

After Recording, Return To:
Patty Smith
Chief Title Officer
Mid-Willamette Valley Title Group
Park 5 Business Center
200 Hawthorne Ave, Suite A100
Salem, Oregon 97301

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR PHASE IB OF MILL CREEK CORPORATE CENTER**

EFFECTIVE DATE: DECEMBER 16, 2009

RECITALS

The State of Oregon, acting by and through its Department of Administrative Services (the "Declarant"), owns the real property described on attached Exhibit A (the "Property") and known as Phase 1B which is part of a larger adjacent area owned by the Declarant and known as Phase IA, IC and Phase II (the "Other Property"). The Property and the Other Property are collectively known as "Mill Creek Corporate Center" ("MCCC").

The Property will be planned, developed and used pursuant to the Master Plan for Mill Creek Corporate Center attached as Exhibit B (the "Master Plan").

The Property is zoned Employment Center, pursuant to Chapter 161 of the Salem Revised Code ("SRC").

Declarant has recorded against the Other Property that Declaration of Covenants, Conditions and Restrictions for Phases IA, IC and II of Mill Creek Corporate Center dated December 6, 2007 (the "Other CCRs") and recorded in Reel 2905, Page 411, Deed Records for Marion County, Oregon. This Declaration establishes certain different regulations than the Other CCRs.

Now, therefore, Declarant declares that the Property shall be developed and used in accordance with the following provisions, which shall apply to and be binding upon each owner, assignee and successor in interest of all or any part of the Property:

AGREEMENTS

SECTION 1 DEFINITIONS

The following terms shall have the following meanings when used in this Declaration:

1.1 Assessment. "Assessment" means any assessment levied against an Owner by the Association for payment of expenses relating to the Property and shall include General and Limited Assessments.

1.2 Association. "Association" means the non-profit corporation formed to serve as the association of Members as provided in the Other CCRs and such corporation's successors and assigns. The Association shall be known as the "Mill Creek Corporate Center Owners Association, Inc."

1.3 Bioswale. "Bioswale" means a manmade swale or improvement to an existing natural swale, located on a Lot and not in a public right-of-way designed and used to collect, hold and transport stormwater to the Little Pudding River.

1.4 Board. "Board" means the Board of Directors of the Association.

1.5 Business Day. "Business Day" means a calendar day when banks in Salem, Oregon are generally open for business.

1.6 City. "City" means the City of Salem.

1.7 Declarant. "Declarant" means the State of Oregon, acting by and through its Department of Administrative Services, and its successors and assigns if such successor or assign acquires all of Declarant's rights under this Declaration pursuant to a recorded instrument executed by Declarant.

1.8 Declaration. "Declaration" means this Declaration of Covenants, Conditions and Restrictions for Phase IB of Mill Creek Corporate Center effective as of the Effective Date.

1.9 Design Review. "Design Review" means the process of obtaining prior Design Review Committee approval of the design of Improvements to be built on a Lot, pursuant to Section 8.

1.10 Design Review Committee. The "Design Review Committee" or "Committee" shall mean the committee appointed pursuant to Section 8.

1.11 Design Standards and Guidelines. "Design Standards and Guidelines" shall mean those attached as Exhibit C and the design guidelines and procedures adopted by the Design Review Committee pursuant to Section 8.

1.12 General Assessment. "General Assessment" shall mean an assessment levied against an Owner pursuant to Section 5.2.

1.13 Improvement. "Improvement" shall mean every structure or improvement of any kind, including but not limited to buildings, sidewalks, fences, benches, walls, works of art, trees, hedges, plantings, poles, changes in exterior color or shape, and site work (such as, without limitation, excavation, grading, road construction, and utility improvements).

1.14 Limited Assessment. "Limited Assessment" shall mean an assessment levied against an Owner by the Association pursuant to Section 5.3 for costs and expenses incurred by the Association for corrective action performed pursuant to this Declaration which is required as a result of the willful or negligent actions or omissions of such Owner or such Owner's Permitted Users.

1.15 Lot. "Lot" shall mean a platted or partitioned lot or block within the Property.

1.16 Master Plan. "Master Plan" means the Master Plan attached as Exhibit B, as that Master Plan may be amended over time.

1.17 Member. "Member" shall mean any person or entity, including Declarant, at any time owning a Lot.

1.18 Owner. "Owner" shall mean any person or entity owning a Lot.

1.19 Permitted Users. "Permitted Users" means any person or entity legally using or occupying a Lot or portion thereof which is not the Owner of that Lot.

1.20 Property. "Property" shall mean the real property in Marion County, Oregon legally described on the attached Exhibit A.

SECTION 2 DECLARATION

2.1 Property Covered. The property which is covered by and is hereby made subject to this Declaration is the Property.

2.2 Purpose. The purposes of this Declaration are: to set forth standards pursuant to which the Property is to be developed, maintained and used, and pursuant to which Improvements are to be designed, constructed and used; to provide for assessments of the Owner; and to set forth other terms and conditions governing the use and enjoyment of the Property.

SECTION 3 THE ASSOCIATION, OWNER'S MEMBERSHIP

3.1 Organization. Declarant has organized the Association as a nonprofit corporation pursuant to the Oregon Nonprofit Corporation Act under the name "Mill Creek Corporate Center Owners Association, Inc."

3.2 Membership. Each Owner of one or more Lots shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership of one or more of the Lots, be a Member of the Association. Such membership shall commence, exist, and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

3.3 Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Members with the exception of Declarant (except that beginning on the date on which the Class B membership is converted to Class A membership, and thereafter, Class A Members shall consist of all Members, including Declarant). Class A Members shall be entitled to one vote for each Lot owned by them. There shall be no fractional votes.

Class B. The Class B Member shall be the Declarant, and Declarant shall be entitled to a number of votes equal to the sum of (i) the number of votes then allocated to Class A Members plus (ii) one. The Class B membership shall cease and be converted to Class A membership upon the earlier to occur of the following: (i) the date of the Declarant's election in writing to terminate the Class B membership; or (ii) when the Declarant no longer owns property in the MCCC, exclusive of any and all wetlands.

3.4 Board of Directors. The Association's Board of Directors shall be elected as provided in the Bylaws of the Association.

3.5 Powers and Obligations. The Association shall have, exercise, and perform, with respect to the Property: (i) only the powers, duties, and obligations granted to the Association by this Declaration; (ii) the right to control or prohibit activities on the Property that constitute a nuisance; and (iii) the powers and obligations of a non-profit corporation pursuant to the Oregon Nonprofit Corporation Act. The Association shall have other powers, duties and obligations pursuant to the Other CCRs, but only with respect to the Other Property. Anything to the contrary in the Other CCRs, the Association only has the limited powers over the Property set forth in this Declaration.

3.6 Association Rules and Regulations. The Board from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of the Property as may be reasonably necessary to prevent or eliminate a trespass on Phase IA of the MCCC, the discharge of stormwater on Phase IA of the MCCC, or an activity emanating from the Property that constitutes a nuisance; provided that the Board may not adopt rules or regulations prohibiting lawful activities within the Property if such activities are not otherwise expressly prohibited in this Declaration. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification, or revocation thereof, shall be delivered by the Board promptly to each Member and shall be binding upon all Members and Permitted Users upon the date of delivery. The method of adoption of such rules shall be as provided in the Bylaws.

SECTION 4 STORMWATER MANAGEMENT FACILITIES

4.1 Construction of Stormwater Management Facilities. On-site stormwater detention, and Bioswales and/or other approved stormwater quality management facilities ("Management Facilities") must be identified and constructed as an Owner develops its Lot so as to ensure the proper management of stormwater discharging into the Little Pudding River drainage system. An Owner may not construct Improvements on such Owner's Lot unless and until such Owner develops a stormwater management and discharge plan (the "Stormwater

Plan”) that identifies the locations of the needed Management Facilities and the design bases and specifications for those Management Facilities. The Stormwater Plan is subject to the prior approval of the City as a precondition to issuance of a building permit for Improvements. Each Owner is also required to obtain the confirmation by the City that the as-built Management Facilities have been built to City standards and City-issued building permit conditions.

4.2 Operation and Maintenance of Stormwater Management Facilities. Each Owner shall operate, maintain, repair and replace the approved Management Facilities on such Owner’s Lot so as to meet the City’s established standards for stormwater quantity and quality. Those standards are as set forth in the City’s plan approval/building permit conditions, the applicable City of Salem Stormwater Management Design Standards, and applicable sections of the SRC.

