,565,000. The value opinions are subject to various assumptions and limiting conditions that have been identified throughout the report and at its conclusion. The opportunity to be of service is sincerely appreciated. Should you have any questions, please do not hesitate to contact me.

Respectfully submitted,

Richard P. Herman, MAI, FRICS
Member, R.P. Herman & Associates LLC
Oregon Certified Appraiser C000190
Expiration Date: January 31, 2018
Email Address: rick@rpherman.com
Date of Report: July 20, 2017

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Addenda

Executive Summary

Client and Intended User:	City of Sherwood, Oregon 22560 SW Pine Street Sherwood, Oregon 97140
Effective Dates:	June 22, 2017 (Value Estimate) July 20, 2017 (Date of Report)
Interest Valued:	Fee Simple Estate
Assignment Scope/ Appraisal Problem:	Develop and support a market value estimate for the subject land and improvements notwithstanding the current YMCA of Columbia-Willamette Sherwood Regional Facility Family operation utilizing all relevant valuation methodology. Additionally, develop and support a hypothetical value estimate for the underlying land as-if vacant.
Report Scope:	Narrative Appraisal Report
Methodology:	Sales Comparison Approach Income Approach
Zoning:	LDR-PUD; Low Density Residential – Planned Unit Development
Highest and Best Use:	As improved: publicly or privately owned and/or operated multi-purpose recreational center
Market Value Estimate:	$5,000,000 (Land and Improvements as Currently Improved)
Hypothetical Land Value:	$2,565,000 (Land Only As-If Vacant)
Property Overview:	The subject property is the Sherwood Recreation Center which is a multi-sport community recreation center which was constructed in 1998. The structural improvement is a three-story steel-frame and masonry block special purpose building. The ground floor level is approximately 19,245 square feet in size and is the location of an exercise area, mechanical room, storage and a covered play area/gymnasium, as well as a weight room and double-use area located underneath the "teen center." The main floor level (19,287 square feet) supports two (3) locker rooms, three (3) child care areas, lobby and reception area, multi-purpose room and a natatorium that encloses a 25-yard lap pool and water recreation area. The upper floor level (10,636 square feet) is the location of fitness and aerobic centers, and an indoor track. In 2002, a 10,296 square foot addition known as the "teen center" was built on the northerly end of the building. The cumulative floor area of the structure, including the pool enclosure area,

Executive Summary, Cont'd.

approximates 54,366 square feet based upon a review of construction plan sheets, whereas the building area excluding the pool is approximately 46,466 square feet. All aspects of the building are excellent quality.

Site Characteristics:

The subject site is comprised of one tax lot which has an area of approximately 8.73 acres as reflected on the most recent county assessment map. Its northeasterly boundary is formed by a riparian corridor associated with a tributary of Cedar Creek which is heavily treed and the location of a Sherwood green space tract. The southerly and westerly property boundaries are established by SW Woodhaven Drive and SW Sunset Boulevard which are a local collector and arterial, respectively. Adjoining to the north is Pacific Highway (Highway 99W). The adjoining intersection of Sunset Boulevard and Pacific Highway has a hard traffic control. This is a high exposure location with an average daily traffic count (ADT) along Pacific Highway of approximately 38,500 (2015). The site is surrounded by an established residential community known as "Woodhaven" which consumes approximately 185 acres, 72 of which are preserved green space and walking paths. Located approximately six blocks southeast is the 6-acre Woodhaven Park which has recently undergone substantive renovation and expansion. The Stella Olsen Memorial Park is accessible from Woodhaven by means of a paved walking path. This is a 24-acre park facility that hosts a community summer concert series. With the exception of the riparian corridor, the site exhibits generally level topography. Access has been established to Woodhaven Drive at the northeasterly extreme of its frontage. The site was platted as an element of the Woodhaven development (Tract "A") which is zoned Low Density Residential – Planned Unit Development (LDR-PUD). The current land use is permitted on an outright basis in this zone. As identified in the initial staff report associated with the facility land use decision (File SP97-6 YMCA Recreational Facility), mandatory visual corridor setbacks associated with Pacific Highway, Sunset Boulevard and Woodhaven Drive are 25 feet, 15 feet and 10 feet, respectively. There is also a 25-foot minimum setback relative to the adjoining riparian corridor. Cumulatively, this reduces the developable area of the parcel to approximately 7.61 acres.

Locational Differentiation:

The subject location is differentiated by its association with the City of Sherwood, its Highway 99W frontage and contiguity with

Executive Summary, Cont'd.

"Woodhaven," which is an established, newer residential neighborhood. The subject location is both vehicle and pedestrian friendly. This stretch of Highway 99W has historically had limited success relative to commercial development with the vast majority of commercial development occurring north of Edy Road along Highway 99W. Nonetheless, the subject market area is densely populated and has a relatively affluent trade base which is forecasted to grow and has the potential to support for limited and selective commercial development. Considerable annexation and infrastructure expansion is planned, as is a new high school campus that will be proximate to the subject.

Market Area Econometrics: The driving force that has precipitated residential development throughout the general area has been a combination of both population growth and purchasing power. The City of Sherwood population increased between 2010 and 2017 from 18,194 to 19,718 or 8.4percent. It is forecasted to be 20,922 by 2022 which is an increase of 6.1 percent. The 2017 median and average household income were $87,015 and $111,199, respectively. The former is forecasted to increase by 14.1percent by 2022 to $99,269 and the latter by 15.2percent to $128,122. The average per capita income as of 2017 is $38,244.

Ownership History: Ownership of the subject property is vested with the City of Sherwood as evidenced by a Bargain and Sale Deed recorded on December 5, 1996 as Document 96-108496. The grantor in that conveyance was GSL Woodhaven Investors LLC and Diamontis Woodhaven LLC, whereas the stated consideration was $1,200,000. There do not appear to have been any subsequent recorded conveyances.

Marketing History: The subject property has not been exposed to the marketplace at any time during the three-year period preceding the valuation date or date of report.

Extraordinary Valuation Assumptions: An extraordinary assumption is one directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. The value estimate reported herein has not been conditioned upon any extraordinary valuation assumptions.

Occupancy Overview: The subject property has been continuously occupied by the YMCA of Columbia-Willamette since its completion in 1998. The

Executive Summary, Cont'd.

City of Sherwood passed a general obligation bond to construct the YMCA facility in 1996. Occupancy and use of the subject property is not subject to a formal lease agreement. Rather, it is governed by a 20-year operating agreement entered into by the city and YMCA of Columbia-Willamette. It will expire on October 31, 2017 coincidental with retirement of the debt obligation which was largely assumed by YMCA. A constructive leasehold therefore exists until the expiration of the agreement. The initial agreement was signed in 1996 approximately two years before the center was completed. Since that time there has been only one recorded amendment in 1999. Pursuant to the agreement, YMCA is responsible for the cost of all aspects of the building's operations including staffing, operating supplies, contractual services and capital replacement with the exception of the exterior of the structure. All cleaning and maintenance functions associated with the interior of the building are also the responsibility of YMCA, as are the building's mechanical and operating systems. The annual debt reduction payment approximated 74 percent of the cost of the construction loan. The YMCA is also responsible for all facility and program equipment costs, including fitness and aquatics, as well as maintaining the grounds and parking lot. The City of Sherwood is obligated to pay for basic grounds maintenance beyond the immediate landscape and parking lot, building and property insurance as well as the debt service payment on the construction loan.

Assignment Conditions: There were no assignment conditions that adversely influenced the reliability or credibility of the value opinion expressed herein.

Hypothetical Conditions: A hypothetical condition is a value predication that is known to be contrary to fact. For purposes of reasonable analysis, the value opinion of the property as improved has disregarded an operating agreement between the City of Sherwood and YMCA of Columbia–Willamette that was executed in 1996, recognizing that a sale of the subject property to another party or entity will not occur until after the agreement expires on October 31, 2017. Due to the near-term expiration date, and a typical due diligence period of up to 6 months, this valuation perspective does not represent a hypothetical predication. The land value opinion as-if vacant is hypothetical inasmuch as it is improved with the YMCA facility.

Preliminary Data

Legal Description

The subject property in its entirety is legally described as Tract "A", Woodhaven, City of Sherwood, Washington County, Oregon. For assessment purposes, it is identified as Tax Lot 9100 of Section 31CB, Township 2 South, Range 1 West, Washington County, Oregon and as Assessor Parcel R2046270.

Purpose and Intended Use of Appraisal Assignment

The purpose of this appraisal assignment is to develop and support a market value estimate for the subject real property fee simple ownership interest. The intended use of the assignment results is to assist the client with decision-making regarding a potential sale of the subject property and/or its operational structure subsequent to expiration of the current operating agreement. Additionally, a hypothetical value opinion has been developed and supported for the underlying land as-if vacant.

Ownership Rights Valued

The property rights appraised represent the fee simple ownership interest.

Dates of Significance

The value opinion expressed herein is based upon an effective date of June 22, 2017. The appraisal report was prepared subsequently and completed on or about July 20, 2017. This represents the date of report.

Client/Intended User

This appraisal report has been prepared for the exclusive use and benefit of the City of Sherwood as the sole client and intended user. There are no third party beneficiaries. The assignment results may not be used or relied upon by any other person or entity, for any purpose whatsoever, without the express written consent of the appraisers. This report is incomplete and cannot be relied upon without the letter of transmittal and limiting conditions.

Scope of Assignment/Appraisal Problem

The scope of work that is relevant to this assignment focuses upon the development of a supportable market value estimate for the subject property as currently improved (land and improvements) and as to the underlying land as-if vacant. The Income Approach is the most relevant and reliable valuation method for this assignment based upon market participant interviews and typical purchase decision influences. Given the age of the subject original structure and subsequent addition, the Cost Approach would be weakened by a substantial and unexacting depreciation adjustment. Similarly, the Sales Comparison Approach is weakened by a lack of highly similar market comparisons and an irreconcilable unit value pattern compelled by divergent purchase motivations. As evidenced by the market transactions cited in the Sales Comparison Approach, typical purchasers of this property type are owner/users, local of national branded club facility operators or investors motivated by the potential for repurposing or

Preliminary Data, Cont'd.

redevelopment. Secondary reliance has therefore been placed upon both the Cost and Sales Comparison Approaches inasmuch as both provide a comparably less meaningful and reliable value indication. The income approach is generally recognized as being the most relevant valuation method due to cost of occupancy considerations relative to either an investor (lease revenue) or an owner/operator (opportunity cost of ownership). Relative to the land value opinion, the sales comparison approach is the only relevant methodology.

The scope of research involved a review of all types of market data pertaining to health, fitness, racquet and wellness club facilities derived from the International Health, Racquet & Sportsclub Association (IHRSA) as well as LoopNet, CoStar, Vertical Email and market participants. Due to the unique physical and functional characteristics of the subject property, the geographic scope of market data search included the entirety of Oregon and Washington. The scope of reporting is a narrative appraisal report as defined in the 2016-17 edition of USPAP. The scope of search for development land comparables primarily focused upon Washington County.

The physical and transactional characteristics of all of the comparables were verified with a participant to the sale/listing. The scope of comparable verification included a conversation with a party to the transaction as specifically identified in the market data summary charts presented herein. While many of the verifying parties were generally candid, some were not. Much of the additional information requested by the appraiser is not a matter of public record, thus it can be obtained only from these parties and typically cannot be crosschecked against other sources. Thus, the physical and transactional data derived from these interviews are assumed to be accurate. The quality and extent of the verification process should be carefully considered by the reader/client when forming an opinion as to the credibility of the individual comparables, as well as the cumulative database. The manner in which the verifying party is interviewed and the substance of the questions asked may, in some instances, result in conflicting information; independent verification of the data by the client is encouraged so that a full understanding of each comparable can be developed.

Data Availability

Information provided by the client and/or property owner which was relevant to the appraisal assignment included the following:

- Plan set prepared by LSW Architects PE, 2300 Main Street, Vancouver, Washington dated March 30, 1997;
- Plan set pertaining to the "YMCA Teen Center Addition" prepared by LSW Architects PE, 1953 NE Kearney Street, Portland, Oregon dated March 1, 2002 (Job 01170);
- Staff report and notice of decision pertaining to the original site plan (File SP97-6) and an exemption notice for the expansion in 2002 together with a summary of minor amendments;
- Recreation and aquatic center feasibility study final report prepared for the City of Sherwood, Oregon by Ballard King & Associates, Ltd. dated January 30, 2017.

Preliminary Data, Cont'd.

- Copies of responses to an RFP issued by the City of Sherwood which requested proposals for the operation and management of the subject recreation and aquatic center.

All information utilized herein to describe the subject property and develop relevant market data was developed by the appraisers utilizing public and proprietary resources that are believed to be reliable.

Ownership History

Ownership of the subject property is vested with the City of Sherwood as evidenced by a Bargain and Sale Deed recorded on December 5, 1996 as Document 96-108496. The grantor in that conveyance was GSL Woodhaven Investors LLC and Diamontis Woodhaven LLC, whereas the stated consideration was $1,200,000. There do not appear to have been any subsequent recorded conveyances.

Marketing History

The subject property has not been exposed to the marketplace at any time during the three-year period preceding the valuation date or date of report.

Occupancy Profile

The subject property has been continuously occupied by the YMCA of Columbia-Willamette since its completion in 1998. The City of Sherwood passed a general obligation bond to construct the YMCA facility in 1996. Occupancy and use of the subject property is not subject to a formal lease agreement. Rather, it is governed by a 20-year operating agreement entered into by the city and YMCA of Columbia-Willamette. It will expire on October 31, 2017 coincidental with retirement of the debt obligation which was largely assumed by YMCA. A constructive leasehold therefore exists until the expiration of the agreement. The initial agreement was signed in 1996 approximately two years before the center was completed. Since that time there has been only one recorded amendment in 1999. Pursuant to the agreement, YMCA is responsible for the cost of all aspects of the building's operations including staffing, operating supplies, contractual services and capital replacement with the exception of the exterior of the structure. All cleaning and maintenance functions associated with the interior of the building are also the responsibility of YMCA, as are the building's mechanical and operating systems. The annual debt reduction payment approximated 74 percent of the cost of the construction loan. The YMCA is also responsible for all facility and program equipment costs, including fitness and aquatics, as well as maintaining the grounds and parking lot. The City of Sherwood is obligated to pay for basic grounds maintenance beyond the immediate landscape and parking lot, building and property insurance as well as the debt service payment on the construction loan.

Assignment Conditions

There were no assignment conditions that adversely influenced the reliability or credibility of the value opinion expressed herein.

Preliminary Data, Cont'd.

Extraordinary Valuation Assumptions

An extraordinary assumption is one directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. The value estimate reported herein has not been conditioned upon any extraordinary valuation assumptions.

Hypothetical Conditions

A hypothetical condition is a value predication that is known to be contrary to fact. For purposes of reasonable analysis, the value opinion has disregarded an operating agreement between the City of Sherwood and YMCA of Columbia–Willamette that was executed in 1996, recognizing that a sale of the subject property to another party or entity will not occur until after the agreement expires on October 31, 2017. Due to the near-term expiration date, and a typical due diligence period of up to 6 months, this valuation perspective does not represent a hypothetical predication. The land value opinion as-if vacant is hypothetical inasmuch as it is improved with the YMCA facility.

Relevant Definitions

The following definitions cited in the *Dictionary of Real Estate Appraisal* published by the Appraisal Institute (2015) are relevant to this assignment and report:

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

Market Value

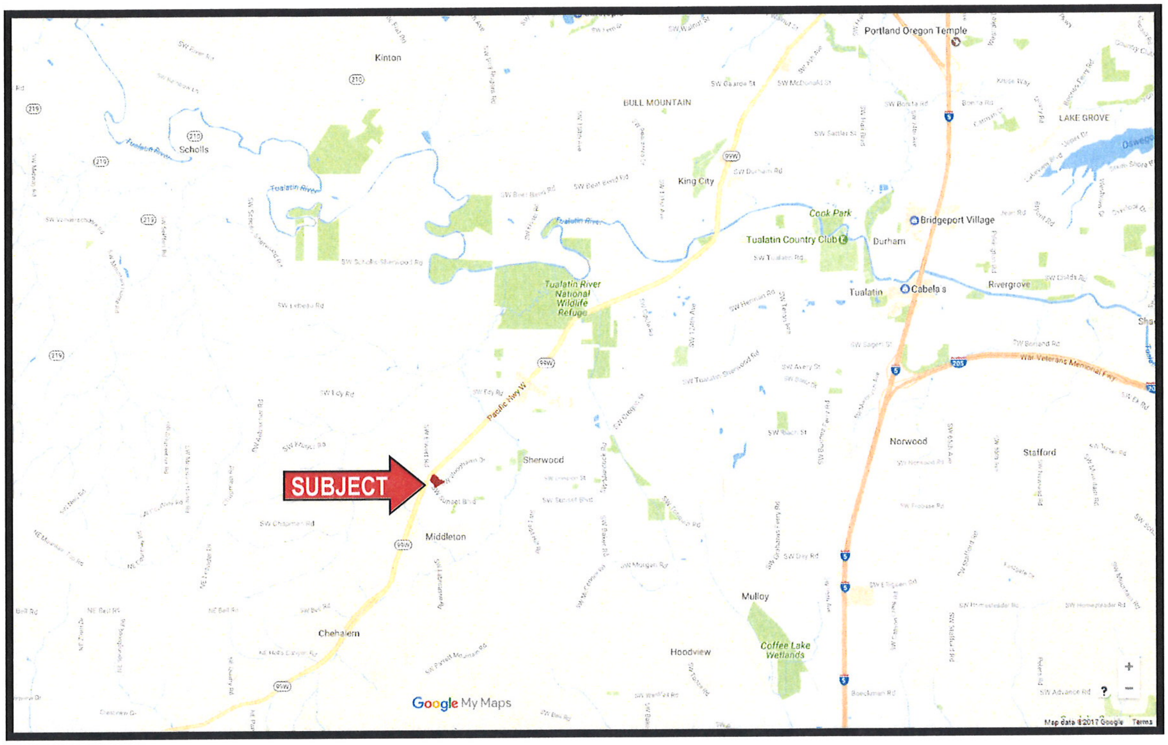
The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation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

- *Buyer and seller are typically motivated;*
- *Both parties are well informed or well advised, and acting in what they consider their best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash or U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

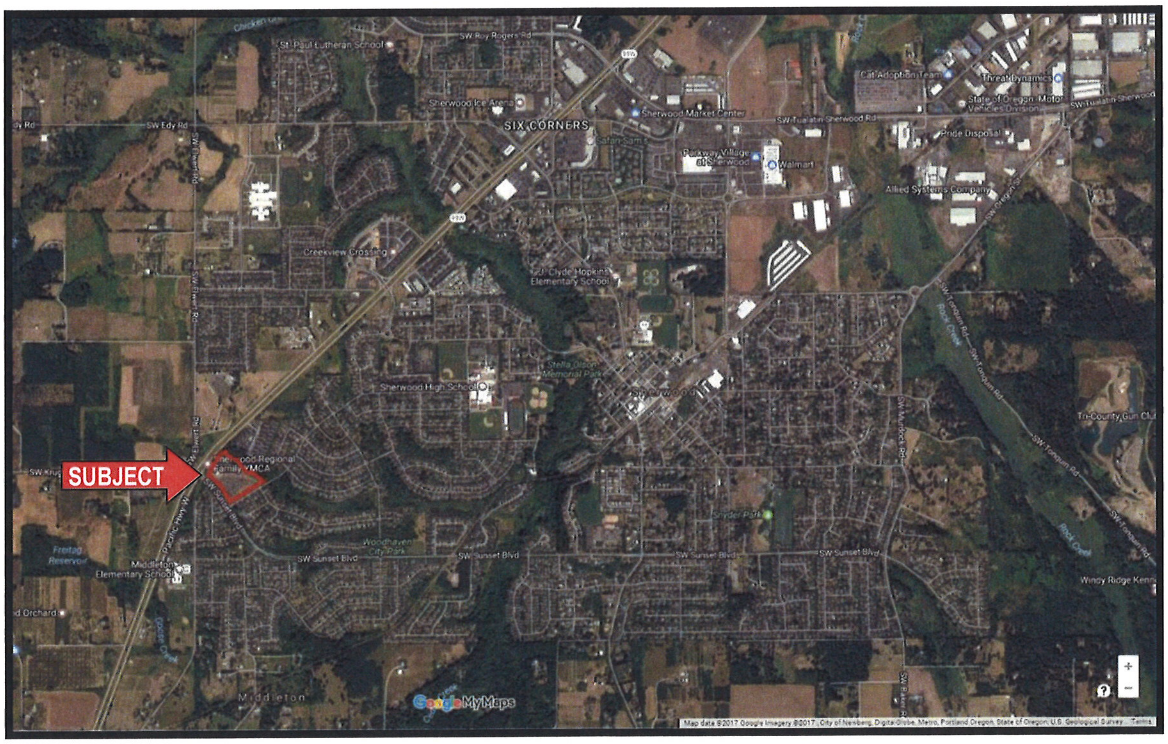
Preliminary Data, Cont'd.

Appraisal Report Transmittal and Acceptance

All persons and firms reviewing, utilizing or relying on this report in any manner bind themselves to accept all attached restrictions, certifications, assumptions, and limiting conditions. Do not use this report if you do not so accept. These conditions are a part of the appraisal report; they are a preface to any certification, definition, fact or analysis, and are intended to establish, as a matter of record, that the function of this appraisal is to provide an estimate of present market value for the subject property based upon the appraiser's observations. This appraisal report is an economic study to estimate market value as defined herein. An appraisal is not an engineering report, survey, or environmental assessment; expertise in these areas, among others, is not implied.



Location Maps



Aerial Photographs

Economic and Locational Influences

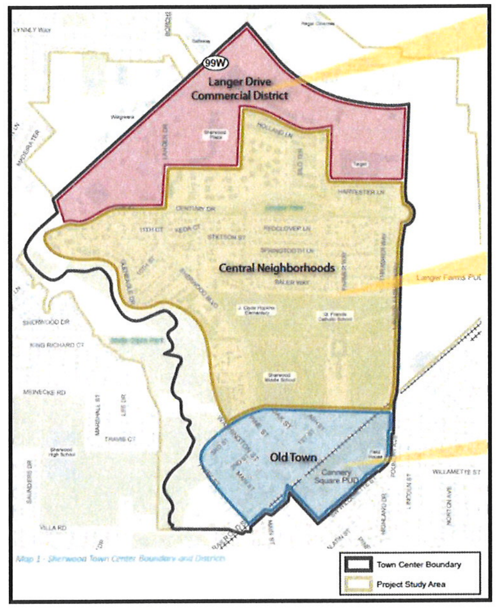
The subject property is located within the City of Sherwood which has historically been identified as a suburban, "bedroom" community of Washington County. It is proximate to the controlled intersection of Pacific Highway (Highway 99W) and Sunset Boulevard with the former serving as a primary commuting route between the City of Portland located roughly 15 miles northwest as well as the peripheral commuter communities of Tigard, Sherwood and Newberg. It provides a substantive exposure benefit with an average daily traffic (ADT) of 38,500 (2015). The latter serves as a primary feeder street to the surrounding residential area as well as Main Street (10 blocks SE). Intensive commercial development along Pacific Highway occurs between Edy Road (1.2 miles NE) and Tualatin-Sherwood Road (1.6 miles NE) and is typified by several freestanding commercial buildings, office complexes, retail strip centers and multiple shopping centers including the grocery-anchored Sherwood Crossroads Neighborhood Shopping Center and the Sherwood Market Center. Proximate to these centers are a Home Depot and a Regal Cinema.

To the northwest of Highway 99W and the intersection of Sunset Boulevard, Kruger Road and Elwert Road is an area that is steadily transitioning from rural residential acreage and farmland to single-family residential subdivisions. There is significant residential development planned or currently under way along Elwert Road as well as a new high school to be constructed along Haide Road (.5-mile northwest) by 2020. The City of Sherwood is one of several suburban communities surrounding the southerly extreme of the Portland Metropolitan Area. It is favorably situated relative to transportation infrastructure as well as being proximate to other significant population centers. The City of Tigard, which is the third largest incorporated area of Washington County, is located approximately 5 miles north, whereas the City of Tualatin is situated a similar distance east. A direct link between Sherwood and Tigard is provided by Highway 99W, which serves as a primary commuting route between the Portland Metropolitan Area and the communities of Newberg and McMinnville in nearby Yamhill County. Similarly, Tualatin-Sherwood Road, which was completed in the early 1990s, provides a direct link to nearby Tualatin as well as the I-5 Freeway system.

Significant shopping and support services have emerged at the intersections of Edy Road and Tualatin Sherwood Road to Highway 99W. At Edy Road, there are two primary retail developments including the Marketplace at Sherwood which is anchored by a Kohls departments store and McDonalds as well as the Sherwood Marketplace which is a community shopping center anchored by Safari Sams, Taco Bell and Shari's Restaurant. Also located at this intersection is a Providence Medical Plaza, Walgreens and the Sherwood Ice Arena. As to Tualatin Sherwood Road, there are two primary shopping centers at this intersection including the Safeway anchored Sherwood Crossroads which has several pad retail buildings with tenants including a Starbucks, Sherman Williams and Gentle Dental. Located at the southeast corner of this intersection is the Sherwood Market Center which was formerly anchored by a Haggen's grocery store. Located immediately across Tualatin Sherwood Road is a Regal Cinemas which has also been improved with several retail pad buildings. The most recent commercial developments to emerge in Sherwood have occurred in the Langer Farms and Parkway Village Shopping Centers. In 2005, construction was completed on roughly 146,000 square feet of retail

Economic and Locational Influences, Cont'd.

space at the Langer Farms Shopping Center which included a Target department store and retail strip pad. In 2014, construction was completed on 190,000 square feet of retail space at the Parkway Village Shopping Center which included a 150,000 square foot Walmart and six retail-strip buildings occupied by national credit tenants such as Starbucks, Chipotle and MOD Pizza.



The general land use pattern of the overall community is predominantly residential with the exception of a small industrial area located between Tualatin-Sherwood Road and Oregon Street at the north-easterly quadrant of the community. The Central Business District offers limited commercial enterprise. However, the Sherwood City Council adopted an urban renewal plan in August, 2000 for the purpose of restoring the Old Town Sherwood and Washington Hill neighborhoods which substantially form the Central Business District. Concurrently, transportation projects have been completed, including improvements to Oregon Street and Sherwood Boulevard, as well as aesthetic improvements to Highway 99W. The first project funded within the urban renewal district was a new library facility located at the "Old Cannery Site". Sherwood is currently analyzing three (3) annexation areas identified as the "Tonquin Employment Area," "Sherwood West" and "Brookman Area." The "Brookman Area" is located along the southerly city limits and is a 250-acre plan area that will include residential housing, mixed-use commercial and employment development. The "Sherwood West" area will adjoin the westerly city limits and is a 1,291-acre area that is proposed to be developed in phases over the next 50 years. A new high school is located within Phase A of Sherwood West and is expected to be completed by 2020. However, it is unclear if all of Phase A will be annexed at that point. Lastly, the "Tonquin Employment Area" was brought into the UGB in 2004 and is intended to provide significant job opportunities through employment-oriented development.