4.3 Entry on the Property by City. The City is entitled to enter upon a Lot, in the manner described in Section 6 of this Declaration for purposes of inspecting such Lot and determining if such Lot and its Management Facilities comply with this Section 4, and the applicable Design Review approval(s), building permit conditions, and applicable SRC provisions applicable to such Lot and its Improvements. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in favor of the applicable Owner.

4.4 City Consent to Amendment, Rescission or Modification. The Owner(s), Declarant and the Association specifically acknowledge that, notwithstanding any other provision of this Declaration, this Section 4 may not be amended, rescinded, or otherwise modified in any way, without the express written consent of the City, which consent shall be in the sole discretion of the City.

SECTION 5 ASSESSMENTS

5.1 Creation of Lien and Personal Obligation for Assessments. Declarant does hereby covenant, and each Owner, by acceptance of a conveyance of a Lot, whether or not so expressed in any such conveyance, covenants to pay to the Association all assessments or other charges as may be fixed, established, and collected from time to time in the manner provided in this Section 5. Such assessments and charges, together with any interest, expenses, or attorneys' fees imposed pursuant to Section 9.4, shall be a charge on the land and shall be a continuing lien upon the Lot so assessed. Such assessments, charges, and other costs shall also be the personal obligation of the Owner of such Lot at the time when the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in Section 9 below.

5.2 General Assessment

5.2.1 Commencement of General Assessment. Unless otherwise determined by the Board in its sole discretion, the General Assessment against a Lot shall commence when such Lot is sold to an Owner by Declarant.

5.2.2 Amount of General Assessment. The amount of the General Assessment for all Lots within the Property shall be established annually by the Board of the Association and shall be equal to (i) the Property's pro rata share, which is 27.72%, times (ii) the following costs incurred by the Association: acquisition, installation and maintenance of seasonal decorations for

all of the MCCC; liason and communications with the City and relevant governmental agencies with respect to issues common to all lot owners within the MCCC; gatherings and meetings of all lot owners within the MCCC; legal, accounting and other professional services for maintaining and managing the Association; public liability insurance for the Association; directors' liability insurance covering members of the Board of the Association; other activities or services that are for the common benefit of all lot owners within the MCCC, as reasonably determined by the Board; implementing a common signage program applicable to all of the MCCC; and the amount paid by Declarant for police and fire services to the MCCC, plus interest at the rate of five percent (5%), amortized over a 20-year period, unless a Lot Owner has paid its share of Declarant's payment for police and fire protection services. Each Lot shall pay an annual assessment equal to its pro rata share of the above costs allocated to the Property based on the number of acres within each Lot divided by the total number of acres in all Lots within the Property. Notwithstanding anything to the contrary contained herein, Lot 1 of the Property shall not be assessed any amount for its share of Declarant's payment for police and fire services, because the Owner of Lot 1 has fully paid its share for such services at the time of the acquisition of Lot 1.

5.2.3 Notice of General Assessment and Time for Payment. The Association shall give written notice to each Owner as to the General Assessment, and Owner's share of such assessment, on or before December 15 of each year for the calendar year commencing January 1 of the next year. Each Owner's share of the General Assessment shall be due and payable monthly or on such other basis as the Board shall determine.

5.3 Limited Assessments. The Association may levy against an Owner a Limited Assessment equal to the costs and expenses incurred by the Association for corrective action performed pursuant to this Declaration which is required as a result of the willful or negligent actions or omissions of Owner or Owner's Permitted Users. A Limited Assessment pursuant to this Section 5.3 may include the Association's reasonable attorneys fees but only if the Association is the prevailing party in a dispute resolution process. Owner shall have the right to recover from the Association or the Declarant (depending on which instituted enforcement action) its reasonable attorneys' fees, but only if the Owner is the prevailing party in a dispute resolution process. The Association may not levy any other assessments (general or limited) against the Property, except as expressly permitted herein.

5.4 Payment of Infrastructure Fee.

5.4.1 Payment and Amount. Declarant has sought, and has obtained from the City, the formation of a Development District, for the purposes of obtaining reimbursement for costs incurred by the Declarant for the construction of public improvements required by the Declarant's Urban Growth Development Permit issued by the City (the "Public Improvements"). Declarant has entered into an Infrastructure Agreement with the City for the construction of the Public Improvements, which is recorded in the deed records of Marion County at reel 2687 page 393 (the "Infrastructure Agreement"). As required by the Infrastructure Agreement and SRC 66.380 (2007), each Owner shall pay an "Infrastructure Fee" in an amount established by Section 1(b) of the Infrastructure Agreement, to reimburse the Declarant for costs incurred or to be incurred by Declarant for constructing the Public Improvements. The Infrastructure Fee shall be paid by an Owner to the City at the time specified in the Infrastructure Agreement, prior to

obtaining permits for the construction of improvements on such Owner's Lot. An Owner shall not commence construction of any building or improvement requiring the payment of the Infrastructure Fee, unless and until the Infrastructure Fee has been paid. If an Owner believes that there is an error in the calculation of the square footage used to determine the Infrastructure Fee, such Owner must first pay the Infrastructure Fee as assessed before filing a request for redetermination of the Infrastructure Fee. Any request for a redetermination of the Infrastructure Fee must be filed within thirty (30) days of an Owner's payment of the Infrastructure Fee. While an Owner may, after paying the entire Infrastructure Fee, contest the calculation of the amount of the required Infrastructure Fee due (seeking a refund for any overpayment), such Owner may not contest the requirement that the Infrastructure Fee be paid.

5.4.2 Exempt from SDCs. Pursuant to SRC 41.150(g) (2007), the payment of the Infrastructure Fee by an Owner exempts such Owner from System Development Charges.

5.4.3 Refunds. An Owner may apply for a refund of the Infrastructure Fee if it has paid the Infrastructure Fee, but has not commenced construction of the improvement covered by such Owner's building permit. However, the Declarant shall have the right to have such refund to Owner postponed if the Infrastructure Fee collected from such Owner has either been used to offset the costs of Public Improvements, or has been irrevocably committed to pay the costs of a Public Improvement, and there are not sufficient funds in the Infrastructure Fee account held by the City to make such refund, in which case the refund shall be paid at such time as there are sufficient funds in such account to make such refund.

5.4.4 Right to Equitable Relief. Each Owner agrees by purchasing its Lot that, if such Owner fails to timely pay the Infrastructure Fee at or prior to the approval of such Owner's building permit for its Lot, Declarant or the Association shall be entitled to (i) the equitable remedy of an injunction, ordering such Owner not to commence or continue construction of the improvements on such Lot unless and until such Owner pays the Infrastructure Fee, and (ii) an order ordering such Owner to pay such Infrastructure Fee.

SECTION 6 PROPERTY RIGHTS AND EASEMENTS

Except as otherwise expressly provided in this Declaration, the Owner of a Lot shall be entitled to the exclusive use and benefit of such Lot. Declarant, the City, and any representative of the Association authorized by the Association may at any reasonable time, upon at least 24 hours notice to Owner (except in the case of an emergency), enter upon any Lot for any of the following purposes: as necessary for purposes of Design Review and determining if Improvements are being built on such Lot in accordance with the Design Review approval under Section 8, and for the purpose of determining if the Owner of such Lot and the Improvements on such Lot are in compliance with the requirements of this Declaration. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in favor of the applicable Owner.

SECTION 7 GENERAL REQUIREMENTS FOR USE OF LOTS

7.1 **Compliance With Master Plan.** A Lot may only be used, developed, divided, or improved in accordance with the Master Plan.

7.2 **Amendment of Master Plan.** The Master Plan may only be modified as an amendment to this Declaration pursuant to Section 10.2.1, subject to the approval of the City, which approval is given by the City in its proprietary capacity and is not a land use decision as defined in ORS 197.015(10).

7.3 **City Enforcement of Compliance With Master Plan.** The City is an express third party beneficiary of the Master Plan and has the full right and authority to enforce compliance by Owners and Declarant with the Master Plan, using all available legal and equitable remedies.

7.4 **Compliance With SRC.** Each Owner agrees to use its Lot in conformance with the then provisions of the SRC. In the event an Owner elects to seek a quasi-judicial land use approval under the SRC (such as a zone change, conditional use permit, variance, adjustment or code interpretation), no such application may be initiated without the express written approval of the Declarant, which will not be unreasonably withheld, conditioned or delayed, so long as the Declarant is a member of the Design Review Committee.

7.5 **Compliance With Stormwater Management Agreement.** Each Owner shall fulfill its responsibilities under any stormwater management agreement with the City applicable to such Lot.

7.6 **Airport Buffer.** All Improvements on that portion of the Property within the Airport Overlay Zone contained within SRC Chapter 125 and shown on the Airport Master Plan, shall be designed, constructed and used in compliance with all applicable federal, state and local standards and requirements. All Improvements shall also be in compliance with the Airport Land Use Compatibility Guide, dated January 29, 2003, adopted by the Oregon Department of Aviation and any subsequent modification to that Guide. This requirement is for the benefit of the City and is enforceable by the City.

7.7 **Unlawful Activities.** No unlawful use shall be made of any Lot, and all laws, ordinances, and regulations of all governmental authorities having jurisdiction thereof shall be complied with by each Owner. Development and construction activities by Declarant or its affiliates shall not be considered to violate this Section.

7.8 **Maintenance of Structures and Grounds.** Each Owner shall maintain such Owner's Lot and Improvements thereon in a clean and attractive condition, in good repair, and in such fashion as not to create a fire hazard. Such maintenance shall include, without limitation, painting, repair, and replacement of and care for roofs, gutters, downspouts, exterior building surfaces, landscaping, driveways, sidewalks adjoining public streets, parking areas, walks and other exterior Improvements.

7.9 **Vehicles in Disrepair.** No Owner shall permit any vehicle which is in a state of disrepair to be abandoned or to remain parked upon any Lot. A vehicle shall be deemed in an "extreme state of disrepair" when the Board reasonably so determines. Should any Owner fail to

remove such vehicle within two (2) Business Days following the date on which notice is mailed or delivered to such Owner by the Association, the Association may have the vehicle removed from such Lot and charge the expense of such removal and storage to the offending Owner.

7.10 Temporary Structures. No structure of a temporary character, trailer, tent, shack, or other outbuilding shall be used on any Lot at any time, either temporarily or permanently, without the prior written approval of the Design Review Committee. The placement and use of such temporary structures by Declarant, its affiliates, or an Owner related to their respective development, construction or sales activities shall not be deemed to violate this Section 7.10 or to require Design Review Committee approval.

7.11 Compliance with Design Review. An Owner must construct and maintain all Improvements on such Owner's Lot in conformance with the Design Review Committee's approval and any conditions of that approval.

SECTION 8 DESIGN REVIEW

8.1 Design Standards and Guidelines. All Improvements to be constructed on a Lot shall conform to the Design Standards and Guidelines, as those may be interpreted or modified by the Design Review Committee, except to the extent the Design Review Committee allows a variance as provided below.

8.2 Committee Membership; Appointment and Removal. The Design Review Committee shall consist of the following: a person designated by Declarant, which may change over time, the City Manager of the City (or his/her designated representative) and an Oregon licensed architect selected by the other two (2) members of the Committee. When the Declarant ceases to own any of the property subject to the Other CCRs, the Declarant's membership on the Committee shall be terminated, and that position on the Committee shall be appointed by the Board; however, the Declarant shall continue on the Design Review Committee so long as the Declarant is a contract vendor of a portion of the property subject to the Other CCRs, has a repurchase right with respect to a portion of the property subject to the Other CCRs, or holds a mortgage or deed of trust as to a portion of the property subject to the Other CCRs. The Association shall keep on file at its principal office a list of the names and addresses of the members of the Committee. The Board may elect to approve the payment of reasonable compensation to members of the Committee who are not Lot owners or a Lot owners' representative for their services on the Committee. Members of the Committee who are Lot owners or Lot owners' representatives shall not be paid for serving on the Committee, but may be reimbursed for actual, reasonable out-of-pocket expenses incurred by such Committee member in the performance of such Committee member's duties under this Section 8.

8.3 Design Review. No Improvement shall be commenced, erected, placed, altered, added to, or maintained on, within, or beneath a Lot until design plans and specifications showing the site layout, driveway and street alignments, exterior design, exterior elevations, exterior materials and colors, signs, landscaping areas (but not type of plantings), drainage system, lighting, irrigation, utility facilities layout, and screening therefor have been submitted for review by the Design Review Committee and have been approved by the Design Review

Committee in writing ("Design Review"). Notwithstanding the above, any Owner may construct, renovate, paint, or redecorate the interior of structures on such Owner's Lot without Design Review approval. In addition, no Design Review approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. It is the intent and purpose of this Declaration to achieve a high standard of exterior appearance for an industrial park so as to be an attractive component of the City (to the extent practicable for an industrial park) and to achieve a high standard of quality of workmanship and materials and to assure harmony of external design with existing Improvements and location with respect to topography and finished grade elevations. In the event that Declarant has approved design elements of an Owner's proposed Improvements as a condition of Owner's purchase of a Lot, then those design elements so approved by Declarant shall not be subject to Design Review and it is only other design elements, not previously approved by Declarant that will be subject to Design Review.

8.4 Procedure. In all cases which require Design Review Committee review and approval or consent pursuant to this Declaration, the provisions of this Section 8 shall apply. The procedural requirements for Design Review shall be established by the Design Review Committee. The Design Standards and Guidelines shall not be inconsistent with this Declaration, but shall more specifically define and describe the design standards for the Property and Improvements on the Property. The Design Review Committee may charge a reasonable fee to the applicant to cover the cost of processing an application for its approval, including, without limitation, costs of obtaining professional review and advice related to the application; however, the fee charged shall not exceed \$6,000 (adjusted annually by inflation) and shall be based on the Association's actual cost of processing an Owner's design review application. Compliance with the Design Review process set forth in this Declaration is not a substitute for compliance with governmental building, zoning, and subdivision regulations, and each Owner is responsible for obtaining all governmental approvals, licenses, and permits as may be required prior to commencing construction.

8.5 Variance. The Design Review Committee may, but is not required to, authorize variances from compliance with any of its Design Standards and Guidelines in the following circumstances: (i) the Lot and its proposed Improvements are challenged by unusual topographic, environmental or aesthetic circumstances; (ii) non-compliance with the Design Standards and Guidelines would have only an immaterial adverse aesthetic effect on the other Owners or those coming to or passing by the Property; or (iii) the alternative proposed by the applicant which reflects non-compliance with the Design Standards and Guidelines achieves the purposes of the Design Standards and Guidelines at issue as well as or better than compliance. No such variance shall (i) be effective unless in writing; (ii) be contrary to this Declaration; or (iii) estop the Design Review Committee from denying a variance in other circumstances. For purposes of this Section 8.5, the inability to obtain approval of any governmental agency, the issuance of any permit, the cost of compliance, or the terms of any financing shall not be considered a basis warranting a variance.

8.6 Expert Consultation. The Design Review Committee may avail itself of technical and professional advice and consultants as it deems appropriate, at the applicant's expense, subject to the fee cap in Section 8.4.

8.7 Committee Decision. The Design Review Committee shall render its decision on an application for approval of an Improvement or any other proposal submitted to it for approval or consent within a reasonable period after the Design Review Committee has received a complete written application therefor. A complete application shall specify the approval or consent requested and be accompanied by all material reasonably required or desired by the Design Review Committee to make an informed decision on such application. The Committee need not act on an application until it is complete and the time periods set forth below do not commence until an application is complete. If the Design Review Committee approves an application, it may not thereafter revoke, rescind, or materially modify its approval without the consent of the affected Owner. Within ten (10) business days after receipt of the Committee's written decision, an applicant may submit a written appeal to the Board, after the time when the Declarant does not control the Board by its number of votes. The Board shall respond to a timely appeal within thirty (30) days after the Board's receipt of such appeal request, indicating its decision in writing whether to uphold, modify or overturn the Committee's decision. The Board's decision shall be final.

8.8 Committee Discretion. The Design Review Committee may, at its sole discretion, withhold consent to any proposed Improvement if the Design Review Committee finds the proposed Improvement would be incompatible with the Design Standards and Guidelines. Consideration of siting, shape, size, color, design, height, effect on the enjoyment of other Lots, environmental impact, and any other factors which the Design Review Committee reasonably believes to be relevant, may be taken into account by the Design Review Committee in determining whether or not to approve or condition its approval of any proposed Improvement.