The driving force that has precipitated residential development throughout the general area has been a combination of both population growth and purchasing power. The City of Sherwood population increased between 2010 and 2017 from 18,194 to 19,718 or 8.4percent. It is forecasted to be 20,922 by 2022 which is an increase of 6.1 percent. The 2017 median and average household income were $87,015 and $111,199, respectively. The former is forecasted to increase by 14.1percent by 2022 to $99,269 and the latter by 15.2percent to $128,122. The average per capita income as of 2017 is $38,244.

Economic and Locational Influences, Cont'd.

2016 Demographic and Income Profile						
	Sherwood City			Washington County		
	2010	2017	2022	2010	2017	2022
Population	18,194	19,718	20,922	529,710	587,291	629,931
Households	6,316	6,735	7,110	200,934	220,028	235,269
Average HH Size	2.88	2.93	2.94	2.60	2.64	2.65
Median HH Income	----	$87,015	$99,269	----	$70,977	$80,392
Average HH Income	----	$111,199	$128,122	----	$94,079	$107,137
Per Capita Income	----	$38,244	$43,834	----	$35,539	$40,287

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2017 and 2022.

Washington County continues to be a fast-growing county within the Portland MSA and between 2010 and 2017 its population has increased from 529,710 to 587,291. The population is estimated to be approximately 629,931 by 2022. Over the same period, the number of households increased substantively from 200,934 to 220,028 and is expected to total 235,269 by 2022. Median household income as of 2017 was $70,977 as compared to a average household income of $94,079. Both are forecasted to increase by the year 2022 to $80,392 and $107,137, respectively.

As reported in the "Employment in the Portland Metro Area May 2017" publication by the State of Oregon Employment Department, "The Portland metro area's unemployment rate held steady at 3.5 percent in May; the lowest rate since comparable records began in 1990. Over the year, the rate declined from 4.8 percent as the number of unemployed residents fell by 14,100 to 43,000. Portland's jobless rate remains below the U.S. (4.3%) and about the same as Oregon statewide (3.6%). Employers added 2,400 jobs in May (seasonally adjusted). Job growth has decelerated sharply from 3.3 percent in May 2016 to 1.9 percent in May 2017. Manufacturing is back on track, adding jobs for the fourth consecutive month in May. Construction beat seasonal expectations with a gain of 1,700 job. Leisure and hospitality saw solid gains, primarily in restaurants. All other broad industries performed in line with historic norms. Over the past 12 months, the Portland Metropolitan Area's total nonfarm payroll employment rose by 22,800 jobs, or 1.9 percent. Once again, the construction sector was the fastest-growing major industry with a year-over-year gain of 10.6 percent (+6,500). Conversely, manufacturing recorded its ninth consecutive month of over-the-year decline although the pace has eased somewhat (-.9%; -1,100 jobs). Losses in semiconductors (-2,100 jobs) and transportation equipment (-400 jobs) have been partially offset by gains in machinery (+500 jobs) and food manufacturing (+200 jobs)."

Economic and Locational Influences, Cont'd.

Portland Metro Labor Force and Industry Employment Summary			
		Change From	
Labor Force Status	May 2017	April 2017	May 2016
Civilian Labor Force	1,302,000	8,100	34,500
Total Employed	1,258,900	9,400	48,500
Unemployment	43,000	-1,400	-14,100
Unemployment Rate, seasonally adjusted	3.5%	0.0%	-1.3%
Nonfarm Payroll Employment	May 2017	April 2017	May 2016
Mining and Logging	1,300	0	0
Construction	67,600	1,700	6,500
Manufacturing	122,300	600	(1,100)
Trade, Transportation, Utilities	211,300	1,700	3,000
Information	25,300	(200)	300
Financial Activities	70,200	(100)	2,600
Professional and Business Services	178,700	1,000	2,700
Educational and Health Services	169,200	(1,600)	4,800
Leisure and Hospitality	121,200	2,300	2,100
Other Services	41,900	0	200
Total Private	**1,009,000**	**5,400**	**21,100**
Government	158,600	600	900
Total Nonfarm	**1,167,600**	**6,000**	**22,000**

Source: *Employment in the Portland Metro Area: May 2017*

Overall, the subject location is differentiated by its location within the City of Sherwood fronting Highway 99W surrounded by an established, newer residential neighborhood. The subject location is both vehicle and pedestrian friendly. This stretch of Highway 99W has historically had limited success relative to commercial development with the vast majority of commercial development occurring north of Edy Road along Highway 99W. Nonetheless, the subject market area is densely populated and has a relatively affluent trade base which is forecasted to grow and has the potential to support for limited and selective commercial development. Considerable annexation and infrastructure expansion is planned, as is a new high school campus that will be proximate to the subject.

Subject Property Description

Structural Improvements

The subject property is the Sherwood Recreation Center which is a multi-sport community recreation center which was constructed in 1998. The structural improvement is a three-story steel-frame and masonry block special purpose building. The ground floor level is approximately 19,245 square feet in size and is the location of an exercise area, mechanical room, storage and a covered play area/gymnasium, as well as a weight room and double-use area located underneath the "teen center." The main floor level (19,287 square feet) supports two (3) locker rooms, three (3) child care areas, lobby and reception area, multi-purpose room and a natatorium that encloses a 25-yard lap pool and water recreation area. The upper floor level (10,636 square feet) is the location of fitness and aerobic centers, and an indoor track. In 2002, a 10,296 square foot addition known as the "teen center" was built on the northerly end of the building. The cumulative floor area of the structure, including the pool enclosure area, approximates 54,366 square feet based upon a review of construction plan sheets, whereas the building area excluding the pool is approximately 46,466 square feet. All aspects of the building are excellent quality. Exterior finish features include masonry block wall surfacing, steel column support structure, membrane roof and extensive anodized double-pane fenestration. Interior finish features include tile and commercial floor coverings together with painted drywall partitioning and suspended acoustic tile/drywall ceiling. The gymnasium hardwood floor has been recently refinished. Notable amenities include a 25-year three-lane pool, recreational swimming pool, 65-foot water slide, full-size basketball/volleyball court, 25-foot-high rock climbing wall, spin, dance and gymnastics studios and a 1/14th-mile walking/running track. The improvement is competitively maintained in all respects. Situated to the southeast of the site is a 217-space asphalt surfaced parking lot which has a circular drop-off area. Immediately surrounding the building is irrigated landscape and an outdoor patio area.

Site Characteristics/ Influential Land Use

The subject site is comprised of one tax lot which has an area of approximately 8.73 acres as reflected on the most recent county assessment map. Its northeasterly boundary is formed by a riparian corridor associated with a tributary of Cedar Creek which is heavily treed and the location of a Sherwood green space tract. The southerly and westerly property boundaries are established by SW Woodhaven Drive and SW Sunset Boulevard which are a local collector and arterial, respectively. Adjoining to the north is Pacific Highway (Highway 99W). The adjoining intersection of Sunset Boulevard and Pacific Highway has a hard traffic control. This is a high exposure location with an average daily traffic count (ADT) along Pacific Highway of approximately 38,500 (2015). The site is surrounded by an established residential community known as "Woodhaven" which consumes approximately 185 acres, 72 of which are preserved green space and walking paths. Located approximately six blocks southeast is the 6-acre Woodhaven Park which has recently undergone substantive renovation and expansion. The Stella Olsen Memorial Park is accessible from Woodhaven by means of a paved walking path. This is a 24-acre park facility that hosts a community summer concert series. With the exception of the riparian corridor, the site exhibits generally level topography. Access has been established to Woodhaven Drive at the northeasterly extreme of its frontage. The site was platted as an

Subject Property Description, Cont'd.

element of the Woodhaven development (Tract "A") which is zoned Low Density Residential – Planned Unit Development (LDR-PUD). The current land use is permitted on an outright basis in this zone. As identified in the initial staff report associated with the facility land use decision (File SP97-6 YMCA Recreational Facility), mandatory visual corridor setbacks associated with Pacific Highway, Sunset Boulevard and Woodhaven Drive are 25 feet, 15 feet and 10 feet, respectively. There is also a 25-foot minimum setback relative to the adjoining riparian corridor. Cumulatively, this reduces the developable area of the parcel to approximately 7.61 acres.

Access/Transportation Connectivity

Access to the subject property has been established to Southwest Woodhaven Drive near the easterly extreme of its frontage in the form of a double-width concrete approach that connects to an asphalt driveway that extends approximately 300 lineal feet to the southeast corner of a surface parking lot. At this location, Woodhaven Drive is a fully improved bidirectional local street residing within a 60-foot dedicated public right-of-way. The westerly boundary of the subject site is formed by Sunset Boulevard, which is a local collector residing within a 90-foot wide dedicated public right-of-way. It is fully improved with bidirectional travel lanes, periodic landscape center island, and integrated turn lanes. The northerly boundary of the subject property is formed by Pacific Highway (Highway 99W), which is 4-lane state highway that provides connectivity between the Portland Metropolitan Area and southwest suburbs with the City of Sherwood, as well as the communities of Newberg and McMinnville in nearby Yamhill County. The travel lanes are separated by a median. The resulting exposure level is beneficial to the subject property with the average daily traffic count on Pacific Highway being 38,500 as of 2015. The intersection of Sunset Boulevard and Pacific Highway has a 6-way hard control.

Infrastructure

As reflected in City of Sherwood GIS resources, an 8-inch sanitary sewer line is located within Woodhaven Drive that has been stubbed to the subject property in order to provide gravity flow. There is also an 8-inch sanitary sewer line located within Sunset Boulevard. City water is available in Woodhaven Drive in the form of 8-inch and 12-inch water lines. A 24-inch storm sewer line is located within Sunset Boulevard. Electricity, telephone and natural gas services are available at curbside through private vendors.

Zoning

The subject property, as well as the entirety of the Woodhaven development, is zoned Low Density Residential – Planned Unit Development (LDR-PUD). The base (LDR) zoning district "provides for single-family housing and other related uses with a density of 3.5 to 5 dwelling units per acre." Copies of the residential (Chapter 16.12) and PUD (Chapter 16.40) zoning code excerpts has been included in the Addenda.

Subject Property Description, Cont'd.

Property Taxes

As reflected in information obtained from the Washington County Assessor's office, the estimated real market value of the subject property for the 2016/17 fiscal year was $2,727,080. The subject property has no property taxes as a result of public ownership.

Easements and Encroachments

A current title report was requested but not provided the client. A review of the site plan and City of Sherwood GIS resources suggests that the only existing easements pertain to sanitary sewer and water lines. There are no other apparent easements. An inspection of the property did not reveal any obvious encroachments, although, the easterly boundary of the parcel is a heavily-treed riparian corridor. A current professional survey and title report are strongly recommended.

Covenants, Conditions and Restrictions

The subject property is located within the Woodhaven development and is presumably subject to a Declaration of Protective Covenants, Conditions and Restrictions for Woodhaven that was recorded on December 21, 1994 as Document 94112621, and as amended and restated (Document 99004854) which was recorded on January 14, 1999, a copy of which has been included in the Addenda.

Environmental Issues

The appraiser was not provided with an environmental assessment of the subject property. The appraiser is not qualified to determine the presence of hazardous wastes/materials. A physical inspection of the property revealed no obvious indications of hazardous materials, such as chemical stains on floors or in the parking lot, and/or barrels used to store chemicals. Should concerns involving the presence or absence of hazardous wastes/materials requiring factual analysis arise, it is recommended that professional guidance be retained.

Soil Conditions

The appraiser was not provided with a soil engineering study. Should concerns involving soil compaction and capacity require factual analysis, it is recommended that professional guidance be retained.

Flood Hazard Area

As reflected on the most recent FEMA Federal Insurance Rate Map (Panel 41067C 0601E effective November 4, 2016) the subject property appears to be located within an area of minimal flood risk (Zone "X").

Remaining Physical Life

A review of *Marshall Evaluation Service Life Expectancy Guidelines* suggests that the subject property should have a typical life expectancy of 45 to 50 years. The remaining economic life may be different, as influenced by market conditions. Based upon floor area, approximately 83

Subject Property Description, Cont'd.

percent of the building has an actual and effective age of 16 years, having been completed in 1998. The balance of the building, which was completed in 2002, has an effective age of approximately 15 years. The weighted actual and effective age of the improvements therefore approximates 18 years. Consequently, the remaining physical life of the subject improvement has been estimated at roughly 25 to 30 years.

Strengths and Weaknesses

The market position of the subject property exhibits the following strengths:

- The subject property is located in what will soon become a high-growth area as a result of considerable annexation activity and the imminent development of a nearby new high school campus.

- The architectural design of the facility is marketable, whereas, its floor plan on three levels affords a high degree of space planning flexibility. Critical elements that have been integrated into the building floor plan include a swimming pool/water recreation area, gymnasium and indoor track.

- All aspects of the property are competitively maintained, which is a critical element to supporting membership growth and retention.

- The space planning of the facility relative to various types of amenities is generally proportional, although locker room accommodations are marginal;

- The market area boundary capacity is capable of expanding well beyond the typical 12-minute travel time threshold that is generally recognized by the IHRSA as a result of the most proximate competition being located in the communities of Tigard, Tualatin and Wilsonville, all of which have a 15 to 30-minute travel time, as influenced by a limited number of connecting routes and relatively frequent traffic congestion.

- The functional attributes of the facility are fundamentally competitive relative to a mid-to-larger scale, non-franchise athletic, exercise and wellness facility with the swimming pool, free weight room, yoga/Pilates open floor exercise areas, spin classroom, and cardio studio all representing facility amenities that fall within the top 10 most commonly expected by members based upon the most recent IHRSA survey; its prominent location at the intersection of the Pacific highway and Sunset Boulevard offers a high degree of visibility and market identify;

- The subject property appears to have substantive surplus land, which would accommodate expansion of the facility to the west, as well as the parking lot to the south.

The market position of the subject property is potentially weakened by the following characteristics:

Subject Property Description, Cont'd.

- The physical characteristics of the subject improvement are not generally adaptable to other types of occupancy such as office, personal service and/or specialty retail.
- It appears that the property may have substantive surplus land, which is not being utilized in an economically beneficial manner.

Highest and Best Use

Highest and best use represents an analytical process wherein the physical, legal, social, and economic constraints placed upon the property are examined for the purpose of defining that use, which is possible and, concurrently, the most financially productive. It is essentially a refinement process wherein the broadest range of possible uses are identified and then examined for legal appropriateness, as well as complementation to the neighborhood and the wealth maximization of the property owner. An examination of the marketplace and land use trends in the general area has led the appraiser to the following conclusions regarding the highest and best use of the subject site as if vacant.

The relevant tests for highest and best use are legally permissible, physically possible, financially feasible, and maximally productive. The zoning of the subject site is single-family residential with the low density residential zoning accommodating a density range of approximately 3.5 to 5.0 lots per acre. This translates into a density range of approximately 31 to 44 lots relative to a gross area of 8.73 acres and approximately 27 to 38 lots relative to the developable area. The resulting nexus is therefore a more likely range of approximately 31 to 38 lots, which meets the minimum and maximum density requirement on both a gross and net developable area basis. The physical adaptability of the site to residential subdivision land use is facilitated by its relatively efficient shape, abundant street frontage, availability of all infrastructure needed to support development, and gently sloping topography. This type of land use is also complementary to the surrounding land use, which is a large, well-established planned-unit development known as "Woodhaven."

As to demand, the subject property is located in close proximity to the "Sherwood West" concept plan area, which was adopted by the city council in February 2016. It consists of 1,291-acre area, generally west and north of Elwert Road and the existing city limits. The area is designed by Metro as an urban reserve 5B and could be incorporated into the city over the next 50 years. Annexation and phase development will lead to significant population increases.

The timing of annexation will be driven by the needs of the city's growing population. Metro is forecasting 1,156 new households in Sherwood between 2015 and 2035. In March 2015 ECONorthwest published a report titled *Sherwood Housing Needs 2015 to 2035* for the City of Sherwood and Cogan, Owens, Greene. The housing needs analysis is intended to comply with requirements of statewide planning policies that govern planning for housing and residential development, Goal 10, Metropolitan Housing Rule (OAR 660-007) and Metro's 2040 Functional Growth Management Plan. The City's primary obligations from Goal 10 are to (1) designate land in a way that half of new housing can be single-family detached and the other half multifamily, (2) achieve an average density of six (6) dwelling units per acre, and (3) provide sufficient land to accommodate forecasted housing needs through 2035. The consultants stated that Sherwood's anticipated housing growth (1,156 new households) between 2015 and 2035 can likely be accommodated by existing land inventory in the city limits (606 new households) and the Brookman Area (550 new households). Relative to forecasted demand (1,156 new households), there is a slight surplus of buildable land supply which exhibits the capacity to support 1,281 new dwelling units. However, the report stated that the buildable land inventory

Highest and Best Use, Cont'd.

within the city limits is insufficient to meet forecasted demand and that new planning areas (Brookman Area or Sherwood West) must be annexed.

While forecasts call for Sherwood household growth of 0.7 percent annually, this estimate falls well below the city's historical growth rates. In comparison, Sherwood household averaged an annual growth rate of 3.4 percent between 2000 and 2013 and 8 percent between 1990 and 2013. At these rates, Sherwood will not have sufficient land supply to accommodate growth without annexation and development of both the Brookman Area and Sherwood West. The report noted that at growth rates between 2 to 4 percent annually, both existing land supply within the city limits and the Brookman Area will be exhausted within 4 to 10 years. The Brookman Area is defined by Brookman Road to the south, the city limits to the north, Highway 99W to the west and Ladd Hill Road to the east. It is a 250-acre concept plan area that has been under planning development by the City of Sherwood since 2002 when it was incorporated into the regional Urban Growth Boundary. City Council adopted the concept plan in June 2009 which includes multiple land use zones such as residential housing, mixed-use commercial, employment, parks and open space. The development will require transportation, utility and trail infrastructure system upgrades. There is currently a partial annexation application for 72 acres within the plan area which is expected to go before City Council vote by April 2017. The "Tonquin Employment Area" was brought into the UGB by Metro in 2004 and the City of Sherwood adopted a concept plan for the area in 2010. An implementation plan for the area funded by a grant through Metro was accepted by Sherwood City Council in June 2015. The city is currently seeking recommendations and conducting research for development of office and industrial land uses. In November 2016, Sherwood voters narrowly passed Ballot Measure 34-254 which will increase Sherwood School District student capacity by 2,000 through the construction of a new high school with a target construction completion date of 2020. The total cost of the project is estimated to be $247.5 million. The Sherwood School District has selected multiple tax lots immediately north and northwest of the subject as the site for the new high school.

Infrastructure development within Sherwood West will include substantive construction of transportation and utility infrastructure. Elwert Road, Edy Road, Kruger Road and Chapman Road will all be classified as "Collector" streets by the City of Sherwood. Additionally, a second collector road will need to be constructed west and parallel to Elwert Road. The Sherwood West concept plan describes four (4) primary subareas: North District, West District, Far West District and Southwest District, all of which have been described below.

- The North District will consist of a mixed housing neighborhood situated around a new school, neighborhood park and mixed-use commercial node. The area is bounded by Scholls-Sherwood Road to the north, Roy Rogers Road to the east and fingers of Chicken Creek to the south and west. There will be sports and recreation facilities near the intersection of Scholls-Sherwood Road and Roy Rogers Road. The area will also be developed with interconnected walking trails.

Highest and Best Use, Cont'd.

- The West District is confined by Edy Road to the north, Elwert Road to the east, Kruger Road to the south and rural properties to the west. This district is in the middle of the planning area and will consist of mixed housing districts organized around a new school, neighborhood park and mixed-use commercial node together with hillside residential development. A new neighborhood collector road running parallel to Elwert Road will wind through the center as well as complementary trails utilizing corridors of Chicken Creek. The subject is located within Plan Area A which is part of the West District and is anticipated to be the first development phase due to infrastructure availability.

- The Far West District is located west of Chicken Creek and adjacent to Edy Road. This area will consist of hillside residential development as it features sloping topography. A nature park will be set aside at its northeast corner to capitalize on existing habitat values and sensitive areas. The district will include a reconstruction of the Edy and Elwert Road intersection.

- The Southwest District is located north of Chapman Road and south of Goose Creek. The area will host varying intensities of hillside residential development with steeper slopes and higher elevations than other areas in the concept plan. The district will be the "Gateway to Wine Country" and feature a commercial node near its southeast corner adjacent to Highway 99W. Commercial development will provide opportunities for lodging, restaurants, tourism and agricultural related business.

Infrastructure development will need to be phased in order to accommodate the required developer funding participation. The location and rate of phasing development will be dependent on many factors including property owners, funding availability, buildable lands and growth in the City of Sherwood as a whole. The subject is located in "Phase Area A" which has the most infrastructure currently in place and represents the best near-term opportunity for development in Sherwood West. Development of infrastructure in the area will cost an estimated $35 to $50 million.

Washington County is currently planning a $5.9 million Elwert Road/Kruger Road/Sunset Boulevard/Highway 99W Intersection Project that will be funded through phase 3d of the Major Streets Transportation Improvement Program (MSTIP). The project will consist of a roundabout roughly 600 feet north of the current T-intersection near the midpoint of the subject easterly boundary. Following project completion, Elwert Road will be designed to City of Sherwood road standards including 12-foot travel lanes, 5-foot sidewalks, 6-foot bike lanes, street lighting and 5-foot landscaping/planting that equate to a 56-foot-wide improved right-of-way. Kruger Road will be constructed to typical rural road standards with 12-foot travel lanes and 6-foot shoulders which equate to a 36-foot improved right-of-way. In order to accommodate future development, total dedications of 90 and 50 feet will be acquired for Elwert Road and Kruger Road, respectively, that will support improved and unimproved right-of-way. The project is approved for up to 30 percent design with construction anticipated to begin in 2018 or 2019. Project

Highest and Best Use, Cont'd.

exhibits depicting the general location of proposed roundabout and realignment have been included herein.

Over the past decade, the population growth of Sherwood has been somewhat tethered by the availability of development land and the consequential impact of the 2008 recession. Regardless, its population nonetheless increased 18,194 to 19,718 between 2010 and 2017. It is forecasted to continue to increase to 20,922 by the year 2022. It is a relatively affluent community with the median and average household income as of 2017 being $87,015 and $111,199, respectively. Demand for housing in the City of Sherwood continues to be positive with median sale price increasing from $380,000 to $385,000 between the second quarter of 2016 and the same period of 2017. Sales volume has also remained consistent with 237 homes sold during the first 6 months of 2016, as compared to 243 during the same period of 2017. Time on market has been relatively brief, with a median of 7 days and 12 as to the first 6 months of 2016 and 2017, respectively.

In the final analysis, it is therefore evident that the highest and best use of the subject site, as if vacant, would be that of single-family residential subdivision development, which is consistent with current zoning, physically adaptable to the site, as well as being a complementary land use relative to the surrounding Woodhaven development. It also represents a land use that is in high demand, as evidenced by growing population and a comparatively strong local residential housing market.

The highest and best use of the subject property, as improved, is mostly like that of some iteration of the current use as a health, wellness and fitness facility. As reflected in the following tabulation, the location of the subject property generally meets the IHRSA target requirements with the population density within both a 10-minute and 12-minute radius exceeding the 50,000 to 100,000 population. Similarly, median household income marginally approximates the $75,000 per year target level at both the 10-minute and 12-minute radius at $73,197 and $74,164, respectively. The 25 to 50-year age bracket target of 10.8 percent is substantially exceeded within all three concentric travel time radiuses, as is the $50,000 to $75,000 income level. The $75,000 and above household income is significantly exceeded at $84,059 to $93,145. Based upon average household income, the monthly dues structure range that the local market can support is approximately $70 to $78 per month. Proximate competition is limited relative to multi-sport fitness facilities with a majority of local establishments being small-scale specialty operators. The nearest multi-sport/fitness centers are primarily located in Tigard and Tualatin and include LA Fitness, Stafford Hills Club, 24-Hour Fitness, and Club Sports. All are located significantly beyond the 12-minute travel time radius, with the principal route of connectivity between Sherwood and Tualatin being the Tualatin-Sherwood Road, which experiences frequent congestion. This is also the case relative to Tigard (Club Sports), with the primary route of connectivity being Highway 99W, which also experiences frequent congestion. In the final analysis, therefore, the current use represents one form of highest and best use. It is likely there is some degree of surplus land, which could accommodate expansion of the facility and parking

Highest and Best Use, Cont'd.

lot, or alternatively, satellite structures. There is no alternative use of the subject property that would justify razing the existing improvements in order to accommodate redevelopment.