8.9 Majority Action. The affirmative vote of a majority of the members of the Design Review Committee shall govern its actions. A quorum of the Design Review Committee shall consist of a majority of the Design Review Committee's voting members. The Design Review Committee may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

8.10 Limitation of Liability. The Design Review Committee and the Board, as applicable, shall use reasonable judgment in approving or disapproving all plans and specifications submitted to it. Neither the Design Review Committee nor the Board, nor any individual Design Review Committee member or Board member, as applicable, shall be liable to any person or entity for any official act of the Design Review Committee or the Board in connection with submitted plans and specifications, except to the extent the Design Review Committee, the Board, as applicable, or any individual Design Review Committee member or Board member, as applicable, acted with bad faith. Approval by the Design Review Committee or Board, as applicable, does not necessarily assure approval by any governmental agency. Notwithstanding that the Design Review Committee or Board, as applicable, has approved plans and specifications, neither the Design Review Committee, Board, nor any of their members shall be responsible or liable to any Owner, a contractor, or other person or entity with respect to any loss, liability, claim, or expense which may arise by reason of such approval. Neither the Design Review Committee, Board, as applicable, nor any agent thereof, nor Declarant or any of its members, managers, employees, agents, or consultants, shall be responsible in any way for any defects in any plans or specifications submitted, revised, or approved in accordance with the provisions of this Declaration, nor for any structural or other defects in any work done according

to such plans and specifications. The Association shall indemnify, hold harmless, and defend the Design Review Committee and the Board, as applicable, and their members in any suit or proceeding which may arise by reason of any of the Design Review Committee's or Board's acts or omissions related to this Section 8 committed in good faith. The Association shall use all reasonable efforts to procure errors and omissions insurance coverage with respect to members of the Design Review Committee and the Board.

8.11 Nonwaiver. Consent by the Design Review Committee to any matter proposed to it or within its jurisdiction shall not be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

8.12 Effective Period of Consent. The Design Review Committee's consent to any proposed Improvement shall automatically be revoked two (2) years after issuance unless construction of the work has been commenced and is being diligently pursued to completion or Owner has applied for and received an extension of time from the Design Review Committee. Where an Improvement is approved as a whole (i.e., an entire building or complex of buildings), the commencement of construction of any portion of the entire Improvement will satisfy the preceding sentence.

8.13 Estoppel Certificate. Within thirty (30) days after written request is delivered to the Design Review Committee by any Owner, and upon payment to the Design Review Committee of a reasonable fee, if any, fixed by the Design Review Committee to cover its costs, the Design Review Committee shall provide such Owner with an estoppel certificate executed by a member of the Design Review Committee and acknowledged, certifying that, as of the date thereof, either: (i) all Improvements made or done upon or within the Lot by such Owner comply with this Declaration, or (ii) such Improvements do not so comply. If the estoppel certificate states that the Improvements do not comply, such certificate shall also identify the noncomplying Improvements and set forth with particularity the nature of such noncompliance. Any purchaser from any Owner, and any mortgagee, shall be entitled to rely conclusively on such certificate with respect to the matters set forth therein. If the Design Review Committee fails to respond to the request for such a certificate within the required thirty (30) day period and the Owner has paid the required fee, if any, prior to expiration of the thirty (30) day period, the certificate shall be deemed given, verifying that the Improvements on such Owner's Lot comply with this Declaration.

8.14 Enforcement and Amendment.

8.14.1 The Design Review Committee and Board shall apply and enforce the Design Standards and Guidelines in a good faith and reasonable manner. This provision is for the benefit of the City and enforceable by the City.

8.14.2 The Design Standards and Guidelines may be amended pursuant to Section 10.2 of this Declaration and with the prior written consent of the City.

SECTION 9 ENFORCEMENT

9.1 **Use and Improvement Restrictions.** In the event any Owner or Declarant shall violate or shall allow Permitted Users to violate any provision of this Declaration, then any Owner, Declarant or the Association shall have the right to enforce this Declaration. Each Owner is an intended beneficiary of the Other CCRs and shall also have the right to enforce the Other CCRs should the Declarant or any Member violate any of its provisions. The Association, acting through the Board, may notify a violator in writing that a violation exists and that the violator is responsible for such violation, and may, after affording the violator reasonable notice and thirty (30) days to remedy the violation or commence the remedy if it cannot be completed within thirty (30) days, and if the violation is not so remedied, then the Association may do any or all of the following: (i) impose reasonable fines upon the violator, in the manner and amount the Board deems appropriate in relation to the violation, (ii) bring suit or action against the violator to enforce this Declaration or applicable rules and regulations, or (iii) if the Association has notified the violator of required remedial or abatement action and the violator is unable or unwilling to comply with the Association's specific directives for remedy or abatement, or the violator and the Association cannot agree on a mutually acceptable solution within the framework and intent of this Declaration, then within sixty (60) days after such notice, seek a court order permitting the Association to enter the offending Lot and remove the cause of such violation, or alter, repair or change the item which is in violation of this Declaration in such a manner as to make it conform thereto and assess the Owner of such Lot for the entire cost of the work done. The Association shall use its reasonable efforts to minimize any disruption to such Owner during any such entry on a Lot. Nothing in this Section, however, shall give the Association the right to deprive any Owner of access to and from such Owner's Lot.

9.2 **Default in Payment of Assessments; Enforcement of Lien.** If an assessment or other charge levied under this Declaration is not paid within thirty (30) days after its due date, such assessment or charge shall become delinquent and shall bear interest from the due date until paid at the rate set forth below and, in addition, the Association may exercise any or all of the remedies described in Sections 9.2 – 9.5, as well as any other remedy available to it by law or in equity. The Association shall have a lien against each Lot for any assessment levied against such Lot and any fines or other charges imposed under this Declaration against the Owner of such Lot from the date on which the assessment, fine, or charge is due. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Association, through its duly authorized agents, may bid on the Lot at such foreclosure sale, and may acquire and hold, lease, mortgage, and convey the Lot. If any assessment is payable in installments, the full amount of the assessment is a lien from the date the first installment of the Assessment becomes due. The Association may bring an action to recover a money judgment for unpaid assessments, fines, and charges under this Declaration without foreclosing or waiving its lien. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

9.3 **Priority of Lien to Mortgages.** The lien for assessments or charges provided for in this Declaration shall be subordinate to the lien of any mortgage or deed of trust on a Lot and which was recorded prior to the recordation of the notice of lien.

9.4 Interest, Expenses, and Attorneys' Fees. Subject to Section 9.2, any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate of five (5) percentage points per annum above the "prime rate" or "reference rate" offered by Bank of America or its successor as of the due date therefor, or at such other rate as may be established by the Board, but not to exceed the lawful rate of interest under the laws of the State of Oregon. A late charge may be charged for each delinquent assessment in an amount established from time to time by resolution of the Board not to exceed five percent (5%) of such assessment. In the event the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board. With respect to any dispute relating to this Declaration, the Bylaws or rules and regulations of the Association, or the collection of any money due hereunder or foreclosure of a lien, or in the event that a suit, action, arbitration or other proceeding of any nature whatsoever, including (without limitation) any proceeding under the U.S. Bankruptcy Code and involving issues peculiar to federal bankruptcy law or any action seeking a declaration of rights or an action for rescission, is instituted to interpret or enforce this Declaration or any provision of this Declaration, the prevailing party shall be entitled to recover from the losing party its reasonable attorneys', paralegals' accountants' and other experts' and professional fees and all other fees, costs and expenses actually incurred and reasonably necessary in connection therewith including (without limitation) deposition and expert fees and costs incurred in creating exhibits and reports, and determined by the judge or arbitrator at trial or other proceeding, or on any appeal or review, in addition to all other amounts provided by law. For purposes of this Declaration, the term attorneys' fees includes all charges of the prevailing party's attorneys and their staff (including without limitation legal assistants, paralegals, word proceedings and other support personnel) and any post-petition fees in a bankruptcy court. For purposes of this Declaration, the term fees and expenses includes but is not limited to long-distance telephone charges; expenses of facsimile transmission; expenses for postage (including costs of registered or certified mail and return receipts), express mail or parcel delivery; mileage and all deposition charges, including, but not limited to, court reporters' charges, appearance fees and all costs of transcription; and costs incurred in searching records.

9.5 Non-Exclusiveness and Accumulation of Remedies. An election by the Association to pursue any remedy provided for violation of this Declaration shall not prevent concurrent or subsequent exercise of any other remedy permitted hereunder. The remedies provided in this Declaration are not exclusive, but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Association. In addition, any Owner may bring an action against another Owner, a Member or the Association to recover damages or to enjoin, abate, or remedy any violation of this Declaration or the Other CCRs by appropriate legal proceedings.

SECTION 10 GENERAL PROVISIONS

10.1 Term. The covenants, conditions and restrictions of this Declaration shall run until December 31, 2059, unless amended as herein provided. After December 31, 2059, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument approved by holders

of at least seventy-five percent (75%) of the Class A voting power of the Association owning Lots in the Property, and by the Class B Member, if any, which instrument has been or is recorded in the deed records of Marion County, Oregon.

10.2 Amendment and Repeal.

10.2.1 This Declaration, or any provision thereof may be amended or repealed by the vote of holders of at least seventy-five percent (75%) of the Class A voting power of the Association owning Lots in the Property, and the consent of the Class B Member, for so long as there is Class B membership in the Association. No amendment may affect any rights of the City without the prior written consent of the City.

10.2.2 Any such amendment or repeal shall become effective only upon recordation in the deed records of Marion County, Oregon of a certificate of the chairperson and secretary of the Association setting forth in full the amendment, amendments, or repeal so approved and certifying that said amendment, amendments, or repeal have been approved in the manner required by this Declaration.

10.3 Notices. Any notices permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally, by messenger, by overnight delivery service or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person (or, in the case of an entity, the registered agent for such entity) if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

10.4 No Fiduciary Standard. In no event shall Declarant or any of Declarant's agents, employees, officers or contractors be deemed to be a fiduciary to any Owner or be held to a fiduciary standard with respect to activities hereunder. The foregoing language does not apply to the officers or directors of the Association appointed by Declarant.

10.5 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

10.6 Non-Waiver. The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the rights to enforce any such provision or any other provision of said restrictions. Any claimed waiver must be in writing and signed by the party against whom such waiver is being asserted.

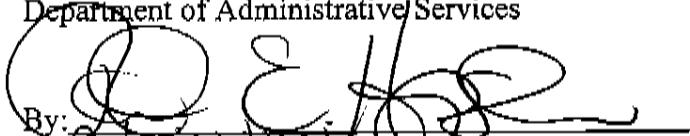
10.7 Security. The Association shall have no responsibility for safety and security matters within the Property. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of security for the Property nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any security measures cannot be compromised or circumvented, nor that any such security measures undertaken will in all cases prevent loss or provide the protection for which the measures are intended.

10.8 Restrictions Severable. Each of the provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, the undersigned, as Declarant, executed and recorded this Declaration of Covenants, Conditions and Restrictions for Phase IB of Mill Creek Corporate Center, to be effective on the Effective Date.

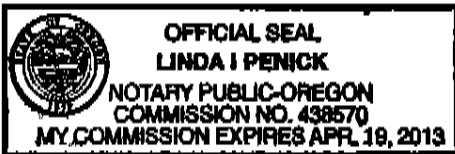
Declarant:

STATE OF OREGON, acting by and through its
Department of Administrative Services


By: _____
Its: ADMINISTRATOR

STATE OF OREGON)
) ss.
County of Marion)

The foregoing instrument was acknowledged before me on this 16th day of DECEMBER, 2009 by ROBIN E. HALPSTER, the ADMINISTRATOR of of the Department of Administrative Services, on behalf of the State of Oregon. Facilities,





Notary Public for Oregon
My Commission Expires: 4/19/2013

EXHIBIT A

Legal Description of the Property

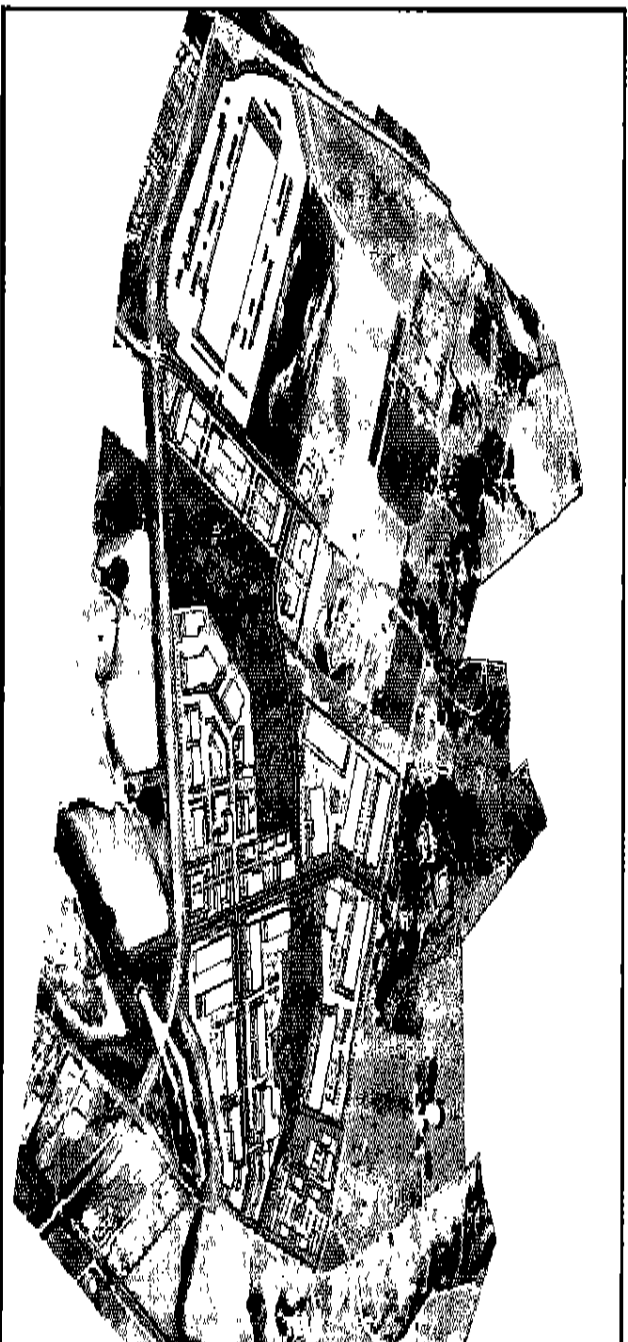
Parcel 1, Parcel 2 and Parcel 3, Partition Plat No. 2009-47, as platted and recorded in Reel 3124,
Page 349, Deed Records for Marion County, Oregon

EXHIBIT B

Master Plan

SALEM REGIONAL EMPLOYMENT CENTER

A State of Oregon and City of Salem Collaboration



Master Plan and Development Strategy

October 11, 2004

prepared by

Otak, Inc. • Leland Consulting Group • Parametrix • Tashman Johnson • DKS Associates

SALEM REGIONAL EMPLOYMENT CENTER

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SALEM REGIONAL EMPLOYMENT CENTER

Executive Summary

The Salem Regional Employment Center (SREC) master plan and development strategy is a unique framework that provides the City of Salem and the Mid-Willamette Valley region with a new stimulus for jobs and economic development. The plan envisions the transformation of the property, located in southeast Salem, Oregon, from its institutional and agricultural character to an employment, recreation and natural resource center for the region.

The State of Oregon and the City of Salem have entered into a collaboration to jointly guide the sale and development of the Mill Creek property. The goal is to respond to: the state's shortage of large, well-located "shovel-ready" parcels of industrial land; the region's need for employment; the city's strong desire for family wage jobs and increased tax base; and, the unique potential of the site.

Highlights of the plan include:

- 646 total acres.
- 507 buildable acres.
- Variety of employment center uses: large parcel industrial, industrial park, business park, service center.
- Open spaces serve as the consolidated storm water detention and wetland enhancement areas, as well as public amenities.
- Integrated surface water management and wetland mitigation strategy.
- An Intergovernmental Agreement to ensure coordination and oversight of the development strategy.
- Redesignation of the property as Industrial on the Salem Comprehensive Plan, with the application of a new zone called "Employment Center."

SALEM REGIONAL EMPLOYMENT CENTER

X. Comprehensive Plan and Zoning Framework

The 646 acre SREC property is designated Community Service Government (CSG) on the Salem comprehensive plan and Public Health (PH) on the City's zoning map. Implementation of the SREC master plan and development strategy requires amendments to these existing designations.

The City's Industrial comprehensive plan designation provides for a broad array of employment uses, and is implemented by four industrial zones under the current code. Industrial is an appropriate designation for SREC; it is recommended that the comprehensive plan be amended to apply the Industrial designation to the 646 acre SREC property.

Each of the four industrial zones in the current code have a unique focus. Some are oriented to more traditional manufacturing, others are more broad and allow a wide variety of commercial and industrial uses. Staff and the consultant team reviewed the current code and concluded that a new designation called Employment Center (EC) would be the best way to implement the proposed master plan and development strategy. The EC zone would strictly limit commercial uses, be applicable to large continuous areas, and provide for the range of distribution and light industrial uses envisioned on the SREC plan.

The proposed Industrial designation and new Employment Center zoning are preliminary recommendations. The actual plan and zone designations will be decided following public hearings before the Planning Commission and City Council after adoption of this master plan and development strategy report.

SALEM REGIONAL EMPLOYMENT CENTER

1. Introduction

The Salem Regional Employment Center (SREC), located in the southeast corner of the Salem urban growth boundary, is one of the largest properties with undeveloped acreage in the Salem-Keizer urban area. It provides an opportunity to accommodate a large-scale employment center that few other properties can match.