Fitness Club Target Demographic Study

	IHRSA Target	Sherwood Recreation Center Commute		
		5 Minutes	10 Minutes	12 Minutes
Density	12,634	64,906	97,150	Yes
Household Income (HHI)				
Median	$64,116	$73,197	$74,164	Yes
$25,000 – $49,999	20.7%	19.3%	19.2%	Yes
$50,000 – $74,999	17.1%	16.8%	16.8%	Yes
$75,000 +	33.0%	49.1%	49.6%	Yes
Average Household Income (AHI)	84.059	$92,873	$93,145	$70-$78/Month
Advanced Degree	11.3%	13.1%	13.8%	Yes
Travel Time	85% density within 12 minutes	----	----	Yes

Source: ESRI, US Census Bureau, 2009-2013 American Community Survey

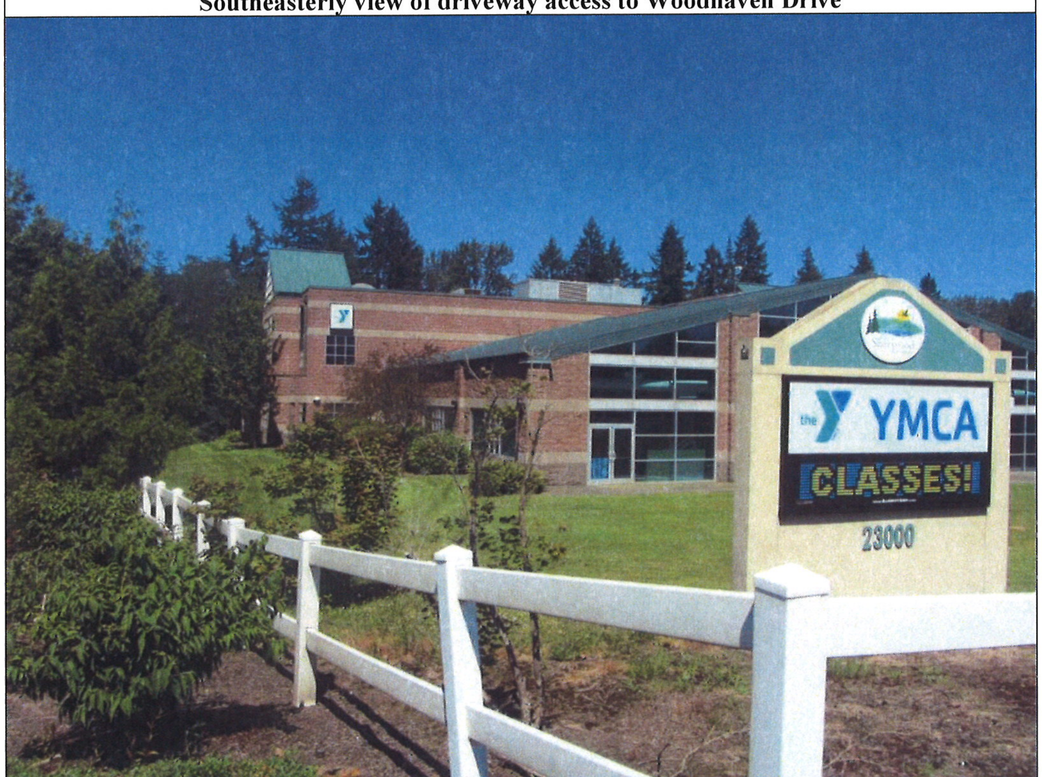
SUBJECT PHOTOGRAPHS

Northwesterly (front) view of subject property

Northerly view of the "teen center" addition

SUBJECT PHOTOGRAPHS

Southeasterly view of driveway access to Woodhaven Drive



Northeasterly rear view of subject property

SUBJECT PHOTOGRAPHS

Easterly view of westerly building elevation

Northwesterly view of subject property

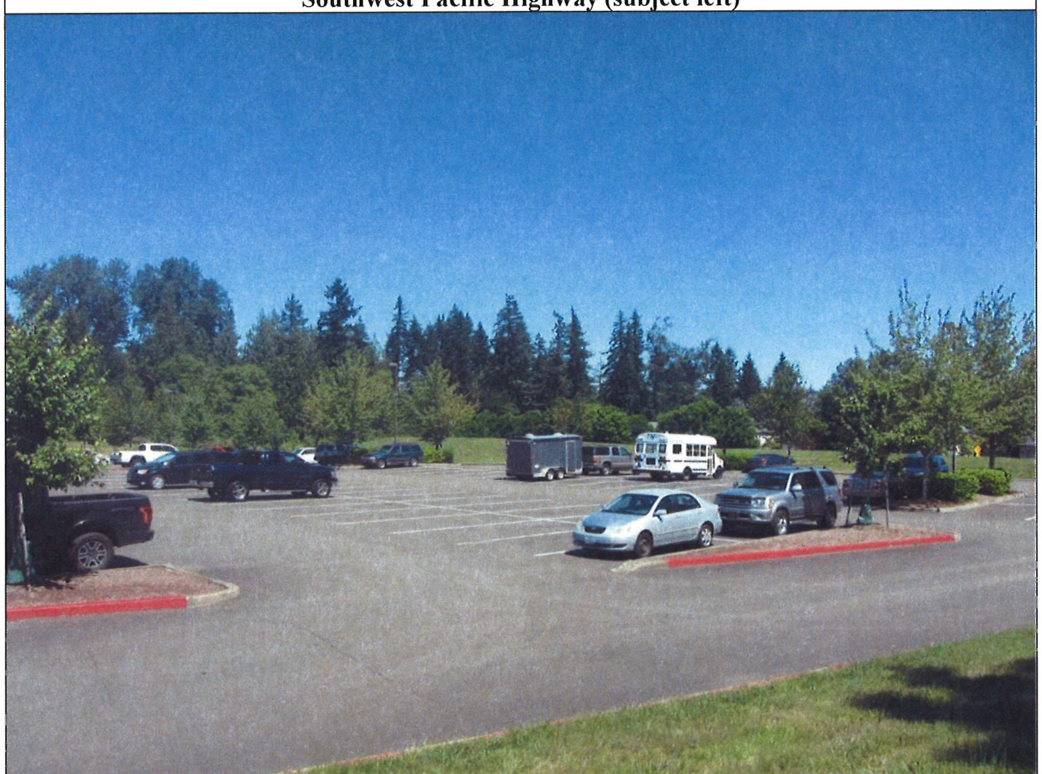
SUBJECT PHOTOGRAPHS

Easterly street scene along Southwest Pacific Highway from its intersection with Sunset Boulevard (subject right)

Westerly street scene along Southwest Pacific Highway overlooking its intersection with Sunset Boulevard

SUBJECT PHOTOGRAPHS

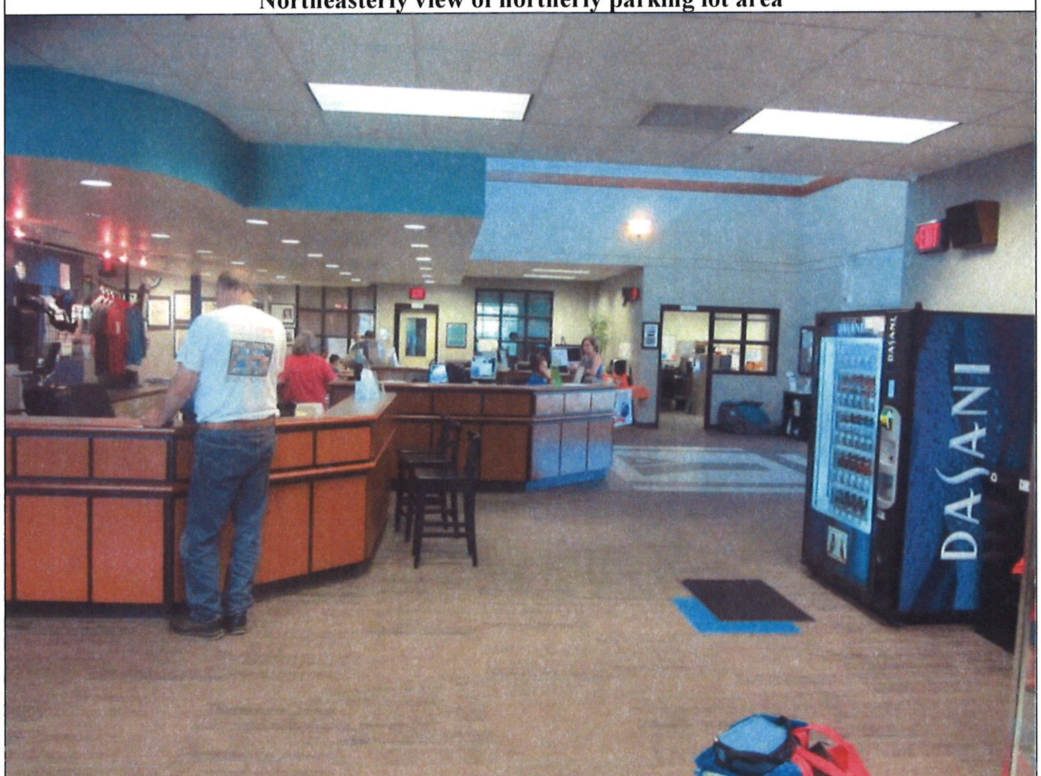
Southerly street scene along Southwest Sunset Boulevard from its intersection with Southwest Pacific Highway (subject left)



Southeasterly view of southerly parking lot area

SUBJECT PHOTOGRAPHS

Northeasterly view of northerly parking lot area



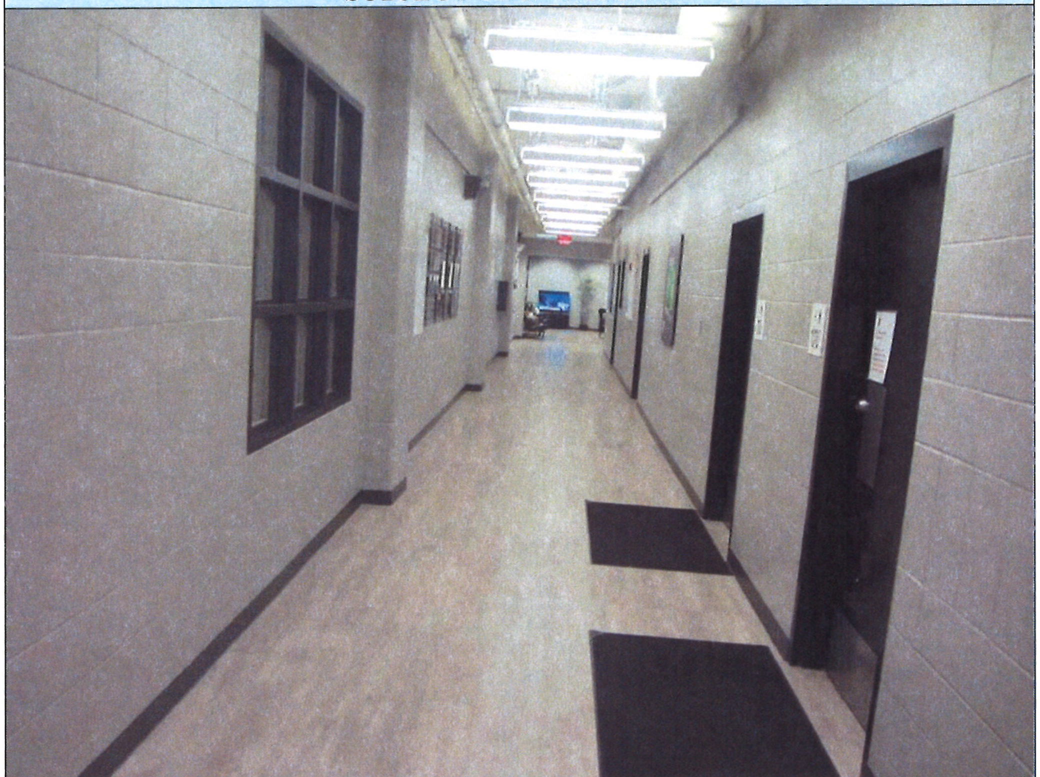
Entry lobby

SUBJECT PHOTOGRAPHS

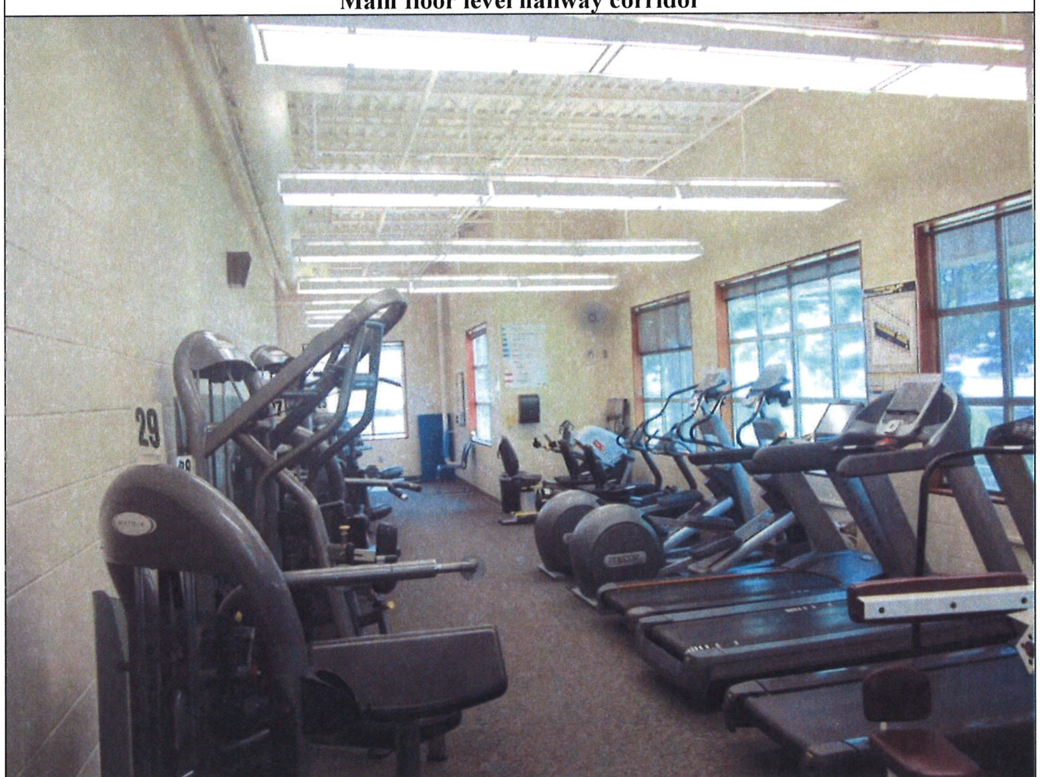
Childcare

Flexible use/childcare room

SUBJECT PHOTOGRAPHS



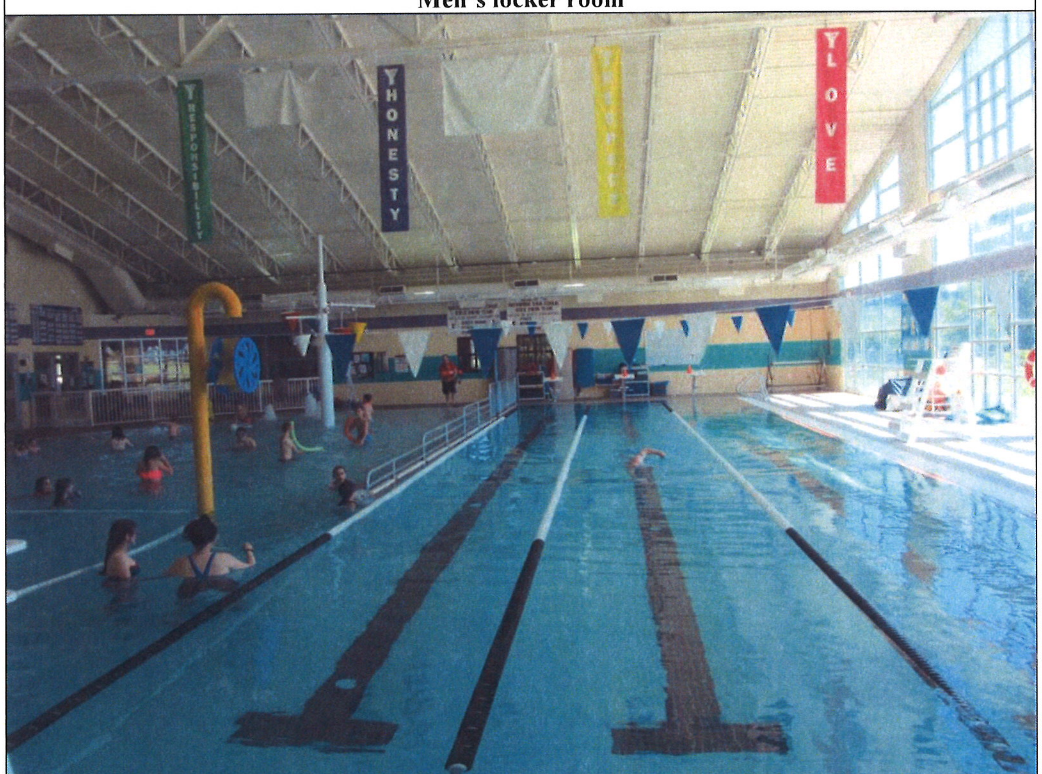
Main floor level hallway corridor



Main floor northerly exercise area

SUBJECT PHOTOGRAPHS

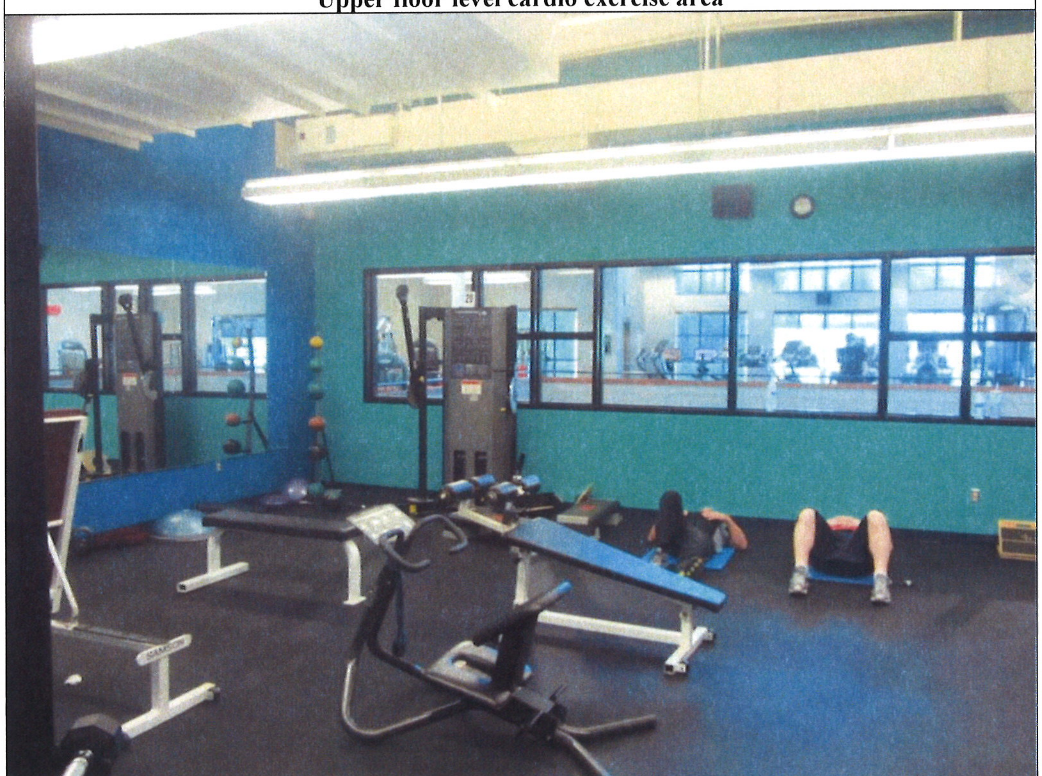
Men's locker room



Pool/natatorium

SUBJECT PHOTOGRAPHS

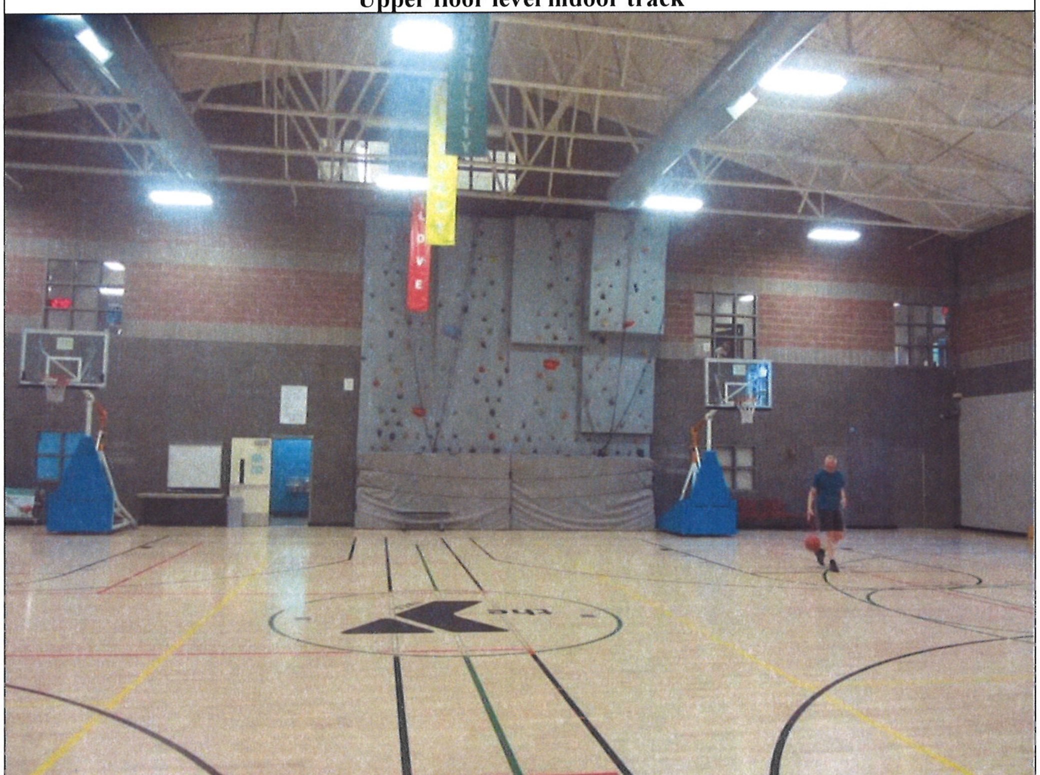
Upper floor level cardio exercise area



Upper floor level stretching area

SUBJECT PHOTOGRAPHS

Upper floor level indoor track



Lower level gymnasium

SUBJECT PHOTOGRAPHS

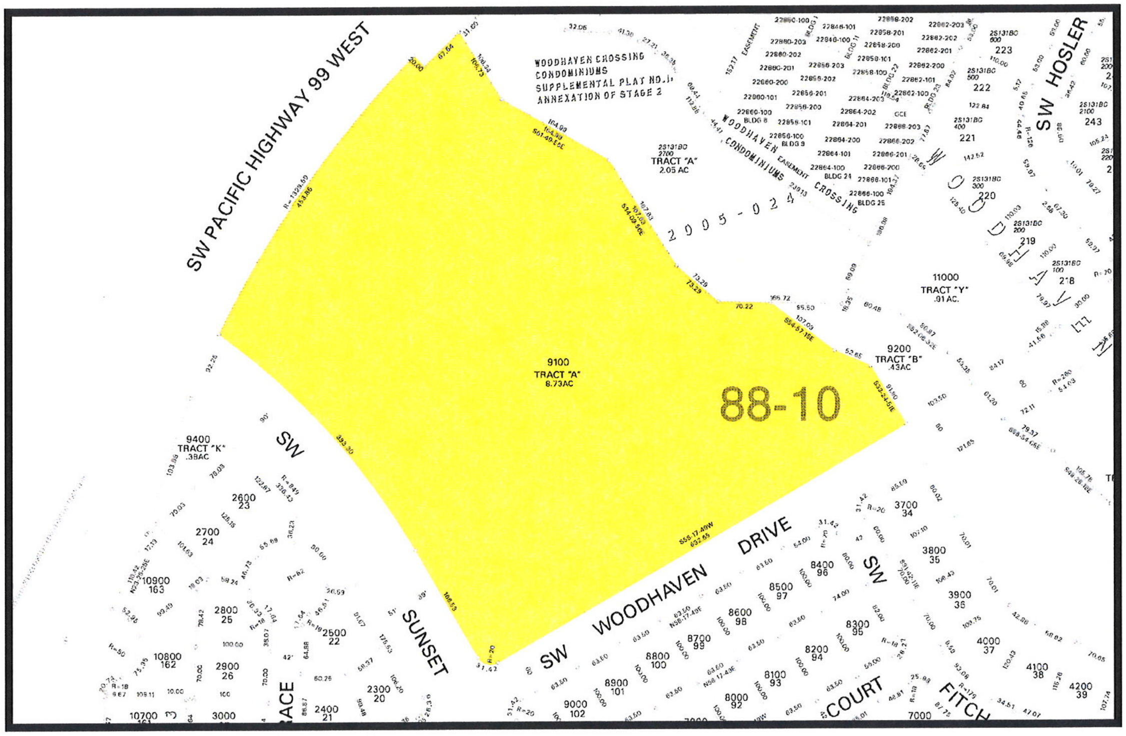
Weight room located underneath the "teen center"

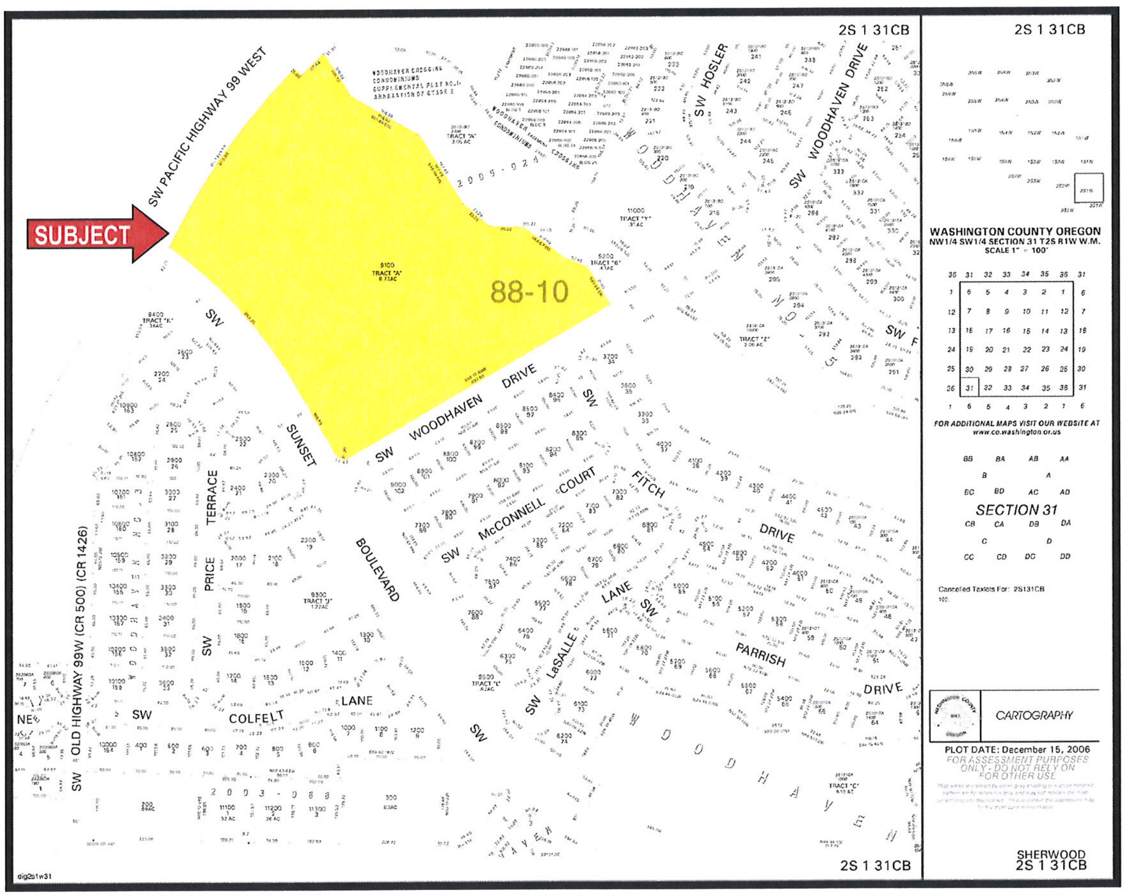
Flexible use activity area located underneath the "teen center"