Approximately 650 acres in size, the property is the largest undeveloped industrial site along Interstate 5 (I-5) in the region and possibly the state. The site has flat topography with a large labor force nearby; direct access to regional transportation facilities, including I-5, Highway 22, the Salem airport and rail facilities; and is adjacent to institutional uses which are compatible with industrial development. Figures 1 and 2 depict the site's location and existing conditions.

The SREC Master Plan and Development Strategy brings together a coordinated land use, natural resource, infrastructure, public finance and intergovernmental strategy to transform the property into a center for regional employment, recreation and natural resources. The goal is to respond to the state's shortage of "shovel-ready" parcels of industrial land, the region's need for employment, the city's desire for family wage jobs and increased tax base, and the unique potential of the site.

Planning Process

The SREC Master Plan and Development Strategy was created as part of an intergovernmental process created to guide the planning, land sales and long term development of the site.

Under House Bill 2923, the Oregon Department of Administrative Services (DAS) has been directed to sell approximately 700 acres of the Department

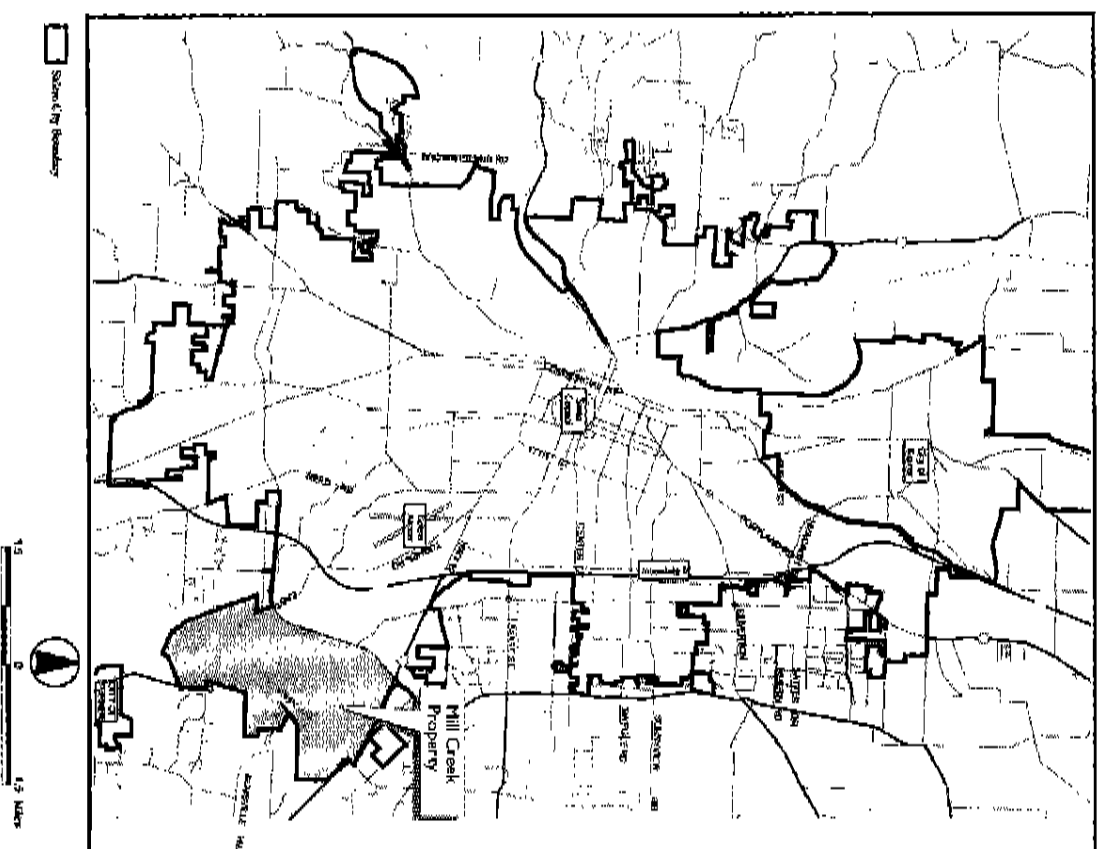


Figure 1. Regional Context

SALEM REGIONAL EMPLOYMENT CENTER

of Corrections' (DOC) 2,000 acre Mill Creek property. Net proceeds from the sale will be divided between Oregon Corrections Enterprises and the Oregon Cultural Trust. In 2002, a disposition strategy report was prepared to examine the sales of the property. The Joint Committee on Ways and Means approved the disposition strategy in June 2003 and directed the State of Oregon to work cooperatively with the City of Salem to develop a master plan for the site and to prepare a development strategy. The Salem Regional Employment Center represents the culmination of this sequence of planning and inter-governmental coordination.

The SREC planning process included the following committees, events and milestones. Figure 3 summarizes the SREC process.

Executive Committee (EC) – The EC, comprised of the Mayor of Salem, the Salem City Manager and the Facilities Administrator for DAS, provided project oversight and evaluation at key milestones throughout the project.

Project Development Team (PDT) – The PDT, comprised of the city of Salem staff, DAS staff and consultant team staff, provided the technical expertise for the project.

Joint City Council and Planning Commission Work Sessions – Three joint work sessions, open to the public, were held throughout the project at key milestones.

Community Outreach Meetings – Meetings with neighborhood associations and key stakeholder groups were held throughout the project to debrief the public on the status of the master plans and receive direction from the public.

Public Open Houses – Two Public Open Houses were held throughout the project to inform the public of the master plan and development strategy and receive feedback.

Stakeholder Interviews – A series of stakeholder interviews were conducted in the Fall of 2003. Stakeholders were asked to express their concerns, ideas, hopes, and expectations for the successful implementation of the Salem Regional Employment Center.