SUBJECT PHOTOGRAPHS

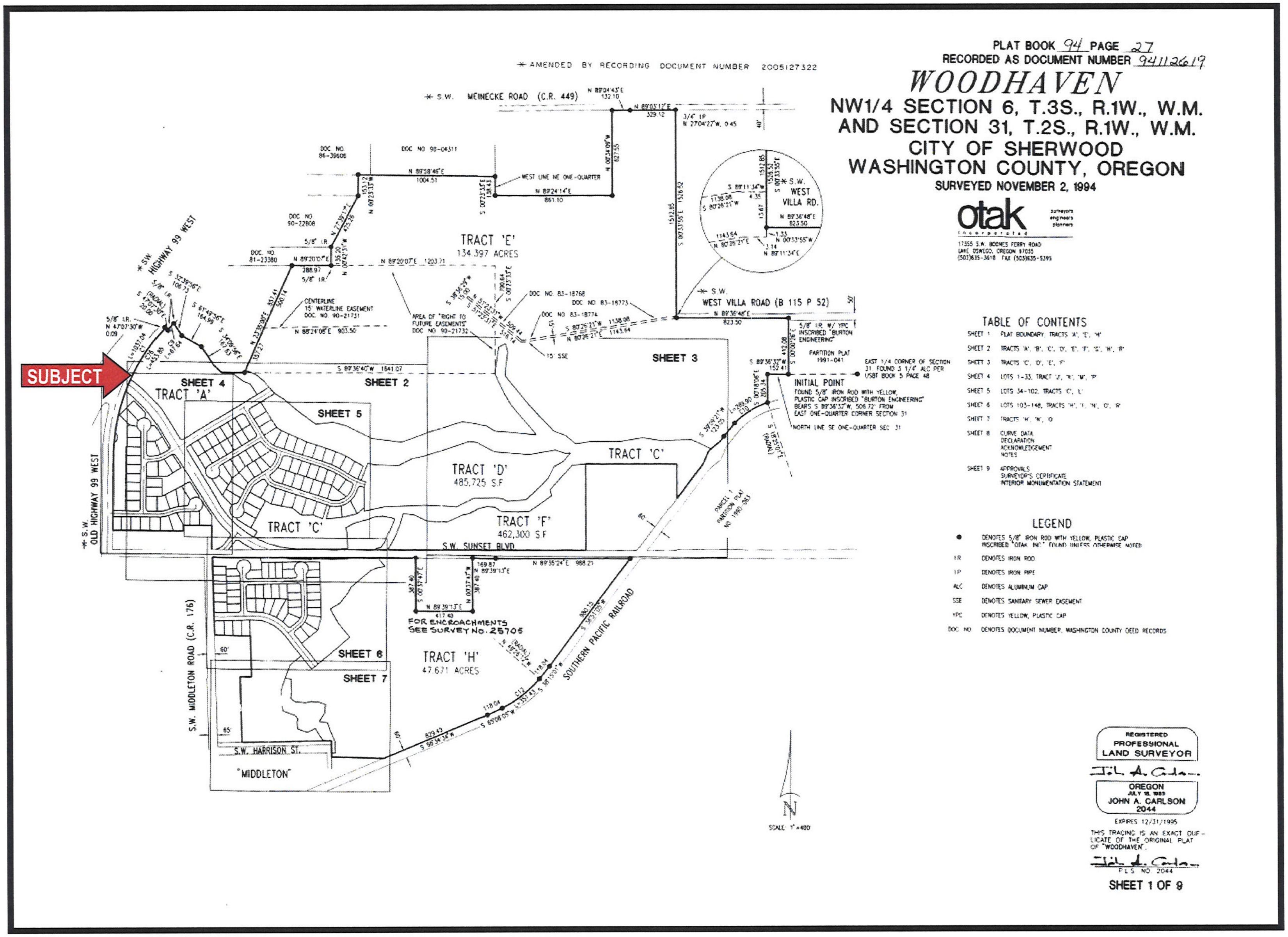
"Teen center"

"Teen center"

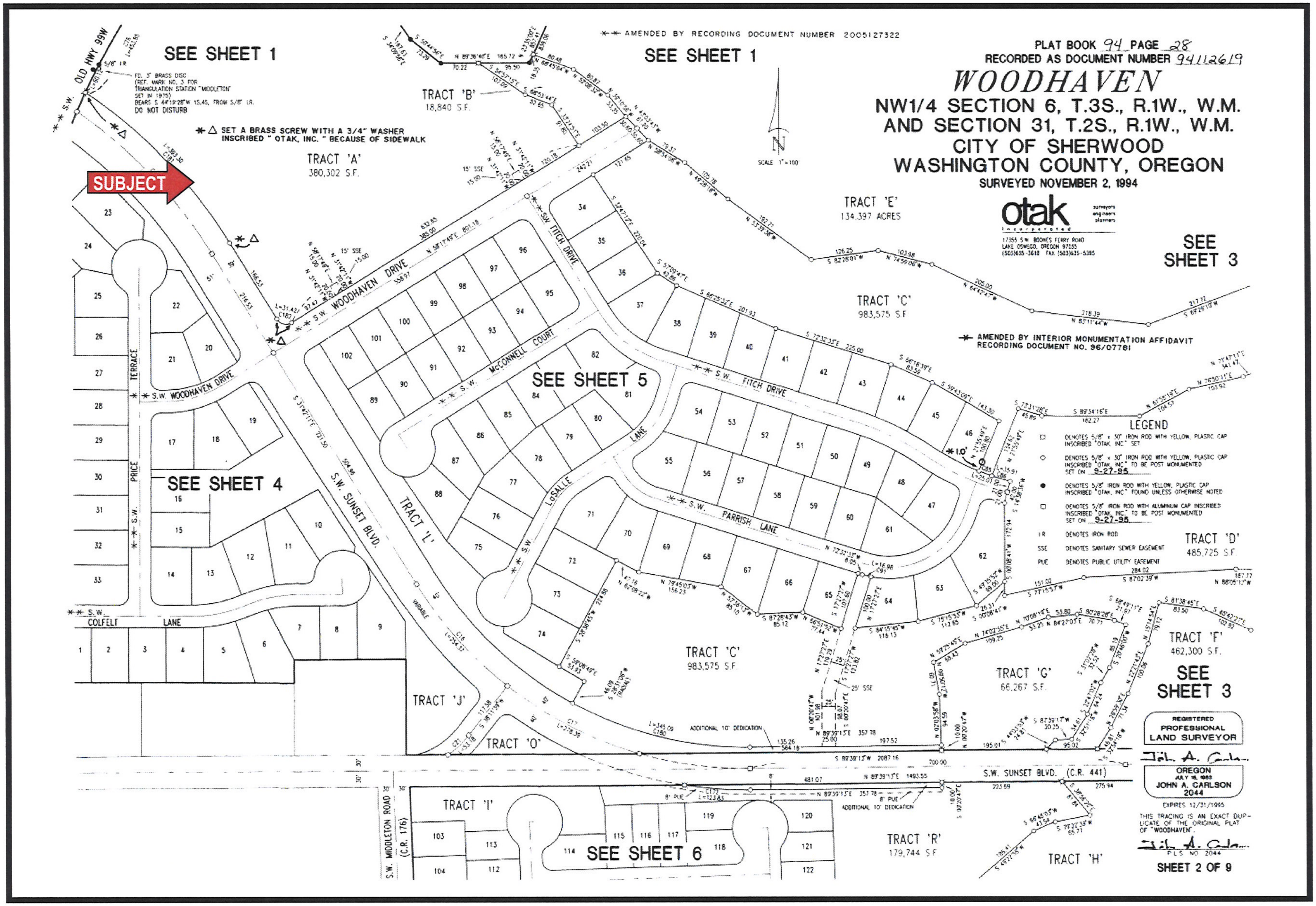




Assessor Map



Recorded Subdivision Plat



Recorded Subdivision Plat

WOODHAVEN

NW1/4 SECTION 6, T.3S., R.1W., W.M. AND SECTION 31, T.2S., R.1W., W.M. CITY OF SHERWOOD WASHINGTON COUNTY, OREGON

SURVEYED NOVEMBER 2, 1994

PLAT BOOK 94 PAGE 34
RECORDED AS DOCUMENT NUMBER 94112619

otak incorporated
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17355 S.W. BOONES FERRY ROAD
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(503)635-3618 FAX (503)635-5395

CURVE DATA

CURVE	DELTA	RADIUS	ARC	CHORD	CHORD BRG
1	42°40'02"	1392.59	1037.04	1013.24	N 21°32'29"E
2			NO DATA		
3			NO DATA		
4	3°15'24"	1392.59	79.15	79.14	N 06°01'58"E
5			NO DATA		
6			NO DATA		
7			NO DATA		
8			NO DATA		
9	2°49'25"	1372.59	67.64	67.64	N 44°17'12"E
10	28°48'53"	576.44	289.90	286.85	S 37°10'32"W
11			NO DATA		
12	27°15'30"	904.67	351.43	349.27	S 51°41'35"W
13			NO DATA		
14	10°32'24"	725.00	209.79	209.37	S 87°04'35"E
15	25°31'08"	900.00	309.42	346.85	S 43°27'45"E
16	20°06'10"	725.00	254.37	253.07	S 45°45'15"E
17	22°00'02"	725.00	278.39	276.68	S 52°48'22"E
18	20°15'01"	250.00	88.36	87.90	N 80°04'58"E
19	19°42'54"	250.00	86.02	85.60	N 79°48'34"E
20	31°54'39"	200.00	111.39	109.96	N 74°15'08"E
21	17°24'42"	175.00	53.18	52.95	S 46°54'07"W
22	40°50'22"	200.00	142.56	139.56	S 52°07'22"E
23	16°49'47"	500.00	146.87	146.34	S 64°07'40"E
24	12°39'12"	500.00	110.42	110.20	S 62°07'27"E
25	5°59'26"	500.00	51.00	50.97	S 21°51'41"E
26			NO DATA		
27	39°45'21"	150.00	104.05	102.01	S 37°20'08"W
28	29°21'10"	115.00	58.91	58.27	S 42°32'17"W
29	39°45'21"	100.00	69.39	68.00	S 52°39'52"E
30	88°06'57"	150.00	230.69	208.62	N 57°23'58"E
31	52°22'31"	300.00	274.24	264.79	S 65°47'16"E
32	52°22'31"	100.00	91.41	88.26	N 24°12'44"E
33			NO DATA		
34	90°00'00"	18.00	28.27	25.46	N 45°12'25"E
35	56°08'30"	18.00	17.64	16.94	N 27°51'47"W
36	40°02'05"	52.00	36.33	35.60	N 35°54'59"W
37	51°29'13"	52.00	46.73	45.17	N 09°52'40"E
38	61°21'24"	52.00	55.69	53.06	N 66°15'59"E
39	88°09'10"	52.00	80.00	72.34	S 38°58'44"E
40	51°15'07"	52.00	46.51	44.98	S 30°43'24"W
41	56°08'30"	18.00	17.64	16.94	S 28°18'43"W
42	90°00'00"	18.00	28.27	25.46	S 44°47'32"E
43	27°19'14"	129.00	69.73	59.20	N 79°02'51"E
44	9°35'25"	179.00	29.96	29.93	N 63°05'32"E
45	14°28'39"	20.00	5.05	5.04	N 51°03'30"E
46	75°31'21"	20.00	26.36	24.49	N 06°03'30"E
47	22°42'16"	849.00	336.43	334.23	N 43°03'19"W
48	4°45'50"	1392.59	115.79	115.76	N 10°02'36"E
49	4°42'02"	271.00	22.23	22.23	N 87°51'27"E
50	12°57'30"	271.00	61.29	61.15	N 79°01'41"E
51	2°35'29"	271.00	12.26	12.26	N 71°15'12"E
52	5°15'40"	229.00	21.23	21.22	N 72°26'47"E
53	14°24'14"	229.00	57.57	57.42	N 82°28'24"E
54	31°23'34"	52.00	28.49	28.14	N 77°58'34"E
55	92°16'14"	52.00	83.74	74.98	N 17°08'40"E
56	30°54'09"	52.00	28.05	27.71	N 45°26'33"W
57	78°17'05"	52.00	70.97	65.59	S 70°00'32"W
58	30°40'15"	52.00	27.84	27.50	S 21°24'14"W
59	83°26'15"	18.00	26.21	23.96	S 47°57'14"W
60	8°57'59"	271.00	42.41	42.37	S 85°11'22"W
61	10°44'55"	271.00	50.84	50.76	S 75°19'54"W
62	20°15'01"	229.00	80.94	80.52	S 80°04'58"W
63	90°00'00"	18.00	28.27	25.46	N 44°47'32"W
64	90°00'00"	18.00	28.27	25.46	N 45°12'28"E
65	13°58'29"	221.00	53.91	53.63	N 85°12'44"E
66	11°37'41"	221.00	44.85	44.77	N 70°24'05"E
67	6°17'29"	221.00	24.27	24.25	N 61°25'34"E
68	13°12'17"	20.00	4.61	4.60	N 64°53'38"E
69	75°31'21"	20.00	26.36	24.49	S 70°44'14"E
70	17°54'54"	705.00	159.09	158.83	S 42°35'45"E
71	4°17'46"	1392.59	102.00	101.98	N 07°18'27"E
72	104°18'29"	50.00	91.52	79.14	N 06°01'58"E
73	7°58'57"	1392.59	193.99	193.83	N 16°24'55"E
74	2°09'36"	1392.59	52.50	52.50	N 21°29'12"E
75	1°38'08"	1392.59	39.75	39.75	N 23°23'04"E
76	18°40'22"	1392.59	453.85	451.84	N 37°32'19"E
77	90°00'00"	20.00	31.42	28.28	S 15°17'49"W
78	29°47'39"	179.00	93.08	92.04	S 45°36'00"E
79	11°02'44"	179.00	34.51	34.45	S 67°21'11"E
80	4°05'47"	521.00	37.25	37.24	S 70°29'39"E
81	7°09'35"	521.00	65.10	65.06	S 64°51'59"E
82	5°34'25"	521.00	50.68	50.66	S 58°29'58"E
83	3°08'47"	479.00	26.30	26.30	S 57°17'10"E
84	9°12'38"	479.00	77.00	76.92	S 63°27'52"E
85	2°59'30"	479.00	25.01	25.01	S 69°33'56"E
86	4°17'42"	479.00	35.91	35.90	S 73°12'37"E
87	87°56'48"	18.00	27.64	25.00	S 63°19'54"W
88	29°13'35"	171.00	87.23	86.28	S 35°57'18"W
89	26°19'49"	171.00	78.58	77.89	S 61°44'00"W
90	26°52'15"	171.00	80.20	79.46	S 88°20'02"W
91	5°41'17"	171.00	16.98	16.97	N 75°23'12"W

CURVE	DELTA	RADIUS	ARC	CHORD	CHORD BRG
92	24°39'34"	121.00	52.08	51.68	N 60°12'45"W
93	15°00'47"	121.00	31.69	31.59	N 40°20'05"W
94	90°00'00"	18.00	28.27	25.46	N 77°47'12"W
95	29°21'10"	94.00	48.16	47.63	S 47°32'17"W
96	54°04'45"	23.00	21.71	20.91	S 00°49'15"W
97	36°41'39"	52.00	33.30	32.74	S 07°52'18"E
98	80°59'25"	52.00	73.70	67.31	S 50°48'15"W
99	133°53'53"	52.00	121.52	95.70	N 21°55'04"W
100	36°54'50"	52.00	33.50	32.92	N 65°29'05"E
101	54°04'45"	23.00	21.71	20.91	N 54°54'00"E
102	6°59'37"	136.00	16.56	16.55	N 31°20'56"E
103	22°22'33"	136.00	53.11	52.78	N 46°01'37"E
104	6°21'15"	129.00	14.31	14.30	N 54°02'08"E
105	33°24'02"	129.00	75.20	74.14	N 34°09'28"E
106	88°34'14"	18.00	27.83	25.14	N 29°49'40"W
107	9°21'00"	221.00	36.06	36.02	N 60°25'17"W
108	22°45'03"	221.00	87.75	87.18	N 56°23'16"W
109	82°41'27"	18.00	25.98	23.78	N 80°21'28"W
110	85°25'16"	18.00	26.21	23.95	S 18°34'41"W
111	55°59'49"	52.00	50.82	48.82	S 07°51'28"W
112	70°02'59"	52.00	63.58	59.69	S 65°52'52"W
113	93°18'38"	52.00	84.69	75.63	N 32°26'20"W
114	44°04'50"	52.00	40.01	39.03	N 36°15'24"E
115	90°00'00"	18.00	28.27	25.46	N 13°17'49"E
116	90°00'00"	20.00	31.42	28.28	N 76°42'11"W
117	90°00'00"	20.00	31.42	28.28	S 13°17'49"W
118	29°48'43"	685.00	356.02	352.02	S 46°35'37"E
119	83°42'57"	18.00	26.30	24.02	N 32°30'58"W
120	5°01'51"	521.00	45.75	45.73	N 57°51'32"W
121	3°51'50"	521.00	35.01	35.01	N 57°51'45"W
122	5°46'28"	479.00	48.28	48.25	N 58°35'00"W
123	8°29'45"	479.00	70.89	70.83	N 65°43'36"W
124	2°34'37"	479.00	21.53	21.53	N 71°15'18"W
125	90°00'00"	18.00	28.27	25.46	S 62°27'27"W
126	19°20'26"	171.00	57.73	57.46	S 27°07'45"W
127	20°24'45"	171.00	60.92	60.60	S 47°00'36"W
128	90°00'00"	18.00	28.27	25.46	S 12°12'45"W
129	39°45'21"	79.00	54.82	53.72	S 57°39'52"E
130	56°24'42"	129.00	126.26	121.26	N 79°29'06"E
131	32°22'15"	129.00	72.13	71.20	N 55°21'35"E
132	90°00'00"	20.00	31.42	28.28	S 45°58'51"E
133	90°00'00"	20.00	31.42	28.28	N 43°01'29"E
134	45°22'07"	18.00	14.57	14.17	N 25°09'34"W
135	30°46'28"	52.00	27.93	27.60	N 32°57'24"W
136	226°37'27"	52.00	205.68	95.51	S 84°15'25"E
137			NO DATA		
138			NO DATA		
139			NO DATA		
140			NO DATA		
141	33°51'55"	52.00	30.74	30.29	S 45°59'14"W
142	64°53'43"	18.00	20.39	19.32	S 30°29'20"W
143	89°52'15"	18.00	28.23	25.43	S 40°54'35"E
144	133°35'52"	18.00	41.97	33.09	N 21°21'18"E
145	42°25'22"	52.00	38.50	37.63	N 24°13'57"W
146	91°19'30"	52.00	82.75	74.29	N 42°20'29"E
147	28°40'01"	52.00	26.01	25.75	S 77°30'42"E
148	73°08'45"	52.00	66.38	61.97	S 26°36'15"E
149	27°34'27"	52.00	25.03	24.78	S 22°45'20"W
150	39°31'04"	18.00	12.41	12.17	S 17°47'01"W
151	9°53'02"	121.00	20.87	20.85	S 02°58'00"W
152	24°29'18"	121.00	51.72	51.32	S 20°09'10"W
153	18°00'11"	121.00	38.02	37.86	S 41°23'54"W
154	90°00'00"	20.00	31.42	28.28	S 05°24'00"W
155	52°22'31"	270.00	246.81	238.31	N 65°47'16"W
156	90°00'00"	20.00	31.42	28.28	S 43°01'29"W
157	19°37'04"	79.00	27.05	26.92	N 40°35'25"E
158	37°45'22"	79.00	45.51	44.55	N 14°24'12"E
159	89°52'15"	18.00	28.23	25.43	N 46°54'35"W
160	90°07'45"	18.00	28.31	25.48	S 43°06'27"W
161	90°00'00"	20.00	31.42	28.28	S 46°58'31"E
162	3°10'35"	330.00	18.29	18.29	N 89°36'46"E
163	9°01'42"	330.00	52.00	51.95	S 84°17'07"E
164	9°01'42"	330.00	52.00	51.95	S 75°15'24"E
165	9°01'42"	330.00	52.00	51.95	S 66°13'42"E
166	9°49'59"	330.00	56.63	56.57	S 56°47'52"E
167	8°32'07"	330.00	49.16	49.11	S 47°36'49"E
168	86°15'15"	20.00	30.11	27.34	S 86°28'22"E
169	7°55'42"	200.00	27.67	27.65	N 47°09'36"E
170	88°42'49"	20.00	30.97	27.46	N 81°13'04"E
171	10°33'10"	765.00	140.90	140.70	S 50°22'07"E
172	9°16'27"	765.00	123.83	123.69	S 60°42'34"E
173	2°40'51"	521.00	24.35	24.35	S 24°01'02"E
174	86°42'49"	20.00	30.27	27.46	S 05°09'46"E
175	32°04'15"	20.00	11.19	11.05	N 14°03'37"E
176	15°25'30"	765.00	205.96	205.36	S 72°21'37"E
177			NO DATA		
178	31°11'05"	50.00	27.21	26.88	N 61°52'14"W
179	36°37'29"	150.00	95.88	94.26	N 56°30'27"E
180	28°51'55"	685.00	345.09	341.45	S 75°54'50"E
181	23°59'53"	939.00	393.30	390.43	N 43°42'06"W
182	90°00'00"	20.00	31.42	28.28	S 76°42'11"E

NOTES

1. FOR OUTBOUNDS SURVEY AND BASIS OF BEARINGS SEE SURVEY NO 25705 WASHINGTON COUNTY SURVEY RECORDS
2. A GEODETIC CONTROL MONUMENT PER GC 14,396, WASHINGTON COUNTY SURVEY RECORDS, MARKED BY A 2" BRASS CAP IN A MONUMENT BOX BEARS N 35°16'03"W, 3524.31 FEET FROM THE INITIAL POINT OF THIS PLAT
3. SUBJECT TO COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED AS DOCUMENT NO. 94112621 WASHINGTON COUNTY DEED RECORDS
4. AN EIGHT FOOT WIDE PUBLIC UTILITY EASEMENT IS HEREBY CREATED WITHIN EACH LOT AND TRACT IN THIS PLAT AND IT SHALL ABUT THE FULL LENGTH OF EACH LOT'S OR TRACT'S FRONTAGE ALONG ANY PUBLIC STREET, EXCEPT TRACTS 'I', 'M', 'O', 'P' AND 'R' WHEREIN SAID EASEMENT IS AS SHOWN
5. ALL NONPRIVATE STORM DRAINAGE AND SANITARY SEWER EASEMENTS ARE HEREBY GRANTED TO THE CITY OF SHERWOOD.
6. TRACTS 'A', 'D', 'E', 'F', 'G', 'H', 'I', 'M', 'N', 'O' AND 'P' SHALL BE OWNED AND MAINTAINED BY THE DECLARANTS TO THIS PLAT, THEIR SUCCESSORS OR ASSIGNS
7. TRACTS 'C' AND 'R' SHALL BE SUBJECT TO SANITARY SEWER, STORM DRAINAGE, SURFACE WATER DRAINAGE AND DETENTION EASEMENTS OVER THEIR ENTIRE AREAS, SAID EASEMENTS BEING HEREBY GRANTED TO THE CITY OF SHERWOOD.
8. THE PRIVATE UTILITY EASEMENT THROUGH LOTS 5 AND 6 IS FOR THE BENEFIT OF THE OWNERS, SUCCESSORS OR ASSIGNS OF THAT PARCEL RECORDED IN BOOK 738, PAGE 523, WASHINGTON COUNTY DEED RECORDS
9. THERE SHALL BE NO VEHICULAR ACCESS TO ANY LOT TO OR FROM S.W. SUNSET BOULEVARD WITHOUT THE APPROVAL OF THE CITY OF SHERWOOD
10. THIS SUBDIVISION IS SUBJECT TO THE CONDITIONS OF APPROVAL PER CASE NO. SUB 94-5, CITY OF SHERWOOD

DECLARATION

KNOW ALL PERSONS BY THESE PRESENTS: THAT QUINKSTER GENERAL PARTNERSHIP CONSISTING OF QUINCORP INVESTMENT GROUP (Q.I.G.), INC. AND INKSTER BOULEVARD CORPORATION, AN OREGON GENERAL PARTNERSHIP, DOES HEREBY MAKE, ESTABLISH AND DECLARE THE ANNEXED MAP OF "WOODHAVEN" AS DESCRIBED IN THE ACCOMPANYING SURVEYOR'S CERTIFICATE TO BE A TRUE AND CORRECT MAP AND PLAT THEREOF, ALL LOTS AND TRACTS BEING OF THE DIMENSIONS SHOWN AND ALL STREETS AND EASEMENTS OF THE WIDTHS THEREON SET FORTH, AND WE DO HEREBY DEDICATE TO THE USE OF THE PUBLIC AS PUBLIC WAYS ALL STREETS AS SHOWN ON SAID PLAT. AND WE DO HEREBY GRANT ALL PUBLIC EASEMENTS NOT PREVIOUSLY GRANTED OR CONVEYED AS SHOWN OR DESCRIBED IN THIS PLAT. AND WE DO HEREBY CONVEY TO THE CITY OF SHERWOOD TRACTS 'B', 'C', 'J', 'K', 'L', 'Q' AND 'R' AS SHOWN ON SAID MAP. THERE ARE NO WATER RIGHTS APPURTENANT TO THIS PLAT

QUINKSTER GENERAL PARTNERSHIP

Junki Yoshida
JUNKI YOSHIDA
PRESIDENT
QUINCORP INVESTMENT GROUP (Q.I.G.), INC.

David L. Bantz
DAVID L. BANTZ
ASSISTANT SECRETARY
INKSTER BOULEVARD CORPORATION

ACKNOWLEDGEMENT

STATE OF OREGON)
)SS
COUNTY OF CLACKAMAS)

THIS IS TO CERTIFY: THAT ON THIS 13 DAY OF December, 1994, BEFORE ME, A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE, PERSONALLY APPEARED JUNKI YOSHIDA AND DAVID L. BANTZ, WHO BEING FIRST DULY SWORN DID SAY THAT THEY ARE THE IDENTICAL PERSONS NAMED IN AND DESCRIBED IN THE FOREGOING INSTRUMENT AND THIS THE CERTIFICATE THERETO, AND THAT SAID INSTRUMENT WAS SIGNED ON BEHALF OF SAID QUINKSTER GENERAL PARTNERSHIP BY THE AUTHORITY AND APPROVAL OF THEIR BOARD OF DIRECTORS, AND THEY DO HEREBY ACKNOWLEDGE SAID INSTRUMENT TO BE BY THEIR OWN FREE ACT AND DEED.