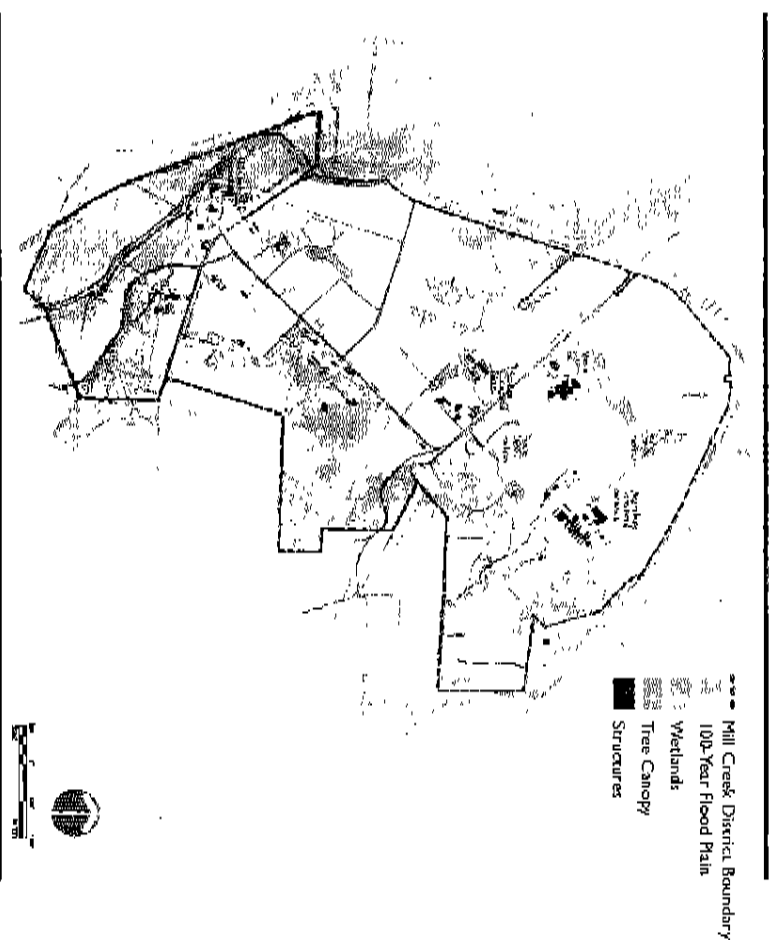


Figure 2. Existing Conditions

SALEM REGIONAL EMPLOYMENT CENTER

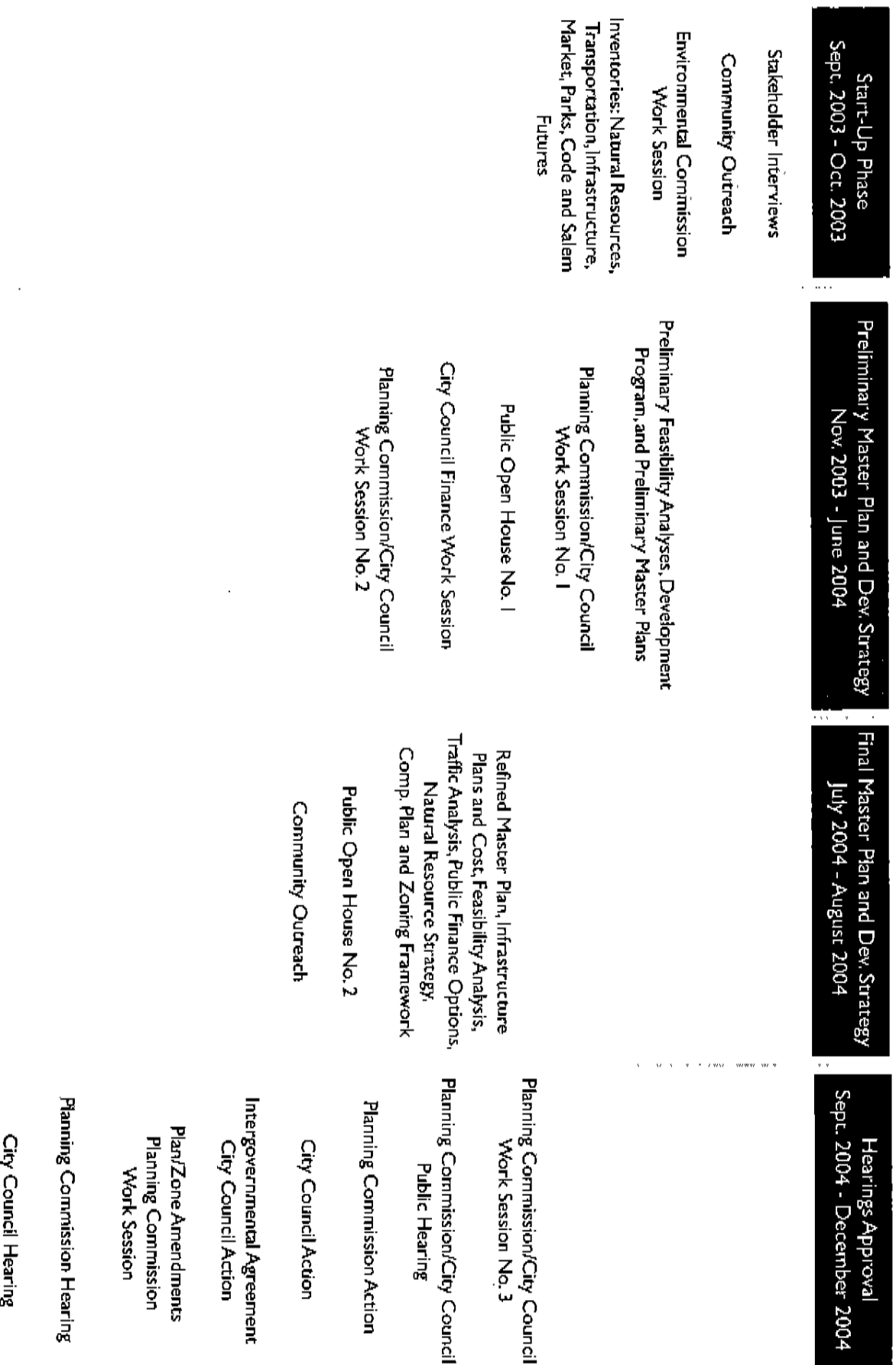


Figure 3. SRECC Planning Process

SALEM REGIONAL EMPLOYMENT CENTER

Project Purpose and Goals

The Salem City Council endorsed the following statement and master plan goals, which reflect the fundamental reasons for creation of the SREC Master Plan and Development Strategy, in March 2004.

The purpose of the project is to:

- Stimulate economic development through the creation of job opportunities.
- Create revenues for state programs and tax revenues for the State and local jurisdictions.
- Create a new employment center consistent with applicable City and State livability policies.

Master Plan Goals - The goals are intended as a statement of values and the master plan objectives. The goals are intentionally broad statements to reflect values and long-term objectives that are shared by the City and State.

A. Livability - Enhance the long-term quality of life in Salem and the region.

B. Economic Benefit - Provide a range of employment and business opportunities that contribute positively to the local and regional economy in the short and long term. Employment opportunities should include family wage jobs. Business opportunities should contribute to a sustainable and diversified economy in Salem. Create local jobs for our community.

C. Implementation - Develop plan implementation strategies, so that the project can be equitably financed, and readily marketed and permitted.

D. Community Involvement - Involve the community during the planning process, and incorporate community input into plan recommendations in concert with the project goals.

E. Quality Development - Assure a quality built environment that is a positive addition to the community.

F. Compatibility - Plan the location and nature of land uses to promote integration, transition, and compatibility with neighboring uses.

G. Open Space and Scenic Features - Provide open space to address the needs of the Salem area and the local community and in balance with industrial uses of the property.

H. Environmental Protection and Enhancement - Protect and enhance key natural features and sensitive environments in balance with industrial uses of the property.

I. Heritage - Preserve important historical and cultural features and amenities.

J. Infrastructure and Services - Provide local infrastructure and public services in concert with development needs. Integrate infrastructure planning with environmental planning.

K. Salem Futures - Be consistent with applicable principles of Salem Futures.

II. Master Plan Summary

Master Plan Map

The conceptual master plan map brings together multiple coordinated efforts from the Salem Regional Employment Center Process, including:

- Development program and strategy;
- Infrastructure and financial plans and phasing strategy;
- Wetlands mapping, mitigation and enhancement plans and permitting plan; and
- Transportation impact analysis.

Summary of Plan Elements

Land Use - The SREC Master Plan, shown on page 6, is comprised of five land use types:

- **Industrial** - The largest portion of the SREC master plan is proposed for industrial development. 313 acres are allocated over three phases with an emphasis on creating large parcels to accommodate warehouse distribution uses. Phase IB and IC are located on the northern half of the property along Kuebler Boulevard. Phase IIA runs along the southeastern portion of the property on Deer Park Road.
- **Industrial Park** - 80 acres of industrial park uses are proposed for Phase IA of the master plan. The industrial park is shown straddling a new north/south street, extending north from Turner Road, and is proposed to be developed in 5-20 acre parcels.
- **Business Park** - This land use is intended to accommodate a range of employment uses, from light industrial to office space. 104 acres of business park are proposed over Phase IA and Phase IIB.

- **Service Center** - A service center at the intersection of Kuebler Boulevard and a new east/west road is intended for small-scale business support retail and service uses. Ten acres are proposed for the Service Center in Phase IA of the master plan.

- **Open Space** - A 111 acre natural resource open space network is proposed to preserve and enhance wetlands and wildlife. A central open space and southern open space will provide wildlife habitat and receive treated stormwater runoff. A recreational trail runs along the open space network. A trail head with parking and a restroom area is being considered - the location and size would be finalized as the master plan is implemented.

Access and Circulation - Existing access to the site is provided by Kuebler Boulevard, Turner Road, Aurnsville Highway and North Saritiam Highway. A new north/south and east/west circulation system is proposed to provide connectivity throughout the site and create two new access points from Turner Road and Kuebler Boulevard. A multi-use path system is proposed to run adjacent to the street network in the public right-of-way to provide pedestrian and bike access.

Phasing - A phased development approach is proposed to accommodate the size of the SREC master plan and the limited public resources for infrastructure. The phasing plan anticipates that Phase I will occur first in the western half of the property that requires the least expensive infrastructure investments.

Figures 4-6 on the following pages depict the SREC Master Plan and demonstrate the integration of the open space network with the employment land uses.