Lori L. Pavey
NOTARY PUBLIC IN AND FOR
SAID COUNTY AND STATE

OFFICIAL SEAL
LORI L. PAVEY
NOTARY PUBLIC - OREGON
COMMISSION NO. [illegible]
MY COMMISSION EXPIRES OCT. [illegible]

REGISTERED
PROFESSIONAL
LAND SURVEYOR
John A. Carlson
OREGON
JULY 15, 1983
JOHN A. CARLSON
2044
EXPIRES 12/31/1995

THIS TRACING IS AN EXACT DUPLICATE OF THE ORIGINAL PLAT OF "WOODHAVEN".
John A. Carlson
P.L.S. NO. 2044

SHEET 8 OF 9

Recorded Subdivision Plat

WOODHAVEN

NW1/4 SECTION 6, T.3S., R.1W., W.M. AND SECTION 31, T.2S., R.1W., W.M. CITY OF SHERWOOD WASHINGTON COUNTY, OREGON

SURVEYED NOVEMBER 2, 1994

otak

PLAT BOOK 94 PAGE 35
RECORDED AS DOCUMENT NUMBER 94112619

SURVEYOR'S CERTIFICATE

I, JOHN A. CARLSON, HEREBY SAY THAT I HAVE CORRECTLY SURVEYED AND MARKED WITH PROPER MONUMENTS THE LANDS REPRESENTED ON THE ANNEXED MAP OF "WOODHAVEN". THAT AT THE INITIAL POINT OF SAID SURVEY I FOUND A 5/8-INCH DIAMETER IRON ROD WITH A YELLOW, PLASTIC CAP INSCRIBED "BURTON ENGINEERING", SAID INITIAL POINT BEING ON THE NORTH LINE OF THE SOUTHEAST ONE-QUARTER OF SECTION 31, T.2S., R.1W., W.M., AND BEARING S.89°38'32"W., 506.72 FEET FROM THE EAST ONE-QUARTER CORNER OF SAID SECTION 31. FROM SAID INITIAL POINT I TRACED S.89°38'32"W. ALONG SAID NORTH LINE 152.41 FEET; THENCE S.00°18'06"E., 205.34 FEET TO A POINT OF NON-TANGENT CURVATURE AND THE NORTHERLY LINE OF THE WILLAMETTE AND PACIFIC RAILROAD; THENCE TRACING SAID RAILROAD THE FOLLOWING COURSES: SOUTHWESTERLY ALONG THE ARC OF A 578.44 FOOT RADIUS CURVE LEFT (THE RADIUS POINT OF WHICH BEARS S.18°25'01"E.) THROUGH A CENTRAL ANGLE OF 28°48'53", 289.90 FEET (CHORD BEARS S.57°10'32"W., 286.85 FEET); THENCE S.39°09'21"W., 123.05 FEET; THENCE S.38°51'05"W., 50.80 FEET; THENCE S.50°52'20"W., 103.07 FEET; THENCE S.22°49'50"W., 103.07 FEET; THENCE S.38°51'05"W., 322.58 FEET; THENCE LEAVING SAID RAILROAD N.00°20'50"W., 252.93 FEET; THENCE S.89°33'02"W., 662.78 FEET; THENCE S.00°22'32"E., 635.84 FEET TO A POINT ON THE NORTHERLY LINE OF S.W. SUNSET BOULEVARD (COUNTY ROAD 441); THENCE S.89°35'24"W. ALONG SAID NORTHERLY LINE 662.46 FEET; THENCE CONTINUING ALONG SAID NORTHERLY LINE S.89°39'13"W., 2087.16 FEET TO THE SOUTHEAST CORNER OF THAT CERTAIN TRACT DESCRIBED IN BOOK 1218, PAGE 10, WASHINGTON COUNTY DEED RECORDS; THENCE N.00°14'22"E. ALONG THE EAST LINE OF SAID TRACT 178.48 FEET TO THE NORTHEAST CORNER OF SAID TRACT; THENCE S.89°40'19"W. ALONG THE NORTH LINE OF SAID TRACT 205.79 FEET TO THE NORTHWEST CORNER OF SAID TRACT; THENCE S.00°14'22"W. ALONG THE WEST LINE OF SAID TRACT 43.31 FEET TO A POINT ON THE NORTHERLY LINE OF THAT CERTAIN TRACT DESCRIBED IN BOOK 739, PAGE 523, WASHINGTON COUNTY DEED RECORDS; THENCE N.89°43'47"W. ALONG THE NORTHERLY LINES OF SAID BOOK 739, PAGE 523 TRACT AND THAT CERTAIN TRACT DESCRIBED IN DOCUMENT NUMBER 80-43448, WASHINGTON COUNTY DEED RECORDS, 510.33 FEET TO THE EASTERLY LINE OF OLD HIGHWAY 99 WEST (COUNTY ROAD 1429); THENCE TRACING SAID EASTERLY LINE THE FOLLOWING COURSES: N.00°12'28"E., 532.23 FEET TO A POINT OF CURVE RIGHT OF A 1392.59 FOOT RADIUS CURVE; THENCE ALONG THE ARC OF SAID CURVE RIGHT THROUGH A CENTRAL ANGLE OF 42°40'02", 1037.04 FEET (CHORD BEARS N.21°32'29"E., 1013.24 FEET) TO A POINT ON THE EASTERLY LINE OF HIGHWAY 99 WEST (PACIFIC HIGHWAY); THENCE TRACING SAID EASTERLY LINE THE FOLLOWING COURSES: S.47°07'30"E., 20.00 FEET TO A POINT OF NON-TANGENT CURVATURE; THENCE NORTHEASTERLY ALONG THE ARC OF A 1372.59 FOOT RADIUS CURVE RIGHT (THE RADIUS POINT OF WHICH BEARS S.47°07'30"E.) THROUGH A CENTRAL ANGLE OF 2°49'25", 67.64 FEET (CHORD BEARS N.44°17'12"E., 67.64 FEET); THENCE LEAVING SAID EASTERLY LINE S.32°39'56"E., 106.73 FEET; THENCE S.61°49'56"E., 184.99 FEET; THENCE S.34°09'58"E., 167.63 FEET; THENCE S.50°44'55"E., 73.79 FEET; THENCE N.89°35'40"E., 165.72 FEET; THENCE N.23°35'08"E., 857.41 FEET TO A POINT ON THE SOUTHERLY LINE OF THAT CERTAIN TRACT DESCRIBED IN DOCUMENT NUMBER 81-23380, WASHINGTON COUNTRY DEED RECORDS; THENCE N.89°20'07"E. ALONG SAID SOUTHERLY LINE 288.57 FEET TO THE SOUTHEAST CORNER OF SAID 81-23380 TRACT; THENCE N.00°42'31"W. ALONG THE EASTERLY LINE OF SAID 81-23380 TRACT 135.20 FEET TO THE NORTHEAST CORNER OF SAID 81-23380 TRACT; THENCE N.27°39'17"E. ALONG THE EASTERLY LINE OF THAT CERTAIN TRACT DESCRIBED IN DOCUMENT NUMBER 90-22808, WASHINGTON COUNTY DEED RECORDS, 425.20 FEET; THENCE N.00°23'33"W., 153.12 FEET TO A POINT ON THE SOUTHERLY LINE OF THAT CERTAIN TRACT DESCRIBED IN DOCUMENT NUMBER 86-39606, WASHINGTON COUNTY DEED RECORDS; THENCE N.89°58'46"E. ALONG THE SOUTHERLY LINES OF SAID 86-39606 TRACT AND THAT CERTAIN TRACT DESCRIBED IN DOCUMENT NUMBER 90-04311, WASHINGTON COUNTY DEED RECORDS, 1004.51 FEET TO THE WESTERLY LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 31; THENCE S.00°23'33"E. ALONG SAID WESTERLY LINE 138.43 FEET; THENCE LEAVING SAID WESTERLY LINE N.89°24'14"E., 881.10 FEET; THENCE N.00°34'09"W., 627.55 FEET TO A POINT ON THE SOUTHERLY LINE OF N.W. MEINECKE ROAD (COUNTRY ROAD 449); THENCE TRACING SAID SOUTHERLY LINE THE FOLLOWING COURSES: N.89°04'43"E., 132.10 FEET; THENCE N.89°03'12"E., 329.12 FEET; THENCE LEAVING SAID SOUTHERLY LINE S.00°30'55"E., 1526.52 FEET TO THE CENTERLINE OF WEST VILLA ROAD, BOOK 115, PAGE 52, WASHINGTON COUNTY DEED RECORDS; THENCE N.89°36'48"E. ALONG SAID CENTERLINE 623.50 FEET TO THE WESTERLY LINE OF PARTITION PLAT 1991-041, A DULY RECORDED PLAT IN WASHINGTON COUNTY; THENCE S.00°00'26"E. ALONG SAID WESTERLY LINE 412.05 FEET TO THE INITIAL POINT AND BEGINNING AT A POINT OF INTERSECTION OF THE SOUTHERLY LINE OF S.W. SUNSET BOULEVARD (COUNTY ROAD 441) AND THE WESTERLY LINE OF THE WILLAMETTE AND PACIFIC RAILROAD; THENCE TRACING SAID RAILROAD THE FOLLOWING COURSES: S.38°51'05"W., 980.15 FEET; THENCE S.38°15'01"W., 118.04 FEET TO A POINT OF NON-TANGENT CURVATURE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 904.52 FOOT RADIUS CURVE RIGHT (THE RADIUS POINT OF WHICH BEARS N.49°25'12"W.) THROUGH A CENTRAL ANGLE OF 22°15'30", 351.43 FEET (CHORD BEARS S.51°41'03"W., 349.22 FEET); THENCE S.65°08'05"W., 118.04 FEET; THENCE S.68°34'34"W., 829.49 FEET; THENCE LEAVING SAID RAILROAD N.88°59'49"W., 381.83 FEET TO A POINT ON THE EAST LINE OF "MIDDLETON", A DULY RECORDED PLAT IN WASHINGTON COUNTY; THENCE N.01°32'02"W. ALONG SAID EAST LINE 120.55 FEET TO THE NORTHEAST CORNER OF SAID PLAT; THENCE S.88°27'58"W. ALONG THE NORTH LINE OF SAID PLAT 655.03 FEET TO THE EASTERLY LINE OF THAT CERTAIN TRACT DESCRIBED IN BOOK 505, PAGE 323, WASHINGTON COUNTY DEED RECORDS; THENCE N.01°59'18"W. ALONG SAID EASTERLY LINE 481.94 FEET TO THE MOST SOUTHERLY SOUTHWEST CORNER OF THAT CERTAIN TRACT DESCRIBED IN DOCUMENT NUMBER 92-13603, WASHINGTON COUNTY DEED RECORDS; THENCE S.89°17'03"E. ALONG THE SOUTHERLY LINE OF SAID 92-13603 TRACT 85.52 FEET TO THE SOUTHEASTERLY CORNER OF SAID 92-13603 TRACT; THENCE N.01°57'27"W. ALONG THE EASTERLY LINES OF SAID 92-13603 TRACT AND THAT CERTAIN TRACT DESCRIBED IN DOCUMENT NUMBER 91-24291, WASHINGTON COUNTY DEED RECORDS, 796.12 FEET TO THE NORTHEAST CORNER OF SAID 91-24291 TRACT; THENCE N.89°05'39"W. ALONG THE NORTHERLY LINE OF SAID 91-24291 TRACT 264.31 FEET TO A POINT ON THE EASTERLY LINE OF MIDDLETON ROAD (COUNTY ROAD 176); THENCE N.01°58'31"W. ALONG SAID EASTERLY LINE 563.30 FEET TO A POINT ON THE SOUTHERLY LINE OF S.W. SUNSET BOULEVARD (COUNTY ROAD 441); THENCE N.89°39'13"E. ALONG SAID SOUTHERLY LINE 1493.55 FEET; THENCE LEAVING SAID SOUTHERLY LINE S.00°37'47"E., 387.40 FEET; THENCE N.89°39'13"E., 417.40 FEET; THENCE N.00°37'47"W., 387.40 FEET TO A POINT ON THE SOUTHERLY LINE OF S.W. SUNSET BOULEVARD (COUNTY ROAD 441); THENCE N.89°39'13"E. ALONG SAID SOUTHERLY LINE 169.88 FEET; THENCE N.89°35'24"E. CONTINUING ALONG SAID SOUTHERLY LINE 986.21 FEET TO THE POINT OF BEGINNING. CONTAINS 291.001 ACRES MORE OR LESS.

AS PER O.R.S. 92.070(2), I, JOHN A. CARLSON, ALSO SAY THAT THE POSTMONUMENTATION OF THE INTERIOR MONUMENTS WITHIN THIS SUBDIVISION WILL BE ACCOMPLISHED WITHIN 90 CALENDAR DAYS FOLLOWING THE COMPLETION OF THE PAVING OF IMPROVEMENTS, OR WITHIN ONE YEAR FOLLOWING THE ORIGINAL PLAT RECORDATION, WHICHEVER COMES FIRST, IN ACCORDANCE WITH O.R.S. 92.060.

John A. Carlson
JOHN A. CARLSON
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 2044

INTERIOR CORNER MONUMENTATION

IN ACCORDANCE WITH O.R.S. 92.070, THE INTERIOR CORNERS OF THIS SUBDIVISION HAVE BEEN CORRECTLY SET WITH PROPER MONUMENTS. AN AFFIDAVIT HAS BEEN PREPARED REGARDING THE SETTING OF SAID MONUMENTS AND WAS RECORDED IN DOCUMENT NO. 96-07761, WASHINGTON COUNTY DEED RECORDS.

APPROVED THIS 11 DAY OF Jun 19 96

WASHINGTON COUNTY SURVEYOR

APPROVALS

APPROVED THIS 20 DAY OF December 1994
CITY MANAGER
CITY OF SHERWOOD
BY James Hogg

APPROVED THIS 20 DAY OF Dec 1994
WASHINGTON COUNTY SURVEYOR
BY

APPROVED THIS 20TH DAY OF DECEMBER 1994
DIRECTOR OF ASSESSMENT AND TAXATION
(WASHINGTON COUNTY ASSESSOR)
BY

APPROVED THIS 20th DAY OF December 1994
BOARD OF COUNTY COMMISSIONERS
WASHINGTON COUNTY, OREGON
BY Roy R Rogers
BY Bonnie L. Hays
BY Kim Katsion

ATTEST THIS 21ST DAY OF December 1994
DIRECTOR OF ASSESSMENT AND TAXATION
EX-OFFICIO COUNTY CLERK
BY Teresa M. Eakin DEPUTY

STATE OF OREGON)
)SS
COUNTY OF WASHINGTON)

I DO HEREBY CERTIFY THAT THIS TRACING IS A COPY CERTIFIED TO ME BY THE SURVEYOR OF THIS SUBDIVISION PLAT TO BE A TRUE AND EXACT COPY OF THE ORIGINAL, AND THAT IT WAS RECORDED ON THE 21ST DAY OF December 1994 AT 2:23 O'CLOCK P M., AND RECORDED IN THE COUNTY CLERK'S RECORDS.

BY Teresa M. Eakin
DEPUTY COUNTY CLERK

STATE OF OREGON)
)SS
COUNTY OF WASHINGTON)

I DO HEREBY CERTIFY THAT THIS SUBDIVISION PLAT WAS RECEIVED FOR RECORD ON THIS 21ST DAY OF December 1994 AT 2:23 O'CLOCK P M., AND RECORDED IN THE COUNTY CLERK'S RECORDS.

BY Teresa M. Eakin
DEPUTY COUNTY CLERK

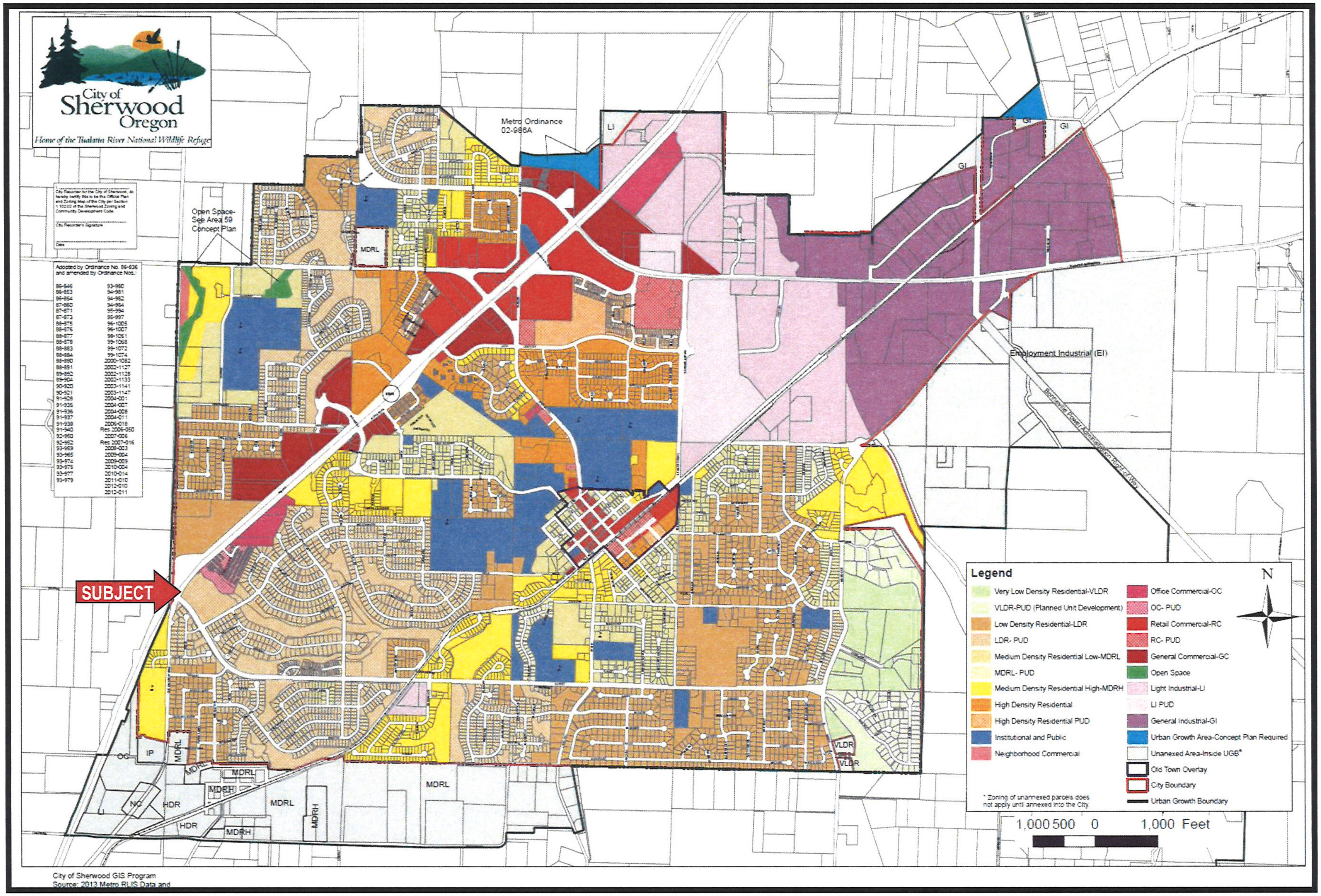
REGISTERED PROFESSIONAL LAND SURVEYOR
John A. Carlson
OREGON
JULY [illegible]
JOHN A. CARLSON
2044
EXPIRES 12/31/1995

THIS TRACING IS AN EXACT DUPLICATE OF THE ORIGINAL PLAT OF "WOODHAVEN"

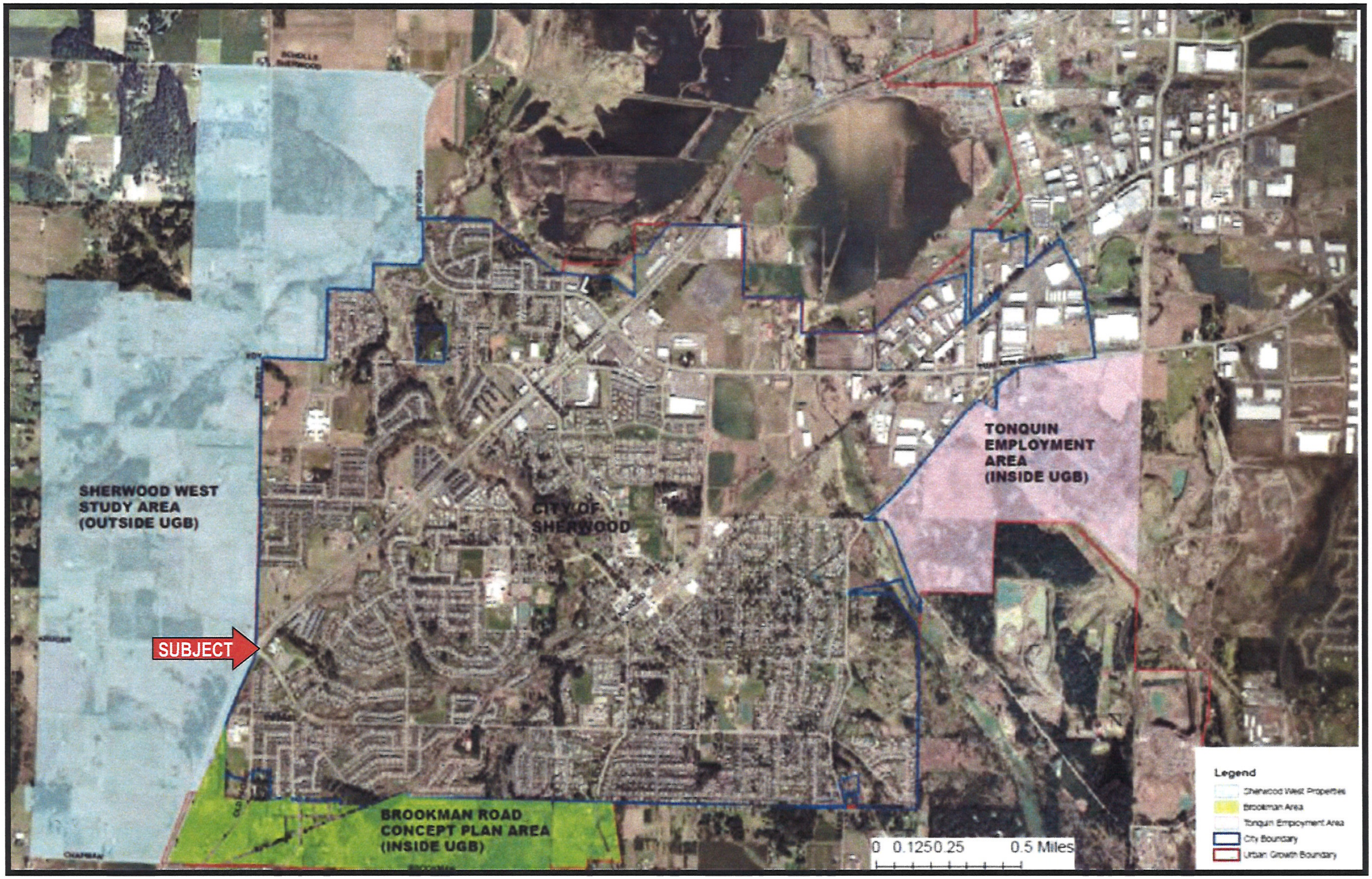
John A. Carlson
P.L.S. NO. 2044

SHEET 9 OF 9

Recorded Subdivision Plat

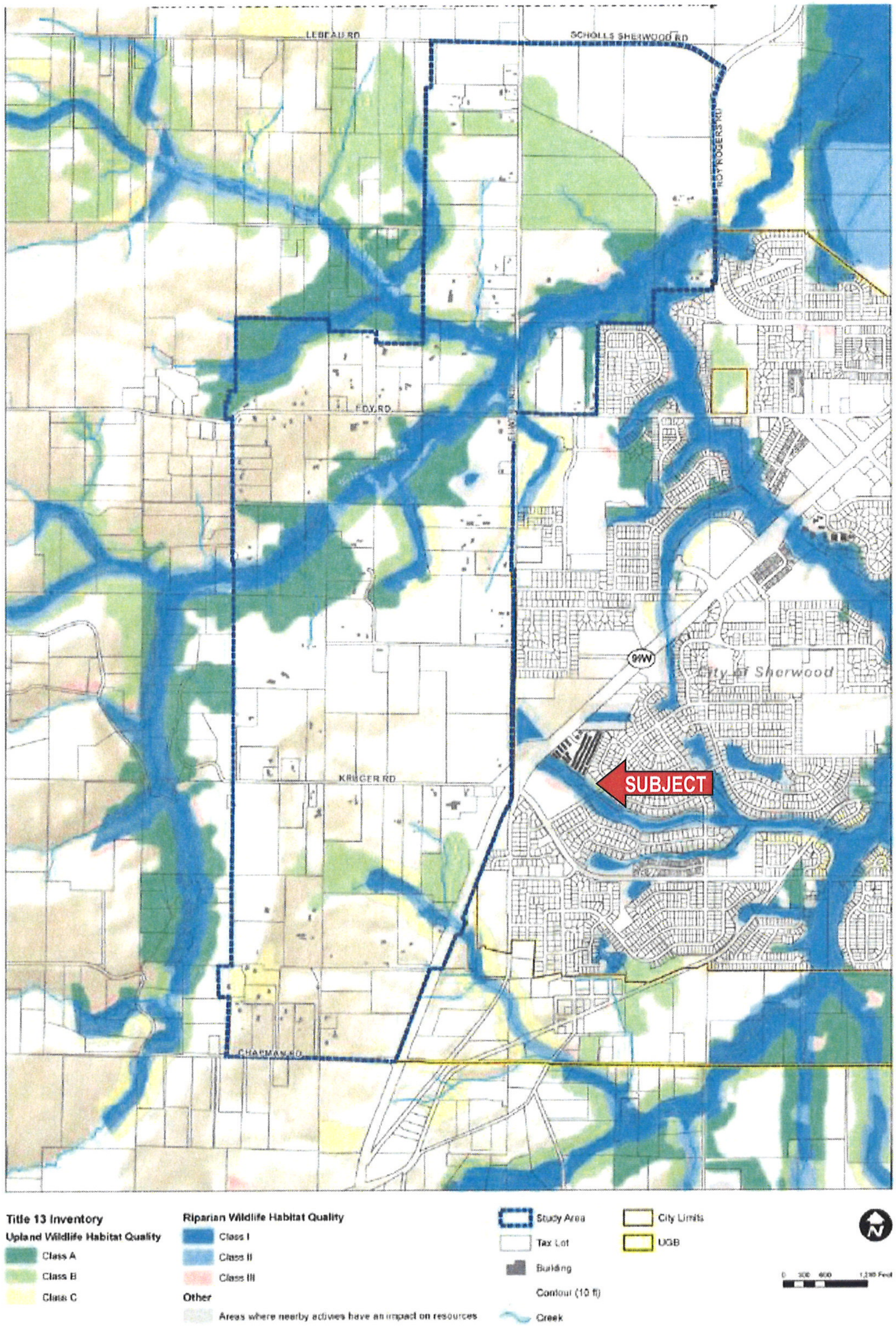


Sherwood Zoning Map

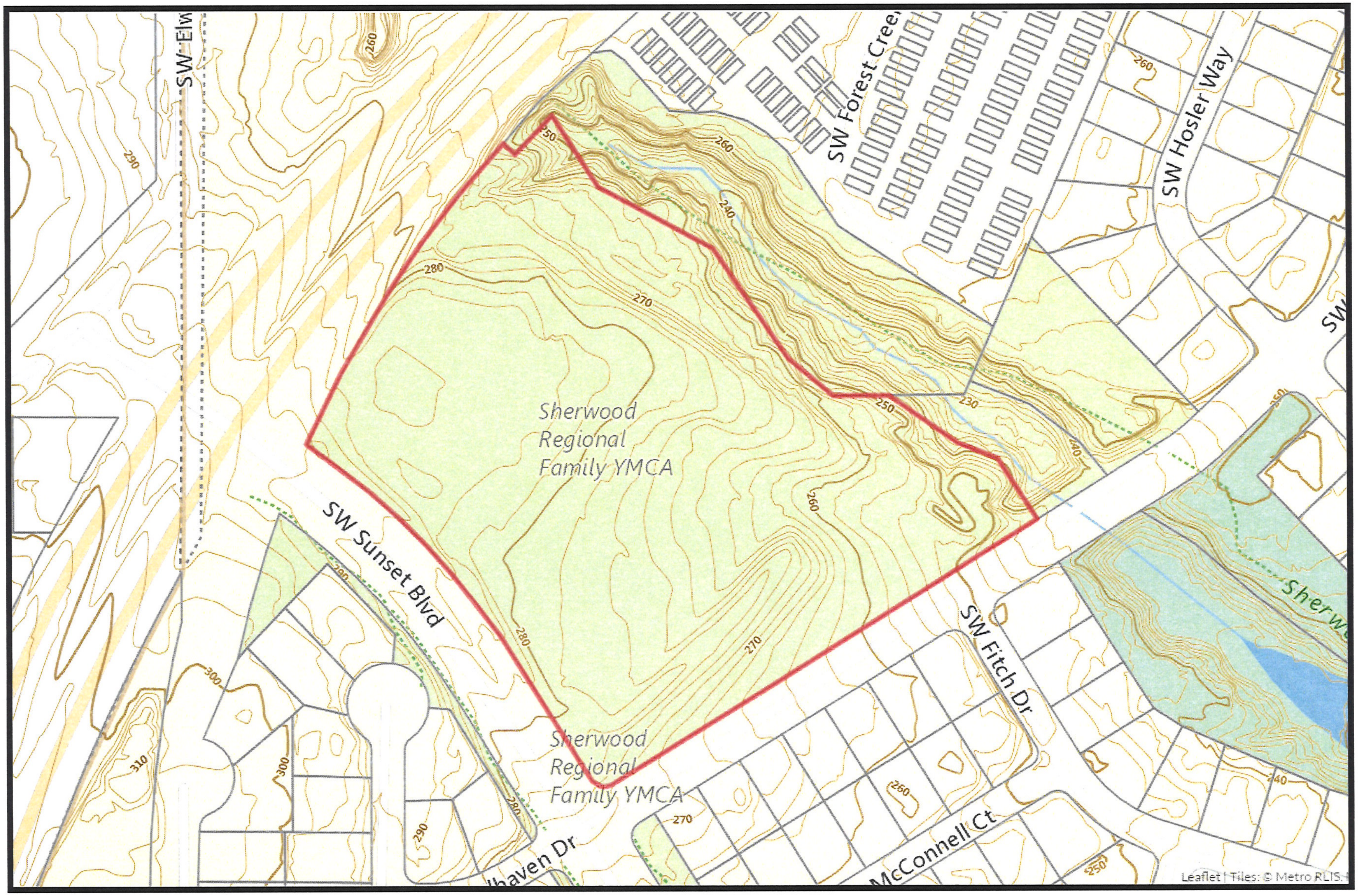


City of Sherwood UGB Expansion Study Areas Map

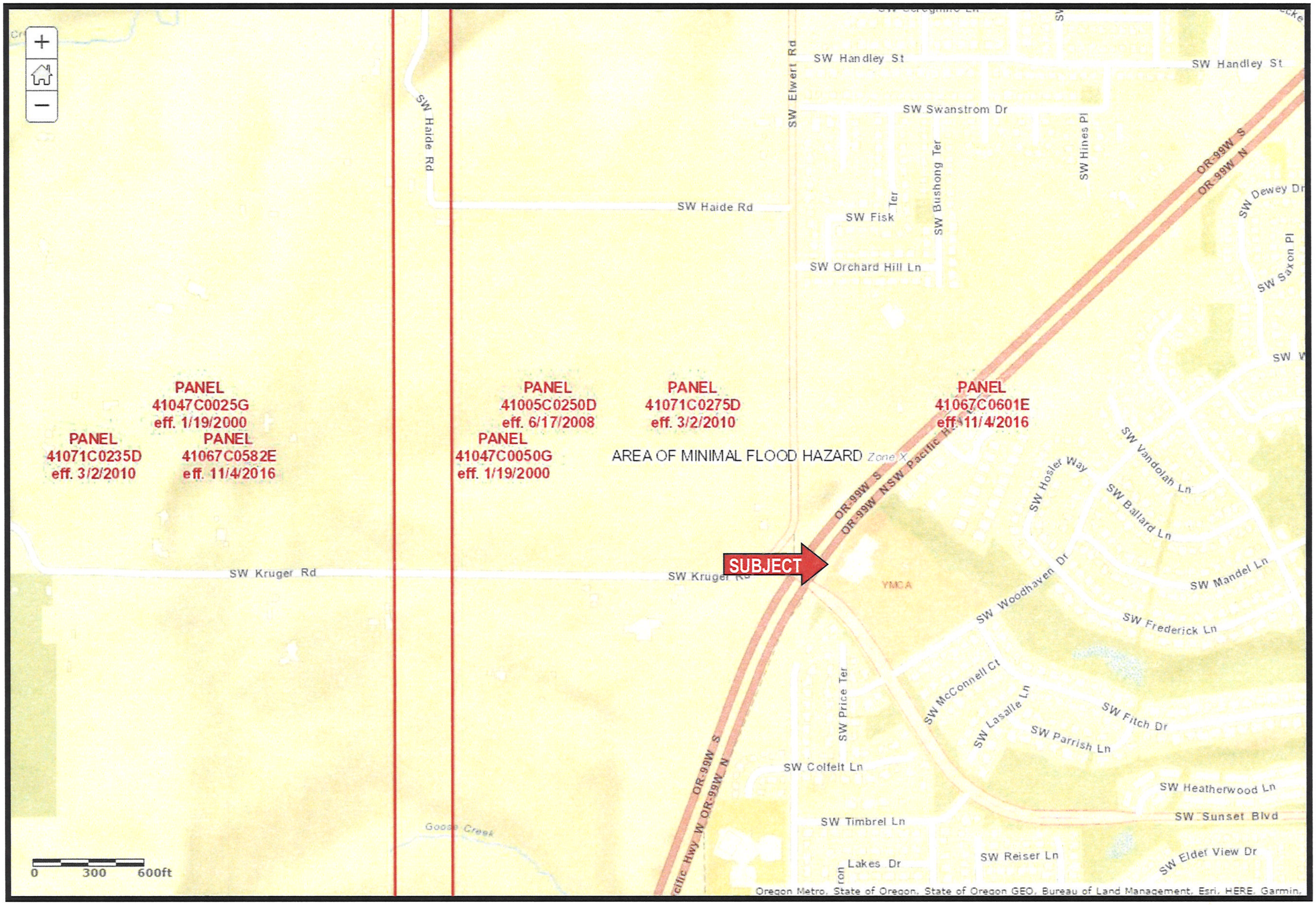
Figure 6. Floodplains and Wetlands (Title 13 Lands Inventory), Sherwood West



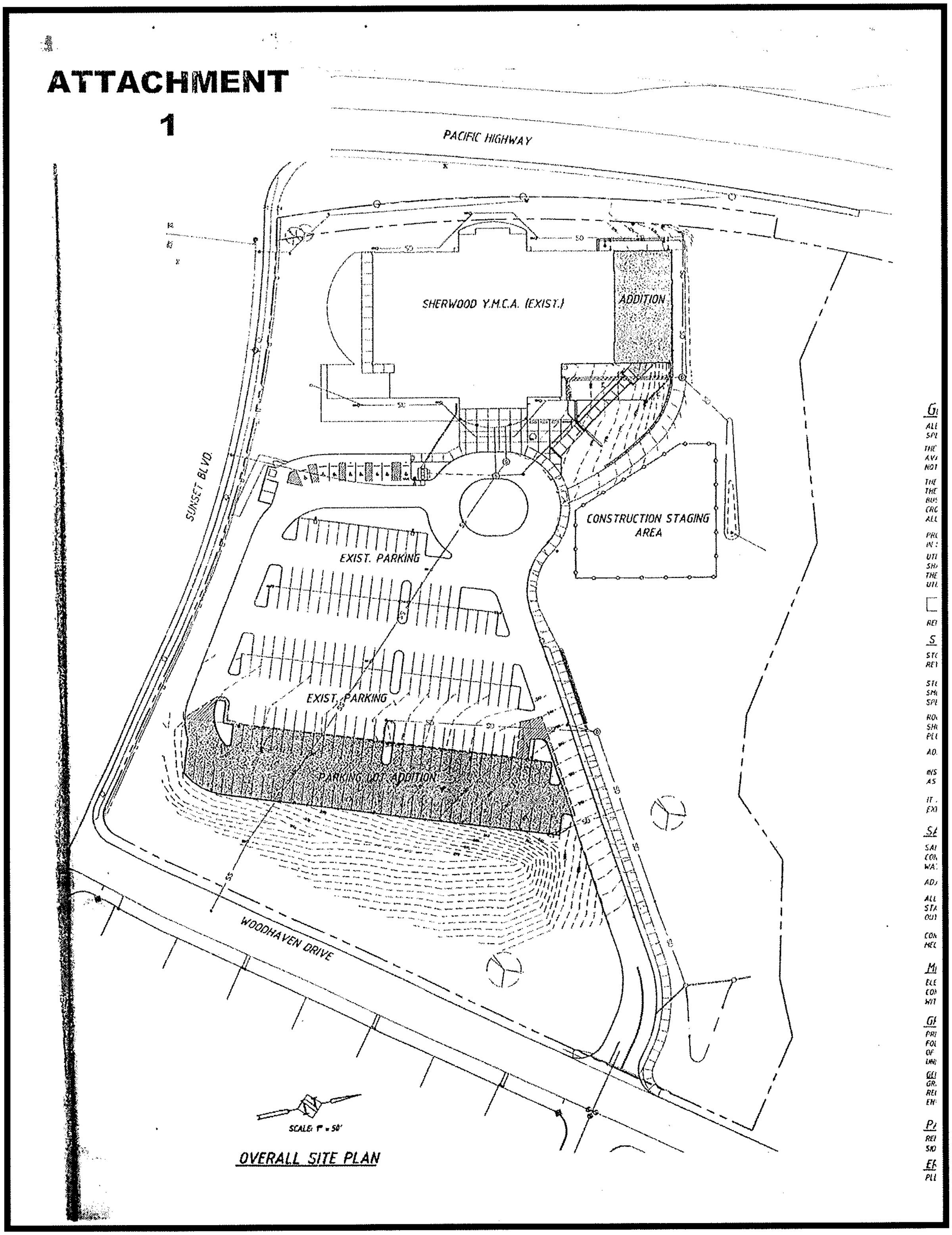
Sherwood West Floodplains and Wetlands Inventory Map


SW Elw
SW Forest Creek
SW Hosler Way
Sherwood
Regional
Family YMCA
SW Sunset Blvd
SW Fitch Dr
Sherwood
Regional
Family YMCA
lhaven Dr
McConnell Ct
Leaflet | Tiles: © Metro RLIS

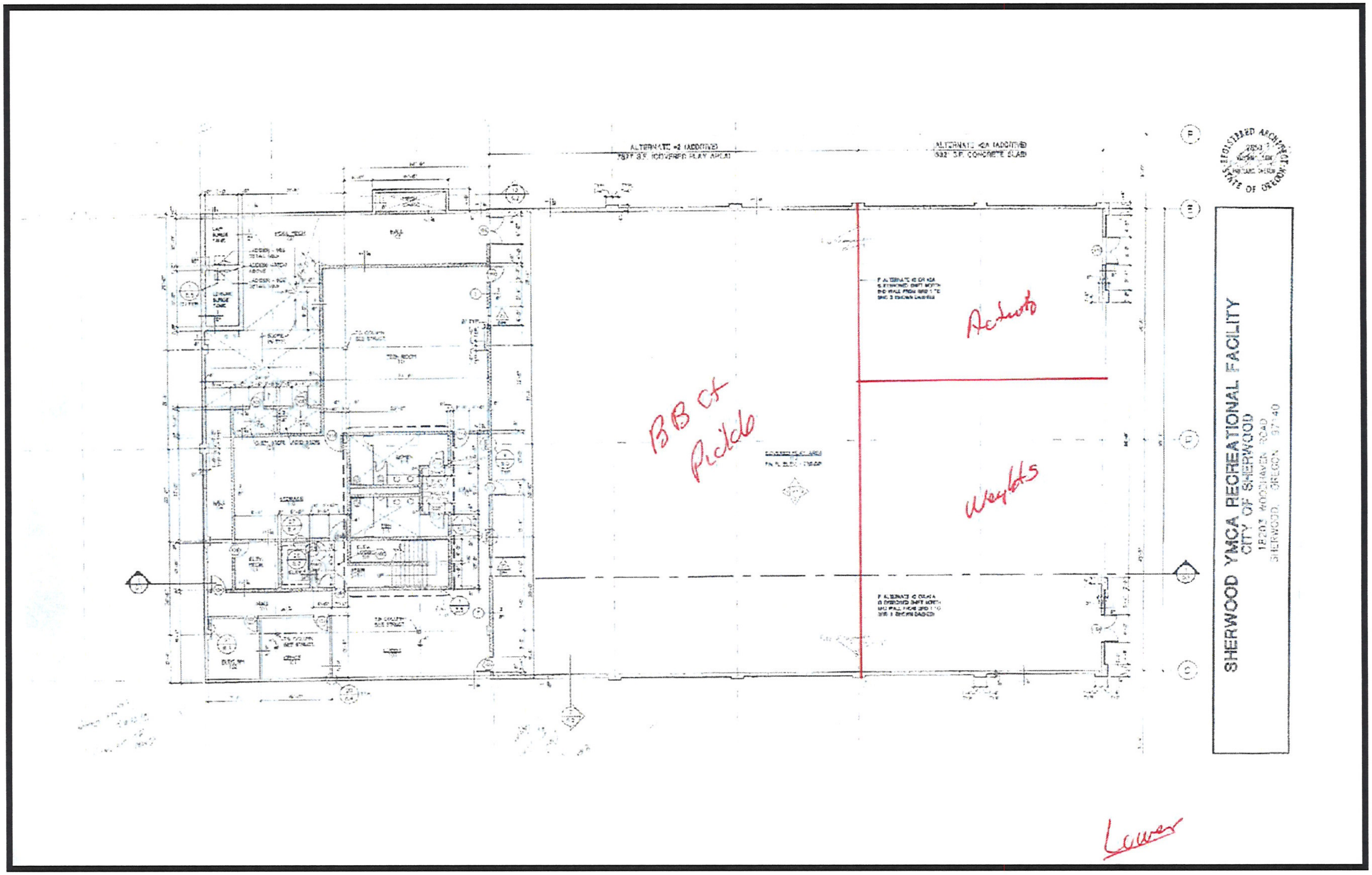
Contour Map



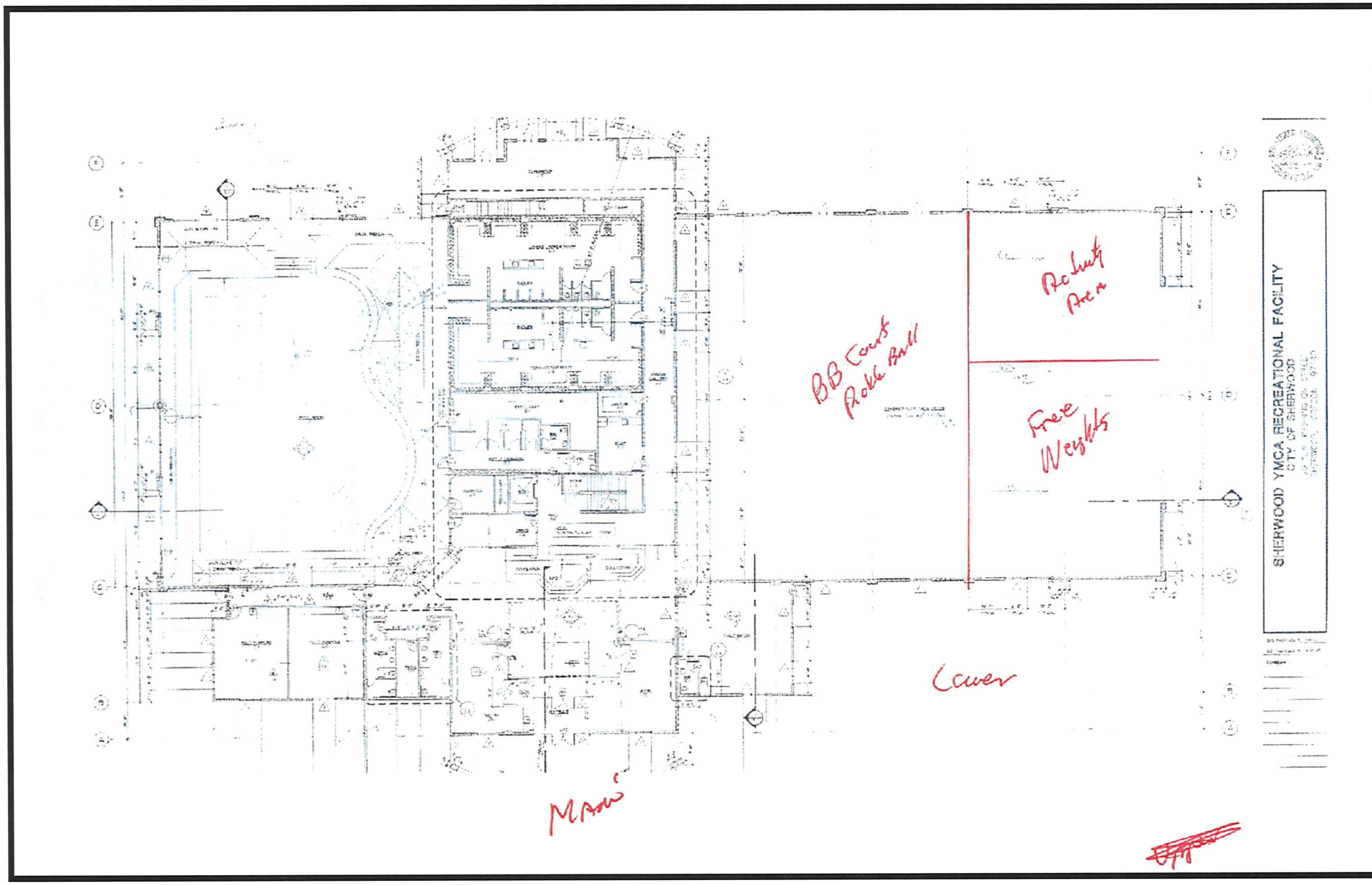
FEMA Flood Hazard Map


ATTACHMENT 1
PACIFIC HIGHWAY
SHERWOOD Y.M.C.A. (EXIST.)
ADDITION
SUNSET BLVD.
CONSTRUCTION STAGING AREA
EXIST. PARKING
EXIST. PARKING
PARKING LOT ADDITION
WOODHAVEN DRIVE
SCALE: 1" = 50'
OVERALL SITE PLAN

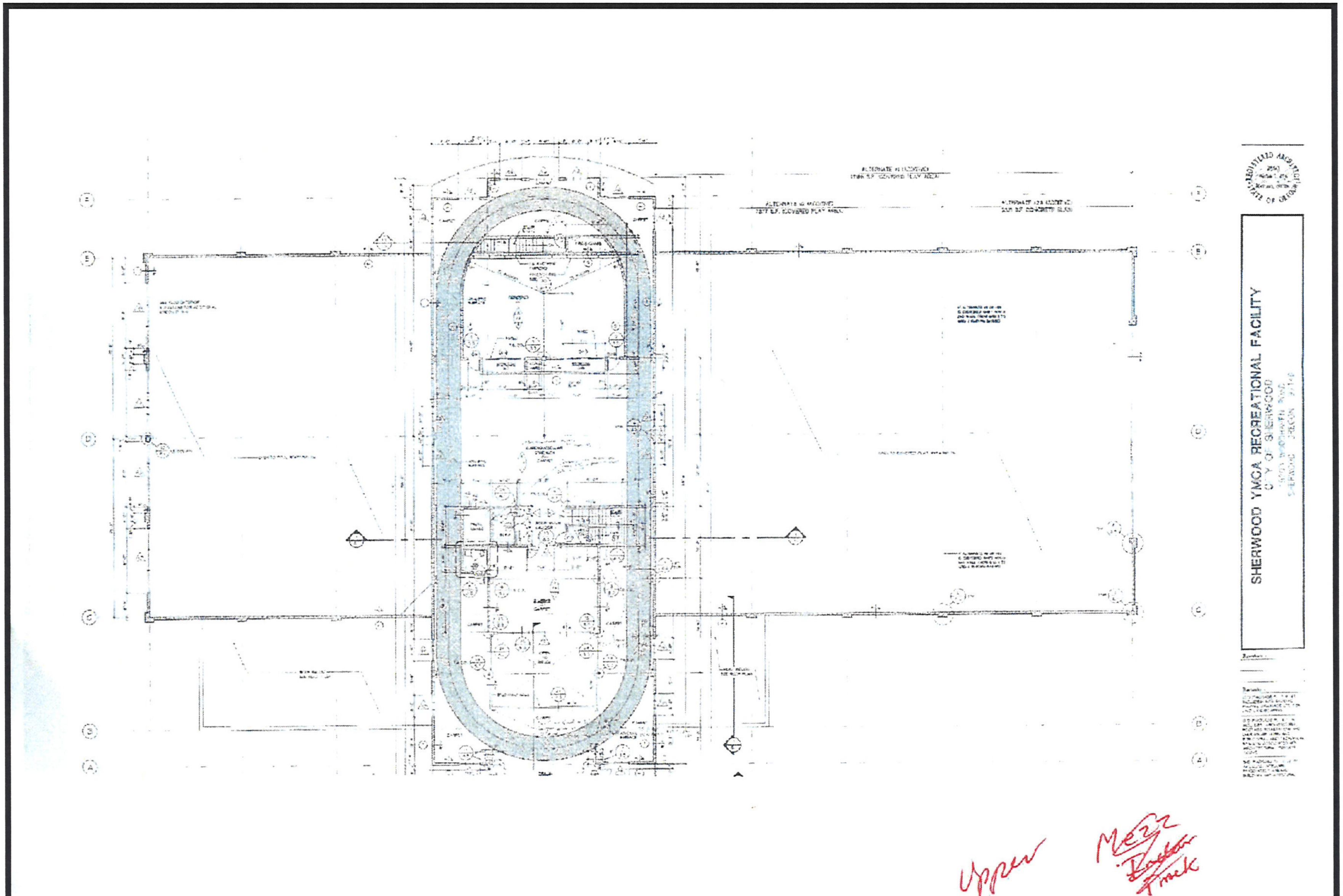
Site Plan


SHERWOOD YMCA RECREATIONAL FACILITY
CITY OF SHERWOOD
BB Ct
Pickle
Activity
Weights
Lower

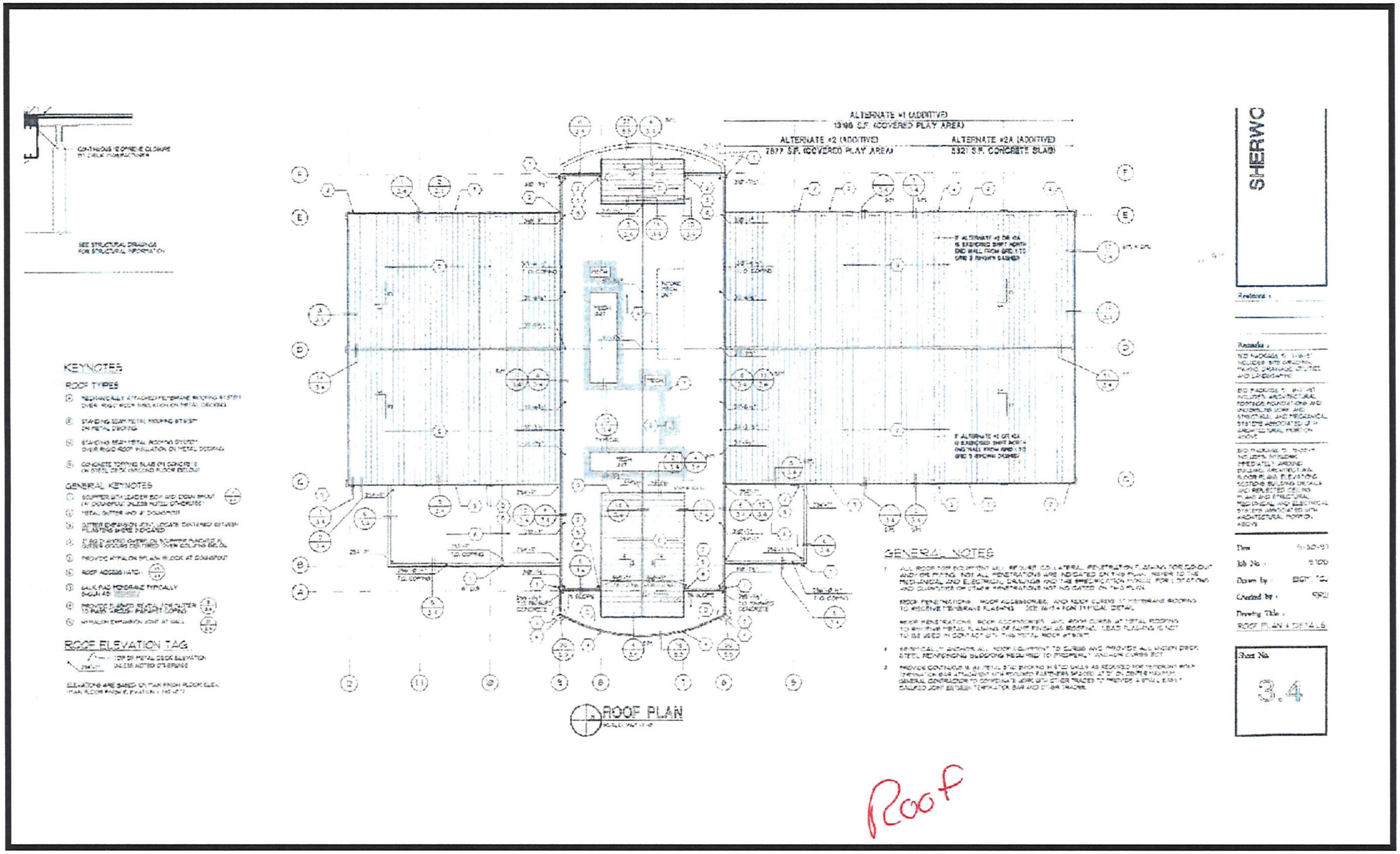
Floor Plans


SHERWOOD YMCA RECREATIONAL FACILITY
CITY OF SHERWOOD
BB Court
Pickle Ball
Activity Area
Free Weights
Lower
Main

Floor Plans


SHERWOOD YMCA RECREATIONAL FACILITY
CITY OF SHERWOOD
Upper
Mezz
Track

Floor Plans



Roof

Floor Plans

Valuation by Sales Comparison Approach

A diligent search of the marketplace revealed several meaningful market comparisons, the more substantive physical and transactional characteristics of which have been summarized in the following tabulation.

[redacted]

The first comparable is the former [redacted] located in the [redacted] of close-in [redacted]. It consisted of a 32,586 square foot athletic club comprised of exercise areas, 4-lane indoor swimming pool, locker rooms, indoor track, bistro, kitchen and administrative offices. It was situated upon a 1.7 acre site that was zoned Commercial Storefront. It also had six racquetball courts and a full-size basketball court. The improvements were built in 1983 and were reportedly in generally average condition. The land to building ratio was approximately 2.27:1, whereas the improvement coverage ratio was roughly 44 percent. There were 60 on-site parking spaces which resulted in a ratio of 1.84 spaces per 1,000 square feet of floor area. The property was exposed to the marketplace through a regional broker at an asking price of $5,900,000 without success. The asking price was reduced to $3,700,000 coincidental with the listing being placed with another regional broker. The club had reportedly been struggling subsequent to the 2008 recession. A private loan was made to the owner/operator which defaulted. The property was foreclosed upon by the lender and the marketing plan reformed based upon a highest and best use as a redevelopment site. The property was eventually [redacted] was considered to be market value as to land only. There was no value attributed to the existing improvements. This was reported to be an open market transaction in all respects.

The [redacted] in close-in [redacted]. The curved building [redacted] and was designed by Stan Boles to blend into an adjoining hillside. The building has approximately [redacted] of floor area and was initially constructed in 1977. It is situated upon a [redacted] that is zoned Neighborhood Commercial. There are 99 on-site (under building) parking spaces. It was initially [redacted] as a net lease investment based upon a [redacted] capitalization rate. The lease was negotiated at a starting rent of [redacted]. This was a sale lease-back transaction. Subsequently, [redacted] during the 2008 recession and the owner replaced the tenant with [redacted] which was

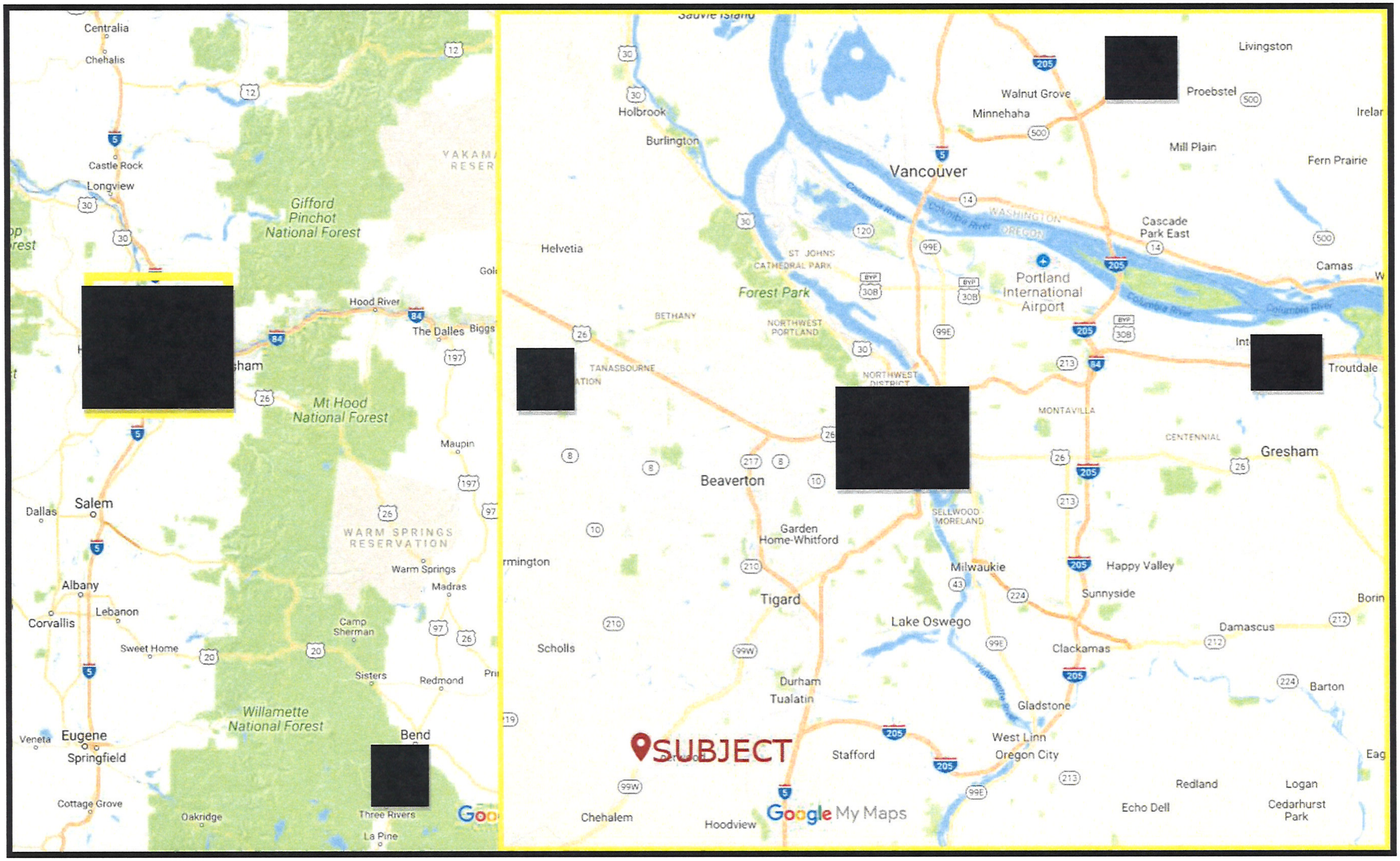
Valuation by Sales Comparison Approach, Cont'd.

Health/Fitness Club Comparative Sale Summary				
Comparable	1	2	3	4
APN	[redacted]	[redacted]	[redacted]	[redacted]
Location	[redacted]	[redacted]	[redacted]	[redacted]
Branding	[redacted]	[redacted]	[redacted]	[redacted]
Status	[redacted]	[redacted]	[redacted]	[redacted]
Amenities	Exercise rooms, pool, locker rooms, courts, indoor track, offices, restaurant, kitchen	Exercise rooms, pool, courts, locker rooms, indoor/outdoor track, offices	Exercise rooms, pool, courts, locker rooms, indoor/outdoor track, offices	Exercise rooms, pool, courts, locker rooms
Gross Bldg Area SF	32,586	68,600	6[illegible]600	33,000
Condition	Average	Average	Average	Average
Year Built	1983	1977	1977; 2[illegible]09 remodel	1998
Construction Type	CMU	CMU	CMU	CMU
Zoning	CS; Commercial Storefront	CN2; Neighborhood Commercial	CN2; Neighborhood Commercial	[illegible]CC; Commercial
Site Size AC	1.70	1.71	1.71	3.18
Site Size SF	74,052	74,48[illegible]	[illegible]4[illegible]88	138,521
Coverage Ratio	44.00%	9[illegible]10%	92.[illegible]0%	23.82%
Land/Building Ratio	2.27	1.09	1.0[illegible]	4.20
Utility	Competitive	Competitive	Competitive	Competitive
Synergy	Close-in SW Portland	Close-in SW Portland	Close-in SW Portland	Surrounded by Box Retailers
On-Site Parking Spaces	60	99	99	198
Parking Spaces/1,000 SF	1.84	1.44	1.44	6.00
Gross Income	----	Net lease tenant	----	Net lease tenant
Expenses	----	----	----	----
Net Income	----	$816,000	----	$402,000
Net Income/SF	----	$11.90	----	$12.18
Time on Market	+/- 3 Years	+/- 1 Year	+/- 1 Year	+/- 1 Year
Terms of Sale	Market - Cash to seller	Market - Cash to seller	Market - Cash to seller	----
Seller	[redacted]	[redacted]	[redacted]	[redacted]
Buyer	[redacted]	[redacted]	[redacted]	[redacted]
Document	[redacted]	[redacted]	[redacted]	[redacted]
Sale Date	[redacted]	[redacted]	[redacted]	[redacted]
Effective Sale Price	[redacted]	[redacted]	[redacted]	[redacted]
Price/SF GBA	[redacted]	[redacted]	[redacted]	[redacted]
Capitalization Rate	----	[redacted]	Confidential	[redacted]
Purchase Motivation	Redevelopment	Investor	PDX Under Armour HQs	Leased June, 2014
Source	[redacted] Listing Broker [redacted]	[redacted] Listing Broker [redacted]	[redacted] Listing Broker [redacted]	[redacted] Listing Broker [redacted]

Valuation by Sales Comparison Approach, Cont'd.

Health/Fitness Club Comparative Sale Summary

Comparable	5	6	7	8
APN	[redacted]	[redacted]	[redacted]	[redacted]
Location	[redacted]	[redacted]	[redacted]	[redacted]
Branding	[redacted]	[redacted]	[redacted]	[redacted]
Status	[redacted]	[redacted]	[redacted]	[redacted]
Amenities	Exercise rooms, pool, locker rooms	Exercise rooms, pool, courts, locker rooms	Exercise [illegible]oms, [illegible]l, courts, locker rooms	Exercise rooms, pool, locker rooms, "Flow Rider", snack bar, rock climbing wall
Gross Bldg Area SF	55,462	67,238	[illegible]5,000	29,135
Condition	Fair-Average	Average	[illegible]e - Good	Average
Year Built	1986 / 2007 remodel	2000	2008	2005
Construction Type	CMU	CM[illegible]	CMU	CMU
Zoning	CXdg; Commercial	[illegible]CB[illegible]; [illegible]ss [illegible]ark	CC; Co[illegible]rc[illegible]l	SUCN; Commercial
Site Size AC	2.04	[illegible]	[illegible].56	10.17
Site Size SF	88,862	[illegible]88,6[illegible]5	1[illegible]5,18[illegible]	443,005
Coverage Ratio	62.41%	35.65%	29.00%	6.58%
Land/Building Ratio	1.60	2.81	3.45	15.21
Utility	Competitive	[illegible]mpeti[illegible]	Competitive	Competitive
Synergy	Close-in SW Portland/Waterfront	O[illegible]nco St[illegible]ion	Palms Plaza	Sun River Resort
On-Site Parking Spaces	83	174	203	132
Parking Spaces/1,000 SF	1.50	2.59	4.51	4.53
Gross Income	Net le[illegible]nt	Net lease tenant	Net lease tenant	----
Expenses	[illegible]---	----	----	----
Net Income	$8[illegible]2,640	$664,311	$850,500	----
Net Income/SF	$[illegible]	$9.88	$18.90	----
Time on Market	+/- 9 Months	Over 1 Year	+/- 1 Month	+/- 2 Years
Terms of Sale	[redacted]	[redacted]	Market - Cash to seller	Market - Cash to seller
Seller	[redacted]	[redacted]	[redacted]	[redacted]
Buyer	[redacted]	Expired listing	[redacted]	[redacted]
Document	[redacted]	Expired listing	[redacted]	[redacted]
Sale Date	[redacted]	Expired listing	[redacted]	[redacted]
Effective Sale Price	[redacted]	[redacted]	[redacted]	[redacted]
Price/SF GBA	[redacted]	[redacted]	[redacted]	[redacted]
Capitalization Rate	[redacted]	[redacted]	[redacted]	----
Purchase Motivation	Investor	Available	Investor	Reposition
Source	[redacted] Listing Broker [redacted]	[redacted] Listing Broker [redacted]	[redacted] Co-Listing Broker [redacted]	[redacted] Listing Broker [redacted]



Comparable Sales Location Map

Valuation by Sales Comparison Approach, Cont'd.

[redacted]

based in Seattle at the same lease rate. After one year that tenant failed and was [redacted]. The purchaser in 2007 anticipated a long-term repurpose/redevelopment plan. Improving market conditions resulted in an agreement being negotiated with [redacted]. That transaction was negotiated in April [redacted] through base rent in addition to all tenant improvements. Concurrently, [redacted] was leased on a month to month basis but not included in the sale. The parking lot had been available during the recession when the adjoining ADP occupied building went vacant. The initial transaction was considered to be market only on the basis of a net lease investment, as was the most recent transaction. The interceding [redacted] were considered to be "placeholder" tenants until redevelopment could be justified.

The fourth comparable is a former Bally [redacted] Avenue which is a moderately traveled corridor. The building resides upon a 3.1 acre site that is zoned Town Center Commercial. The building was constructed in 1998 and is attractively designed concrete block construction. The building has approximately 23,000 square feet of floor area and was designed to accommodate an upper floor level if needed. The location of the property is proximate to the Gresham Central Business District. The land to building ratio is approximately 4.2:1, whereas lot coverage approximated 24 percent. There are 198 on-site parking spaces (6/1,000 SF). The property was purchased by an investor in October 1998 for $4,250,000 as a build-to-suit. It was initially leased to Bally Fitness at $402,000 annually ($12.18/SF). The facility was subsequently closed in order to increase the market share/penetration for the Gresham LA Fitness facility. It was subsequently placed on the market through a regional broker at an asking price of $4,995,000 and as a lease opportunity at $33,500 per month (NNN). The listing broker reported that there has been no interest in either a sale or lease other than a placeholder agreement to a church which began in June 2014 at

[redacted]

Valuation by Sales Comparison Approach, Cont'd.

[redacted]. The likely highest and best use of the property was considered to be eventual repurposing.

[redacted]

The fifth comparable is part of the [redacted] situated in the [redacted] District. This is the purchase of a 55,462 SF single-tenant, special-purpose commercial building that was occupied by [redacted] frame structure was built [redacted]. Exterior finishes and appointments included lap siding, vinyl windows, architectural roof with composition shingle surfacing and a decorative entry corridor. The interior has been built-out to support a gym and spa with open workout areas, indoor lap pool, soaking pool, spa, basketball and racquetball courts, locker rooms, group exercise areas and administrative offices. Interior finishes, systemics and appointments were reported to be highly competitive in support of its sport/recreational use and in average condition. The improvements reside upon [redacted] land with the balance of the site improved with perimeter landscaping, concrete pathways [redacted]. The property also has access to an additional 400 parking spaces. It was exposed to the marketplace for roughly nine months before selling at a negotiated purchase [redacted]. The purchase was conditioned upon 1031 exchange. An interview with the listing broker confirmed that the property was [redacted]. The lease was based upon a triple net expense structure with scheduled rent [redacted]. The listing broker confirmed that at the time of the sale the tenant had negotiated a short-term reduction in the [redacted] to help mitigate capital improvement expenditures. The contract lease rate was to resume within 12 months. The tenant was seasoned, but local with a personal guaranty. The overall rate reflects the creditworthiness of the tenant. It should be noted that the tenant subsequently defaulted on the lease. Notwithstanding this circumstance, the cash to seller transaction was reported to be market in all respects.

Valuation by Sales Comparison Approach, Cont'd.

[redacted]

The sixth comparable is the former [redacted] which is located in close proximity [redacted] surrounding the [redacted]. The building was constructed in [redacted] and has approximately [redacted] square feet of floor area on two levels. It is situated upon a 4.33-acre site that is zoned Business Park. It is within [redacted]. There is an adjoining 174-space parking lot in addition to reciprocal parking agreements with adjoining properties. The athletic club operation reportedly [redacted] after struggling for several years after the 2008 recession. It reopened in March [redacted]." It is being operated by a contract manager in the interim. The lease rate is equivalent to [redacted] on a triple net basis. Membership declined from a peak of 2,000 to 1,100 prior to failure. It had also been exposed to the market as a repurposing opportunity at an asking price of [redacted]. The capitalization rate at current rent is well below market at approximately [redacted]. Consequently, the asking price is not justified. An interview with the listing broker revealed that there has predictably been no interest in the property as an athletic facility on either a purchase or lease basis. It is anticipated that the building will be eventually repurposed into [redacted].

[redacted]

The seventh comparable is a [redacted] is a heavily traveled arterial. The tenant is the world's largest privately owned and operated fitness center chain with over [redacted] countries. It has [redacted] and over [redacted]. The improvement was constructed in 2008 and has approximately 45,000 square feet of floor area. It adjoins a newer neighborhood retail center and was originally a build-to-suit. Other tenants in the center include [redacted]. The property is being offered as a net lease investment with corporate guarantee. The lease [redacted]. The lease is structured on an absolute net basis with 10 percent increases at five-year intervals. The lease income for [redacted] corresponding capitalization rate for each period is [redacted]. The property was [redacted] investment. The broker believes that the property could [redacted] capitalization rate given current market conditions. The purchase motivation was purely that of a net lease investment based upon the credit strength of the tenant.

[redacted]

The eighth comparable is located adjacent to [redacted]. Development amenities include golf courses, horseback riding, water sports on the [redacted], hiking, biking, tennis and [redacted]. The facility formerly occupied as [redacted] and consists of two buildings which cumulative have approximately 29,135 square feet of floor area. The larger building is a recreational facility, whereas the smaller is a mechanical/storage structure. The buildings are wood-frame construction on a concrete slab foundation together with a standing seam metal roof and wood siding. The facility amenities and [redacted] outdoor hot tub, great room capable of supporting large gatherings and receptions, a 3,500 square foot cardio and weight room, 1,000 square foot indoor rock climbing wall, wireless cardio theater, basketball half-court, locker rooms, saunas, juice bar and 132 on-site parking spaces. The improvements reside upon a [redacted]. The initial phase of the building was completed in 2005 which was a renovation of an existing building that was constructed for use as a church. The second phase was completed in 2007. Use of the property subject to a deed restriction can include general commercial, office, retail and other non-residential uses such as a recreational facility. The improvements may utilize [redacted] and undeveloped open space. [redacted] with which it has shared access and parking. A local lender obtained title to the property in 2015 by means of a deed in lieu of foreclosure. It was subsequently exposed to the marketplace through a regional commercial broker and sold in [redacted]. An interview with the listing broker revealed that it was the purchaser's initial intention to reposition the property as an assisted living facility. However, that type of land use was not permitted in the [redacted]

Valuation by Sales Comparison Approach, Cont'd.

operated in a more cost-effective manner. [redacted]." This was reported to be an open market transaction in all respects with the accepted offer being the only offer submitted during the course of marketing.

An analysis of this market presents a highly refined and relatively narrow range of purchase motivation, that being redevelopment/repositioning or, alternatively, acquisition as a net lease investment that was justified by a lease to a credit strength tenant. Interviews with numerous market participants did not result in the identification of any health club purchases by local private party/non-credit strength tenants that were even generally similar to the subject property as to age, condition, size, or quality. Net income per square foot can serve as a meaningful basis of comparison since rent typically arbitrates most property characteristic differences. However, it does not reconcile with this property type due to significant differences in perceived occupancy risk with the lowest NOI/SF having one of the highest price per square foot indications. Due to the fundamental lack of relevant market comparisons, the Sales Comparison Approach is considered to be a secondary valuation method that can be used only to establish broad unit value range thresholds with credit strength net lease deals falling at or above $200/SF and non-credit at roughly $100 to $175/SF. The market position of the subject property is primarily influenced and defined by its comparatively large size and location within what is essentially a well-defined, captured market area that is largely dependent upon the City of Sherwood and its immediately surrounding environs. As a result of frequent traffic congestion and a limited number of connecting transportation routes, migration to the nearby Tigard and Tualatin market areas is significantly tethered by a base travel time range of 12 to 15 minutes. Notwithstanding the strong likelihood of significant local population growth over the next decade as a result of aggressive annexation, the subject property will nonetheless continue to compete within a local trade base. Due to the unique branding requirements of the major health club operators, such as LA Fitness, 24-Hour Fitness and Club Sports, is it is more likely that the subject property would be purchased by a non-credit tenant. Due to these cumulative influences, it is the appraiser's opinion in conclusion that the subject property would likely be competitive at a unit value that falls near the lower extreme of the range reflected the comparables, or $100/SF. This translates into a market value indication by the sales comparison approach of $5,450,000 (rounded).

Valuation by Income Approach

The Income Approach is a valuation method that focuses upon the economic benefits of ownership which are then monetized into a value estimate utilizing direct capitalization. The subject property would most likely compete in the marketplace as a net lease investment opportunity if it were not purchased by an owner/operator. The following tabulation summarizes the operational history of the subject property for the calendar years 2013 through 2016.

Historic Operating Data				
	2013	**2014**	**2015**	**2016**
Revenues	$2,233,477	$2,256,207	$2,354,177	$2,470,632
Total Expenses	($2,292,955)	($2,355,551)	($2,427,766)	($2,522,966)
Occupancy	$364,643	$357,206	$372,138	$371,852
Occ/SF	$6.71	$6.57	$6.85	$6.84
Occ % Rev	16.3%	15.8%	15.8%	15.1%
EBIDTA	$59,478	$99,344	$73,589	($52,344)
Expense Ratio	97.30%	95.60%	96.90%	102.10%

As reflected in the preceding tabulation, revenues from all sources have steadily increased over the past 4 years with the exception of 2014. For calendar year 2016 gross revenues were $2,470,632, whereas, costs of operation excluding occupancy were $2,151,114. Costs of operation roughly approximated revenues, which is consistent with the YMCA mission statement. The cost of occupancy was $371,852, which was equivalent to $6.84/square foot relative to a gross facility area of 54,366 square feet. The cost of occupancy approximated 15.1 percent of gross revenues. Net operating income, excluding depreciation, was $64,957. The operating trend of the facility has remained relatively consistent since 2013, with cost of occupancy falling within a relatively narrow range of $6.57 per square foot to $6.84 per square foot. As a percentage of revenue, cost of occupancy ranged from 15.1 to 16.3 percent, with the most recent full year of operation falling at the lower extreme of that range. However, net operating income has remained essentially negligible, ranging from $5,708 in 2014 to $64,957 during 2016. It is therefore evident that under the current operational regime, cost of occupancy, which includes utilities and debt service but does not include property taxes inasmuch as YMCA is an exempt organization, cannot exceed roughly $7 per square foot annually in order to maintain financial feasibility without raising dues substantively.

As reflected in the Ballard King report, cost of occupancy during 2016, excluding constructive debt service, was $240,500. If that figure is subtracted from the total cost of occupancy of $371,852, the residual of $131,352 is available for debt service or lease payment. This is equivalent to roughly $2.42 per square foot of gross floor area.

The subject costs of operation are substantially inconsistent with the survey benchmarks associated with the 2016 IHRSA *Profiles of Success* survey (2015 data). The subject facility has physical, functional and operational characteristics that are representative of two uniquely different survey categories associated with the IHRSA survey, those being club facilities ranging in size from 35,000 to 60,000 square feet and a multipurpose club. The median rent (not total cost of occupancy) was [redacted]/square foot and [redacted]/square foot, respectively. It is evident that current YMCA operations cannot support a typical market rent obligation. This can be largely

Valuation by Income Approach, Cont'd.

attributed to revenues falling significantly below that associated with each of the club types. Based upon the typical revenue per membership unit for each facility type, the corresponding gross membership dues revenue was approximately $3,126,550 for clubs 35,000 to 60,000 square feet in size, whereas revenue for multipurpose clubs was $3,144,050. At the historical relationship of cost of occupancy to gross revenues of roughly 15 percent to 16 percent, the corresponding cost of occupancy allocation relative to typical revenues generated by the club types would generally approximate $500,000 annually.

As reflected in the following tabulation based upon information published in the Ballard King report, membership growth has consistently increased for the YMCA facility over the past four years, with the number of memberships as of September 30, 2016 being 2,813. This represented roughly a 12.3 percent increase relative to 2015. Membership retention is comparatively high at 70 percent as of September 30, 2016. It is nonetheless evident that even with positive membership growth, revenues are still insufficient to support a competitive market rent consistent with the IHRSA survey data. This can be attributed to a variety of reasons, including but not limited to, the generally below-market membership cost structure and broad range of recreational opportunities supported by the YMCA.

Membership Unit Trend				
	2013	2014	2015	2016
Membership Units	2,390	2,378	2,506	2,813
Change (%)	----	----	+5.4	+12.3
Retention	NR	NR	NR	70%
Attrition	NR	NR	NR	30%

Health, wellness and fitness clubs are generally categorized by independent or franchise operations as further defined by "fitness only," "chain clubs," "multi-purpose clubs" and "independent clubs." Each has unique physical, functional and operational attributes. This circumstance, combined with the subject fringe suburban community location, results in a fundamental lack of relevant lease rate comparisons. Consequently, an economic rent estimate for the subject property has been developed utilizing the 2016 IHRSA market survey (2015 calendar year). As reflected in the following tabulation, the subject property is physically and functionally most similar to the 35,000 to 60,000 square foot and multipurpose categories. As reflected in the following tabulation, the median rent/lease expense allocation for a multipurpose facility was 1.8 percent of gross revenue, which was equivalent to [redacted] annually. The mean building size for this category was [redacted] square feet, with the resulting nominal rent/lease figures approximating [redacted]/square foot annually on a net expense basis. As to the 35,000 to 60,000 square foot building category, the rent/lease expense allocation was [redacted] percent of gross revenue, which was equivalent to [redacted]. The mean building size was 51,042 square feet, with the resulting nominal rent per square foot equivalent being [redacted]. On the basis of revenue per member, the number of subject membership units as of September 2016 was 2,813, as reflected in the Ballard King report. As verified with management, the current membership level

Valuation by Income Approach, Cont'd.

approximates 3,000. For both the 35,000 to 60,000 square foot and multipurpose facility categories, the median number of members was [redacted]. The revenue per member was [redacted] (35,000 to 60,000 square foot category) and [redacted] (multipurpose), which translates into a revenue range of [redacted] to [redacted]. Under a typical operational regime, market membership revenues should therefore approximate [redacted] annually. This is bracketed by the IHRSA survey revenue equivalents of [redacted] (35,000 to 60,000 square foot category) and [redacted] (multipurpose). Consequently, it can be reasoned that the subject facility would be operationally competitive at an annual lease rate of [redacted]/square foot on a triple net basis.

[redacted]

Category	All Clubs	Multiperpose	Fitness	Chain	35-60K SF	60K+ SF
Rent/Lease	4.8	1.8	13.6	0.6	0.9	0.1
RE Taxes	2.0	2.4	0.6	2.1	1.9	2.9
Utilities	5.0	5.4	2.8	5.5	5.7	5.2
Insurance	1.2	1.5	0.9	1.4	0.9	1.4
Other	2.4	3.2	0.8	0.7	5.1	1.8
% EBITDA	15.4	14.3	18.7	10.3	14.5	11.4
Revenue (M)	[redacted]					
$ Equipement						
Mean Bldg SF						
COO/SF						

The functional configuration of the subject facility is most similar to that of a multipurpose club, inasmuch as it can support a broad range of different recreational and other activities simultaneously on three floor levels and in numerous dedicated rooms. It is a comparatively large facility by most market standards, with large-scale national chain facilities being the only exception. It is important to note that very large facilities are commonly build-to-suit structures or industrial buildings that have been adapted to this type of use. Perhaps the most meaningful and relevant example of a large-scale multipurpose facility that was not located in a structure that could be placed to adaptive reuse was the YMCA facility located at Dunaway Park at the fringe of the Portland Central Business District. This facility ultimately failed and has since been redeveloped as a corporate headquarters.

As a test of reasonableness, the following health/fitness club lease rate survey has been developed utilizing the comparables cited in the Sales Comparison Approach. There are essentially two fundamental types of occupancy. First, credit tenants such as 24-Hour Fitness and Team Fitness typically lease on a long-term basis at a range of approximately [redacted] to [redacted] per square foot on an absolute net basis. Commonly, the lease rate is the result of a sale and leaseback/build-to-suit arrangement. Alternatively, placeholder tenants, such as the church leasing the former [redacted], and facilities that are repositioning, typically lease at a significantly lower rate.

Valuation by Income Approach, Cont'd.

Health/Fitness Club Lease Rate Survey				
Branding	[redacted]			
Address				
Age/Remodel	1977 / 2009	2000	2008	1998
Size (SF)	68,600	67,238	45,000	33,000
Commence	2007	2015	2008	2014
Term	Failed 2008	Unknown	15 Years	Short Term
Rent/SF/Year	$11.90	$9.88	$18.90	$10.80
Expenses	NNN	NNN	NNN	NNN
Options	Unknown	Unknown	3 x 5 Years	Unknown
Strength	Credit	Non-Credit	Credit	Non-Credit

The lease rate associated [redacted] market as a result of the [redacted]. The lease rate negotiated for [redacted] is also considered to be marginally superior to the subject as a result of its favorable location in close proximity to [redacted] facility lease rate [redacted] is also above that which can be reasonably anticipated for the subject as a result of its short-term nature. There is no similarity between the subject and [redacted], which was a net-leased investment. [redacted]

[redacted] located in the greater Portland Metropolitan Area have closed subsequent to the 2008 recession.

	Location	Brand	Chain	Status	Operating	Branded	Branded Survivors	Non-Branded Survivors	Branded Closed	Non-Branded Closed
1	[redacted]		No	Closed						1
2			No	Operating	1			1		
3			Yes	Closed		1			1	
4			Yes	Closed		1			1	
5			No	Closed						1
6			Yes	Closed		1			1	
7			No	Closed						1
8			No	Operating	1			1		
9			Yes	Operating	1	1	1			
10			Yes	Operating	1	1	1			
11			No	Closed						1
12			No	Closed						1
13			Yes	Operating	1	1	1			
14			No	Closed						1
15			Yes	Closed		1			1	
16			No	Closed					1	
					5	7	3	2	5	6
	[redacted]									
	Still Operating	31.25%								
	Percentage of Health Clubs Branded	43.75%								
	Branded Survivors	60.00%								
	Non-Branded Survivors	40.00%								
	Branded Closed	45.45%								
	Non-Branded Closed	54.55%								

There is no survey data available as to health/athletic club vacancy rates. Based upon a review of leasing activity and the market data presented in the Sales Comparison Approach, it is evident that fitness-only facilities are typically a build-to-suit for national chain operations with the

Valuation by Income Approach, Cont'd.

initial lease term typically being 10 years with options to extend. It is also evident that the operational sufficiency of a facility is the sole basis for the exercise of subsequent options to extend or to vacate. Once vacated, it is typically possible to locate a replacement tenant although that is commonly associated with a significant reduction in rent. As evidenced by several of the health/athletic club facilities identified in the Sales Comparison Approach, turnover can, in many instances, be at highly imponderable intervals. Many health/athletic clubs failed between 2008 and 2012 which can in part, be attributed to a severe economic recession that commenced in 2008. Regardless, it can be reasonably concluded that a knowledgeable purchaser would budget at least a one-year contingent vacancy allowance at the end of an initial 10-year lease term so as to mitigate risk associated with the inability to negotiate a satisfactory extension period lease rate. This would mathematically result in a 10 percent vacancy allowance.

In regard to costs of operation, all of the leases investigated, including the subject, are structured on a net basis wherein the tenant/lessee is responsible for all costs of occupancy. The landlord/investor will still nonetheless incur unrecoverable expenses as to structural reserves and executive management, each of which have been budgeted at 2 percent of effective revenue. The following annual property operating data (APOD) schedule has therefore been developed for the subject property utilizing information available to an informed purchaser as of the valuation date and reasonable forecasts:

Annual Property Operating Data		
Market Rent	$9.00/SF x 54,366 SF (RFA)	$489,294
Less: Vacancy/Turnover Allowance	10.0%	($48,929)
Effective/Collected Revenue		**$440,365**
Less: Nonreimbursable Costs of Operation	4.0%	($17,615)
Estimated/Forecasted Stabilized Net Operating Income		**$422,750**

In regard to capitalization rates, the transactions that were cited in the Sales Comparison Approach demonstrated a relatively narrow range of approximately 8.0 to 9.0 percent. However, three of the four comparisons were associated with credit-strength tenants. The purchase of the [redacted] in 2014 ultimately resulted in closure of the facility and lease failure. The sale of Comparable 7 was influenced by market conditions at the time of sale with the capitalization rate falling at the upper extreme of the range at [redacted] percent notwithstanding a credit-strength tenant ([redacted]). The Fourth Quarter 2016 Price Waterhouse Cooper (PWC) *National Net Lease Market Survey* revealed an overall capitalization rate range of [redacted] percent as to all property types relative to an average of 8 percent. It is important to recognize that the survey data was associated with an institutional credit tenant, 10- to 15-year leases and primary single-tenant occupancy. As of the valuation date, the subject property is fully occupied and stabilized as to membership. However, it is not leased to an institutional grade, credit-strength tenant. The operational profile of the subject property, counterbalanced by non-credit tenant risk and small trade base location which creates challenges for repositioning and/or rebranding, influences the appraiser to a capitalization rate near the upper extreme of that demonstrated and supported by the direct market comparisons and [redacted] survey, or 9.0 percent.

Valuation by Income Approach, Cont'd.

Dividing the previously estimated net operating income of $422,750 by that capitalization rate results in a value indication by the Income Approach of $4,700,000 (rounded).

The preceding analysis is relevant only in the context of the subject property being leased to a qualified health club operator at market rent. The city of Sherwood recently issued a request for proposals in an attempt to evaluate options alternatives recognizing that the current agreement with the YMCA were not to be extended beyond its original 20 year term which in zone October 31, 2017. In addition to the YMCA, there were responses to the RFP submitted by health fitness located in Minneapolis, Minnesota sports facilities management LLC located in Clearwater, Florida the Tualatin Hills Park and Recreation District, which is a local agency local public agency and United pool management of Roswell, Georgia. The responses were redacted in order to protect confidentiality. However, it was nonetheless evident that the responders, with the exception of Tualatin Hills Park and Recreation District, were seeking to enter into a long-term fee-based management agreement which would not impose any equity obligation on the part of the operator. While it may have been outside the perceived scope of the RFP, it is nonetheless interesting to note that there were no apparent expressions of interest as to an outright purchase of the property by any local, regional or national health club operator. As discussed in the highest and best use analysis, the locational attributes of the subject property generally meet all of the fundamental criteria established by IHRSA in the current market environment. Recognizing that the city will undergo considerable expansion over the next decade, it would seemingly be a foregone conclusion that the Sherwood market characteristics would only become more favorable to a larger scale multi purpose club operation primarily due to extremely limited proximate competition and transportation infrastructure challenges that constructively result in a relatively small geographic trade base. Access to the subject property can only be accommodated from the north and south by Highway 99 or from the east and west by Tualatin Sherwood Road. Further west is a low density rural area, whereas a majority of what could be reasonably considered primary competition is located to the east in and about Tigard, Tualatin and Wilsonville. Traffic congestion on Highway 99 and Tualatin Sherwood Road would likely frustrate club member migration from any of the nearby communities.

The subject property may also represent an owner/user opportunity as evidenced by a majority of the comparables cited in the Sales Comparison Approach having that purchase motivation. The purchase motivation can be investment when there is a credit strength tenant. The Income Approach is given primary consideration inasmuch as the market rent estimate is well supported by the factual operating profile of the subject which is generally consistent with performance benchmarks established by the IHRSA survey. The risk profile of the subject, given its established location and the likelihood of strong local population growth, reconciles with the capitalization rate selected. Conversely, most of the comparables cited in the Sales Comparison Approach likely exhibit an unachievable value threshold for the subject as net lease credit tenant investments, or are distressed sales at depressed pricing. Given all considerations, it is therefore the appraiser's opinion and conclusion that the subject property consisting of both land and improvements would be competitive in the marketplace at a value that falls essentially mid-point

Valuation by Income Approach, Cont'd.

of that reflected by the sales and income approaches, or $5,000,000 under a market based third party operational regime.

Hypothetical Land Valuation

Consistent with the scope of work associated with this assignment, a market value estimate of the subject property underlying site, as if vacant and available for development, is to be developed and supported. Inasmuch as the subject site is currently improved with the YMCA facility, the value opinion is necessarily hypothetical in nature inasmuch as it represents a value opinion that is based upon a predication that is contrary to fact. As previously described, the area of the subject site is approximately 8.73 acres, whereas its developable area likely approximates 7.61 acres after adjustment for riparian corridor and visual corridor setbacks imposed by zoning. It is zoned Low Density Residential which accommodates a density range of approximately 3.5 to 5.0 lots per acre which translates into a density range of approximately 31 to 44 lots relative to the gross area of 8.73 acres and approximately 27 to 38 lots relative to the developable area. The resulting nexus is therefore a more likely range of approximately 31 to 38 lots which meets the minimum and maximum density requirement on both a gross and net developable area basis. The relevant valuation method is the Sales Comparison Approach. Inasmuch as land cannot be created, the Cost Approach is not applicable. Similarly, residential development land is not purchased as a long-term income producing investment, thus it is also not applicable. The appraiser has conducted relevant research focusing upon the acquisition of residential development land having a similar development potential to that of the subject with the following market comparisons considered to be the most meaningful to this analysis.

Hypothetical Land Valuation, Cont'd.

Residential Development Land Comparables

Comparable	**1**	**2**	**3**	**4**	**5**	**6**	**7A**	**7B**	**8**
Assessor Parcel	[redacted]								
Development									
Location									
Use at Sale	Residence, surplus land	Residences, surplus land	Former OMD Armory	Residences, surplus land	Residence, surplus land	Residence, surplus land	Residence, surplus land	Residence, surplus land	Residence, surplus land
Access	Paved public	Paved public	Paved public	Paved public	Paved public	Paved public/private	Paved public/private	Paved public/private	Paved public/private
Utilities	All available	All available	All available	All available	All available	All available	All available	All available	All available
Topography	Gentle slope	Gentle slope	Gentle downslope	Level	Gentle slope	Gentle slope	Level	Level	Gentle slope
Zoning	R-4.5; Residential	R-6; Residential	R-4.5; Residential	R-7; Residential	R-4.5; Residential	R-5; Residential	R-4.5; Residential	R-4.5; Residential	R-4.5; Residential
Site Area (Acres)	2.25	5.70	6.62	1.8	6.08	2.315	3.45	3.45	2.66
Usable Area (Acres)	1.43	4.97	5.99	1.53	5.82	1.85	3.30	3.30	2.66
Anticipated Lot Yield	9	30	28	11	26	12	15	13	12
Gross Density	4.00	5.26	4.23	6.11	4.28	5.18	4.35	3.77	4.51
Net Density	6.29	6.04	4.67	7.20	4.47	6.49	4.54	3.93	4.51
Improvements	SFR - no value	(2) SFR (to be razed)	Special purpose	(2) SFR (1 retained)	(3) SFR (1 retained)	(2) SFR (to be razed)	SFR (to be razed)	SFR (to be razed)	SFR (to be retained)
Built	----	1959 / 1987	1971	1989	1930	1939/1950	----	----	----
AGLA (SF)	----	2,889 / 3,849	40,043	2,461	1,736	1,461/896	----	----	----
Condition	----	Average	Fair	Fair	Average	Fair	----	----	----
Outbuildings	----	Garage/Shop	4,379 SF shop	----	Garage	Garages	----	----	----
Improvement Value	None	None	None of value	$370,000	$400,000	None	----	----	DND
Entitlements	Preliminary approval	Preliminary approval	Zoning only	Preliminary approval	Preliminary approval	Preliminary approval	Preliminary approval	Preliminary approval	Preliminary approval
Seller	[redacted]								
Buyer									
Document									
Date									
Price	$630,000	$2,278,375	$1,632,425	$700,000	$1,700,000	$750,000	$1,300,000	$1,500,000	$899,998
Price/Gross Acre	$280,000	$399,715	$246,590	$388,889	$279,605	$323,974	$376,812	$434,783	$338,345
Price/Net Acre	$440,559	$458,426	$272,525	$458,409	$292,096	$405,844	$393,439	$453,968	$338,345
Price/Projected Lot	**$70,000**	**$75,946**	**$58,301**	**$63,636**	**$68,000**	**$62,500**	**$86,667**	**$115,385**	**$81,818**
Marketing	Solicitation	Solicitation	Solicitation	RMLS/Broker	Solicitation	Solicitation	Solicitation	Solicitation	Solicitation
Terms	Cash to seller	Cash to seller	Cash to seller	Cash to seller	CTS + NTD	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Vertical Build Value	*$475,000 - $550,000*	*$495,000 - $585,000*	*$450,000*	*$475,000 - $525,000*	*$475,000 - $500,000*	*$475,000 - $540,000*	*$500,000 +*	*$500,000 +*	*$509,950 - $560,000*
Source	[redacted]								

Residential Development Land Comparable Sale Location Map

Hypothetical Land Valuation, Cont'd.

[redacted]

The first comparable is located within a predominantly residential area near the southeasterly city limits of Tigard, Oregon. The market position of this location is differentiated by its convenient access to the I-5 Freeway as well as the Highway 99W/Highway 217 Freeway interchange (both located within 1 mile). This is the purchase of [redacted] residentially zoned site (R-4.5) that is irregular in shape and exhibits level to gently sloping topography. It had been improved with a single-family residence that was attributed no material value. All necessary infrastructure was proximate. The property was not exposed to the marketplace as the purchaser privately solicited the seller. The buyer agreed to retain the seller's residence and complete renovations to the home. The resulting effective price per raw lot was $70,000. The transaction closed in June, 2015 and was considered to be market in all respects. The buyer is an experienced developer who obtained preliminary approval for 9 homesites prior to closing at his sole expense. The buyer motivation was near-term development of single-family residences with a targeted vertical build price range of $475,000 to $550,000. The seller carried $120,000 in private funding with balance financed through a conventional lender. The developer reported that the development conditions imposed by the City of Tigard were onerous and the resulting development costs led to a reduction in the originally negotiated purchase price. A recent interview with the developer revealed that the vertical build agenda of the project has since increased to $525,000 and $675,000.

[redacted]

The second comparable is [redacted] subdivision known [redacted]. It is comprised by two tax lots which have a cumulative area of approximately 5.7 acres. All infrastructure needed to support development is available and contiguous. Each tax lot was improved with a residence, one being built in 1959 and the other in 1987, with each having a shop building. It is zoned R-6. The purchase was privately solicited and at a purchase price of $2,325,000. The originally proposed vertical build consisted of homes ranging in price from $495,000 to $585,000 that would have a living area range of 2,400 to 2,800 square feet. However, initial sales support a median sale price of $566,500 with several listings at above $600,000. The property exhibited

Hypothetical Land Valuation, Cont'd.

gently sloping topography and was considered to be relatively efficient to develop. It went under contract in May and July of 2013. The transaction closed in July, 2014 at $2,278,375 which was equivalent to $75,946 per raw lot and $458,426 per net acre. This was reported to be an open market transaction in all respects.

[redacted]

The third comparable is a residentially zoned, [redacted] Tigard. It is situated approximately .6 mile north of Highway 99W which is an intensively developed commercial strip and a primary transportation route. Immediately surrounding land uses are exclusively detached residential in character. [redacted] facility and was improved with a derelict [redacted]. The parcel exhibits downsloping topography from south to north with its elevation ranging from approximately 355 feet to 275 feet ASL. The northerly extreme of the site slopes steeply downward which results in a developable area of approximately 5.99 acres. All infrastructure is available and contiguous. The property is located within the City of Tigard and is zoned R-4.5 which accommodates detached single-family residential housing. The development plan was that of a 28-lot residential subdivision with the homesites ranging in size from 6,014 square feet to 12,500 square feet, averaging 7,511 square feet. The resulting density per gross and net developable acre was approximately 4.23 and 4.67, respectively. The property was exposed to the marketplace between March, 2012 and March, 2013 through a local broker at an asking price of $1,900,000. That listing ultimately expired. [redacted]. The minimum cash [redacted] was not conditioned upon the purchaser obtaining land use approvals prior to closing. The purchase price was equivalent to $58,301 per raw lot and $272,525 per net acre with the transaction closing [redacted].

Hypothetical Land Valuation, Cont'd.

[redacted]

The fourth comparable is a 12-lot residential development tract that has [redacted]. The development tract consisted of three (3) tax lots which had a cumulative area of 1.8 acres. All exhibit level topography. An existing residence situated near the southeasterly corner of the development site was retained on Lot 12. The 11 remaining lots range in size from 4,479 to 5,385 square feet with the average and median being 4,871 and 4,803 square feet, respectively. All offer a competitive building envelope with a median width and depth of 56 feet and 93 feet, respectively. The project density is approximately 6.7 lots per acre. The proposed vertical build agenda will focus upon trade-up, detached single-family residences that will have an average size of approximately 2,700 square feet and be priced at a range of $475,000 to $525,000 based upon information provided by the developer. The transaction closed in August, 2015 but purchase contract was negotiated several months earlier. The total acquisition price was $1,070,000. However, $370,000 of the acquisition price was allocated to the retained residence. The resulting price per raw lot for the remaining (11) lots was $63,636. This was transaction was on a cash to seller basis and reported to be market in all respects.

[redacted]

The fifth comparable is a 26-lot single-family residential subdivision known as [redacted]. It is located within an established residential area of southwest Tigard approximately .6 mile west of Highway 99W. Immediately surrounding land uses are exclusively detached residential in character. The property consists of four (4) tax lots which have a cumulative area of approximately 6.08 acres. Existing single-family residences situated upon the southerly and easterly tax lots were razed in accommodation of development, whereas a residence situated on the westerly tax lot (2000) was retained. The remaining homesites range in size from 6,000 square feet to 14,825 square feet. The average and median lot size are approximately 7,950 square feet and 7,116 square feet, respectively. Access through the development is accommodated by a single roadway that will culminate in a cul-de-sac. The originally proposed vertical build agenda focused upon upscale, detached single-family residences priced at $475,000 to $500,000. Initial sales have

Hypothetical Land Valuation, Cont'd.

supported a median sale price of over $625,000. The project was approved prior to closing at the sole expense of the buyer for 26 detached residential lots. The westerly tax lot was purchased in July, 2013 at a negotiated price of $800,000 and the easterly in May, 2014 at $1,300,000. The cumulative purchase price was $2,100,000 with an existing residence allocated a value of $400,000. The residual of $1,700,000 was equivalent to $68,000 per raw lot based upon the remaining 25 lots.

[redacted]

The sixth comparable was developed into a 12-lot single-family residential [redacted]. The development tract consisted of two non-contiguous tax lots which have a cumulative area of approximately 2.315 acres. Each tax lot was improved with a single-family residence. All existing improvements were to be razed in accommodation of the development. The homesites range in size from 5,536 square feet to 10,298 square feet and an average size of 6,383 square feet. With the exception of one oversize homesite (Lot 7), all of the lots exhibit a relatively high degree of physical and functional similarity with a width range of 53 feet to 60 feet and a depth range of 100 feet to 116 feet. The project density is approximately 5.18 lots per acre. The site required a fair amount of development cost including an extension/[redacted]. The vertical build agenda focused upon upscale, detached single-family residences which will range in size from approximately 2,700 to 3,500 square feet and in price from roughly $475,000 to $525,000. The tract was purchased [redacted], 2014 for $62,500 per lot. The transaction was on a cash to seller basis and reported to be market in all respects.

The seventh comparable is a 13-lot single-family residential subdivision [redacted] It is located within an established residential area of southwest Tigard approximately 1.5 mile west of Highway 99W [redacted]. Immediately surrounding land uses are exclusively detached residential. The property consists of two (2) tax lots which have a cumulative area of approximately 3.45 acres. There was an existing single-family residence that was razed in order to accommodate

[redacted]

development. The site is zoned R-4.5; Low Density Residential by the City of Tigard. The homesites will range in size from 6,186 square feet to 9,691 square feet. The average lot size will be approximately 7,500 square feet. Access through the development will be accommodated by a single roadway that will connect with the [redacted]. The proposed vertical build agenda will focus upon upscale, detached single-family residences starting at a price of $500,000 based upon information provided by the developer. Prior to development, the site had sewer infrastructure installed through the center of the parcel in 1999. Level topography and private setting attracted substantial market interest. In May, 2014 [redacted] 15 which equated to a price per raw lot of $86,667. That offer was rejected. There were reportedly multiple offers above that submitted by Riverside Homes due to relatively low development costs. [redacted] eventually purchased the site for $115,385 per raw lot in July, 2015. The ultimate lot yield was 13, which equated to a density of 3.77 homes per acre.

[redacted]

The eighth comparable is a proposed 12-lot single-family residential subdivision known as [redacted]. It is located within an established residential area of southwest Tigard approximately 2.3 miles west of Highway 99W near the Walnut Street/135th Avenue intersection. Immediately surrounding land uses are exclusively detached residential. The property consists of one (1) tax lot which has an area of approximately 2.66 acres. There is an existing single-family residence that will be razed. The site is zoned R-4.5; Low Density Residential by the City of Tigard. [redacted]. The buyer completed a preliminary feasibility study, held a pre-application conference [redacted] with the City of Tigard and removed the feasibility contingency in February, 2016. The proposed vertical build agenda will focus upon upscale, detached single-family residences that are between 2,600 and 3,300 square feet in size priced between $509,950 and $560,000 based upon information provided by the developer. The site is level and will be relatively efficient to develop. The transaction will reportedly be on a cash to seller basis and is considered to be market in all respects.

In regard to market trend, all of the comparables are considered to be effectively current having competed in a market environment that is generally similar to that of the current circumstance based upon the market trend statistical analysis presented in the preceding overview. Similarly, all had zoning and infrastructure which could support development. While there had been appreciation over the last few years, raw lot pricing varies greatly depending upon site

Hypothetical Land Valuation, Cont'd.

characteristics, development costs, vertical build value capacity and location. Thus, a market trend adjustment is extremely difficult to isolate and support. The comparables reflected a unit value range of $58,301 to $115,385 per (raw) lot. The median and average price per (raw) lot was $70,000 and $75,806, respectively.

The indications of Comparables 3 **($58,301)** and 6 **($62,500)** establish a lower value threshold for the subject as each required substantial development and demolition costs. The indication of Comparable 7A/7B **($86,667 / $115,385)** conversely establish an extreme upper unit value threshold for the subject as it required minimal site development, is in a superior location and offered a more aesthetically desirable setting. Comparable 8 **($81,818)** serves as further support of upper value threshold as it also required minimal site development and is in a superior location. Additionally, both developments will support a higher vertical build value than that anticipated for the subject. Comparables 2 **($75,946)** and 5 **($68,000)** credibly establish a meaningful upper value threshold due to slightly superior location and vertical build pricing. While Comparable 1 **($70,000)** is similar in location to the subject, it also establishes a meaningful upper value threshold due to superior development efficiency. Comparable 4 **($63,636)** is similar to the subject in terms of building envelope characteristics and location. However, the raw lot cost establishes a lower value threshold for the subject since the developer was able to recapture some of the land acquisition cost through the resale of a retained residence. None of the comparables had highway proximity influence such as the subject.

Given all considerations, the appraiser is influenced to a raw lot value that falls between Comparable 4 and Comparable 5, or $63,636 and $68,000. Given the positive market trend of the past 2-3 years, the appraiser is influenced to a raw lot value of **$67,500** per raw lot. Based upon an optimum anticipated lot yield of 38 lots, a market value estimate of **$2,565,000** would appear to be reasonable and supportable.

Certificate of Appraisal

The undersigned does hereby certify as follows:

Richard P. Herman, MAI has inspected the interior and exterior of the subject property and viewed all of the comparables cited herein.

The undersigned has performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

No one other than the undersigned provided significant professional assistance in the development of the value opinions expressed herein.

I have no present or contemplated future interest in the real estate that is the subject of this appraisal report. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct. The appraisal report sets forth all of the limiting conditions imposed by the terms of this assignment affecting the analyses, opinions, and conclusions contained in this report.

Employment of the appraiser was not conditioned upon the appraisal producing a specific value or a value within a given range. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice*.

As of the date of this report, Richard P. Herman has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.

Richard Herman

Richard P. Herman, MAI, FRICS
Member, R.P. Herman & Associates LLC
Oregon Certified Appraiser C000190
Expiration Date: January 31, 2018
Email Address: rick@rpherman.com
Date of Report: July 20, 2017

Limiting Conditions and Assumptions

General Assumptions

This appraisal is based on the following general assumptions, except as otherwise noted in the report.

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and can be utilized at its highest and best economic use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there are no environmental regulation violations or actionable conditions.
4. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
5. All information furnished by others, including proprietary third party resources, is believed to be reliable, but no warranty is given for its accuracy.

Limiting Conditions

This appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. The appraisers and client agree that the following mutual limitation of liability is agreed to in consideration of the fees to be charged and the nature of appraisers' services. The appraisers and client agree that to the fullest extent permitted by applicable law, each party's and its personnel's maximum aggregate and joint liability to the other party for claims and causes of action relating the appraiser's services shall be limited to the higher of $25,000 or the total of fees and costs charged by appraiser for the services that are the subject of the claim(s) or cause(s) of action. This limitation of liability extends to all types of claims or causes of action, whether in breach of contract or tort, including without limitation claims/causes of action for negligence, professional negligence or negligent misrepresentation on the part of either party or its personnel, but excluding claims/causes of action for intentionally fraudulent conduct, criminal conduct or intentionally caused injury. The personnel of each party are intended third-party beneficiaries of this limitation of liability. "Personnel," as used in this paragraph, means the respective party's staff, employees, contractors, members, partners and shareholders. Appraiser and client agree that they have each been free to negotiate different terms than stated above or contract with other parties.
2. Client shall defend, indemnify and hold harmless, RP Herman & Associates LLC, its agents, officers and employees from and against any and all claims, demands and judgments (including attorney fees) made or recovered against them arising out of or resulting from Client's (including its employees, agents and subcontractors) negligent act

Limiting Conditions and Assumptions, Cont'd.

or willful misconduct as to this assignment and obligations imposed upon the Client by this relationship. Additionally, Client agrees to defend, indemnify and hold harmless RP Herman & Associates LLC from any third party claims regardless of any negligent act by Client.

3. An appraisal is inherently subjective and represents our opinion as to the value estimate of the property appraised.

4. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.

5. No changes in any federal, state or local laws, regulations or codes are anticipated.

6. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.

7. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

8. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

9. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.

10. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.

11. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.

12. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering

memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.

13. Information, estimates and opinions contained in the report and obtained from third party sources are assumed to be reliable and have not been independently verified.

14. If applicable to the assignment, any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value as defined in the appraisal and do not constitute predictions of future operating results.

15. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.

16. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.

17. The value opinion stated herein is subject to these general assumptions and to any extraordinary assumptions or hypothetical conditions as may be specifically identified in the body of this report.

18. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

19. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

20. The appraisal report is prepared for the exclusive benefit of the Client. It may not be used or relied upon by any other party. There are no third party beneficiaries.

21. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the

Limiting Conditions and Assumptions, Cont'd.

subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

22. Publicly available flood maps noted in the appraisal report have been relied upon as to the subject property being located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

23. The appraisers are not a building or environmental inspector. The appraisers do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.

24. RP Herman & Associates, LLC, an independently owned and operated company, has prepared the appraisal for the specific purpose stated elsewhere in the report. The intended use of the appraisal is stated in the Description of Scope of Work section of the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. RP Herman & Associates, LLC and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

Limiting Conditions and Assumptions, Cont'd.

26. This appraisal report is intended to comply with the reporting requirements set forth under the 2016-17 edition of the *Uniform Standards of Professional Appraisal Practice*. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report. Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only.

27. The Bylaws and Regulations of the Appraisal Institute require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate; except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as they may elect; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser.

28. This appraisal is to be used only in its entirety and no part is to be used without the whole report. No change to the report shall be made by anyone other than the Appraiser. The appraiser and firm shall have no responsibility if any such unauthorized change is made to the work product.

29. The appraiser(s) may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing, except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

30. This appraisal was obtained from R.P. Herman and Associates LLC and/or its individuals or related independent contractors, and consists of *"trade secrets and commercial or financial information,"* which is privileged, confidential and exempted from disclosure under 5 USC 552(b)(4). Notify the appraiser signing the report of any request to reproduce this appraisal in whole or in part.

31. The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Further, it is assumed that all required licenses, consents, permits or other legislative or administrative authority, local, state, federal and/or private entity or organization have been, or can be, obtained or renewed for any use considered in the value estimate.

Limiting Conditions and Assumptions, Cont'd.

32. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

33. The fair market value estimated, and the costs used, are as of the date of value estimate. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.

34. The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report or the physical report itself.