**Salem Regional
Employment Center**
Conceptual Master Plan
August 10, 2004

* Users, acreages and locations are preliminary and subject to change

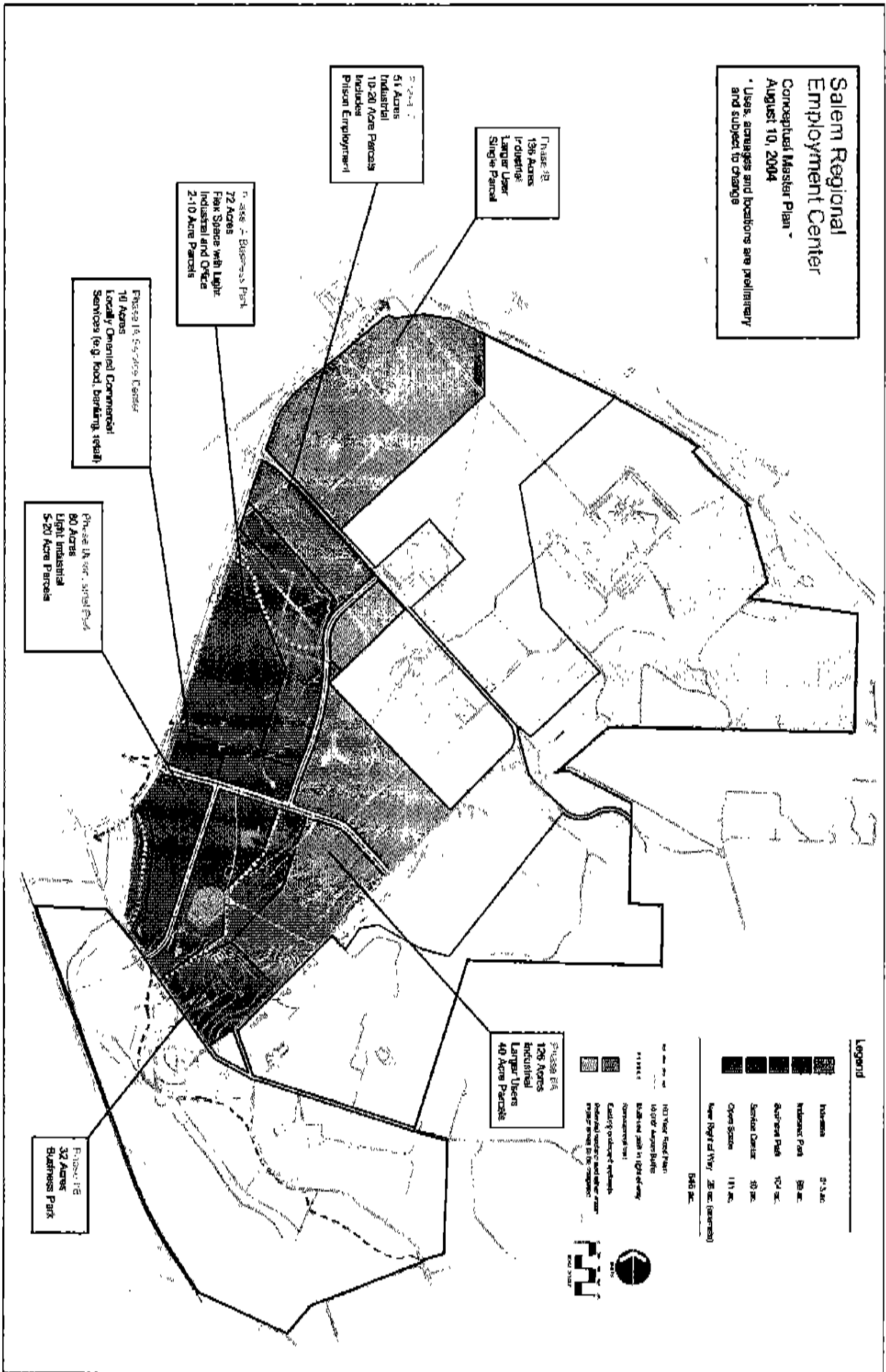


Figure 4. Salem Regional Employment Center Conceptual Master Plan

SALEM REGIONAL EMPLOYMENT CENTER

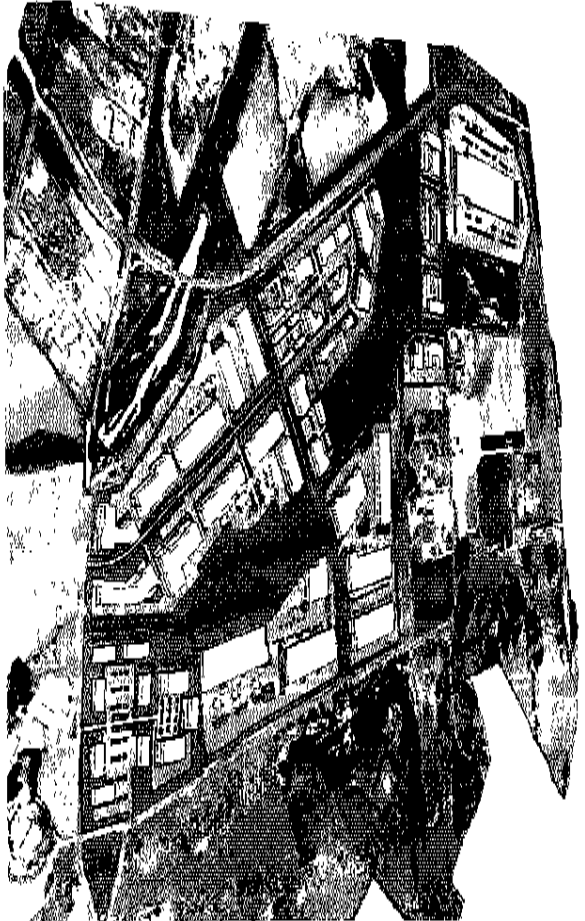


Figure 5. Perspective View

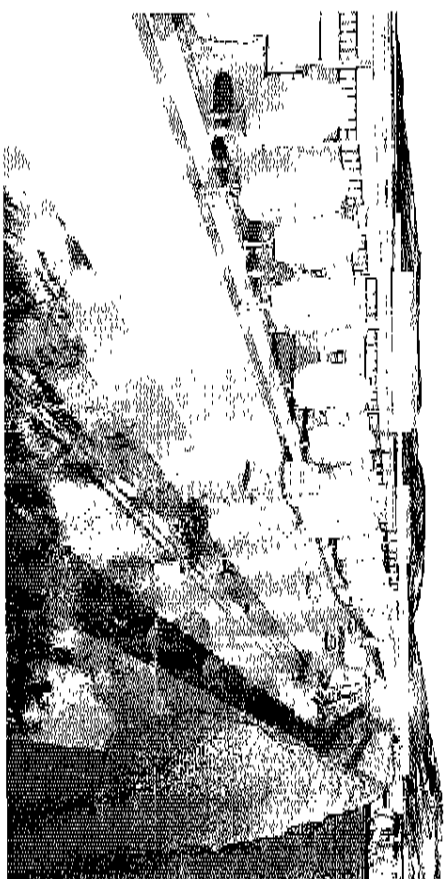


Figure 6. View Down New East/West Street from Kuebler Blvd

SALEM REGIONAL EMPLOYMENT CENTER

III. Development Strategy and Economic Benefits

The Development Strategy outlines the potential for the property and provides a guiding structure for ensuring that this potential is met.

The State of Oregon and the City of Salem have joined together to transform the site into a regional resource. The goal is to respond to the state's shortage of large, well-located "shovel-ready" parcels of industrial land, the region's need for employment, the city's strong desire for family wage jobs and increased tax base, and the unique potential of the site.

In developing an agreement to achieve this goal, the City and State have considered the unique opportunity presented by the site, the goals of the City of Salem, strategic factors, and the interests of involved stakeholders. Exploration of these considerations has resulted in a set of shared principles that serve as the basis of a memorandum of understanding between the City and the State, and which ultimately provides the basis for an intergovernmental agreement.

A summary of the Development Strategy and Economic Benefits is provided below.

Development Program

The development program provides a complementary balance of different employment uses and is intended to maximize both employment and revenue generation. Providing a variety of uses allows employment centers to succeed throughout business cycles by offering a range of building types that satisfy a wide market. The inclusion of office and flex buildings can provide attractive frontage for the development and act as a buffer between pure industrial uses and the adjacent community.

A phased approach to development best responds to the size of the property, the limited public resources for infrastructure construction, and the size of the market. The phasing plan anticipates that Phase I development will occur first in the western portions of the property that can be developed with the least expensive infrastructure investments. Revenue generated by the development of Phase I (including development district assessments and tax increment) will be used to support infrastructure investments needed to prepare Phase II areas for development. The proposed uses and their phasing is summarized in Table 1.

Table 1. Development Program

Phase	Land use description	Acres
IA	Industrial Park – Light Industrial/5-20 acre parcels Business Park – Flex space with light industrial and office, 2-10 acre parcels	80 72
IB	Service Center – Locally oriented commercial services (e.g., food, banking, retail) Large Industrial – Large user, one or two parcels (potentially warehouse / distribution center)	10 136
IC	Large Industrial – Large user 10-20 acre parcels, includes prison-related employment	51
IIA	Large Industrial – Large users, 40+ acre parcels	126
IIB	Business Park	32
Total		507

SALEM REGIONAL EMPLOYMENT CENTER

Program Components

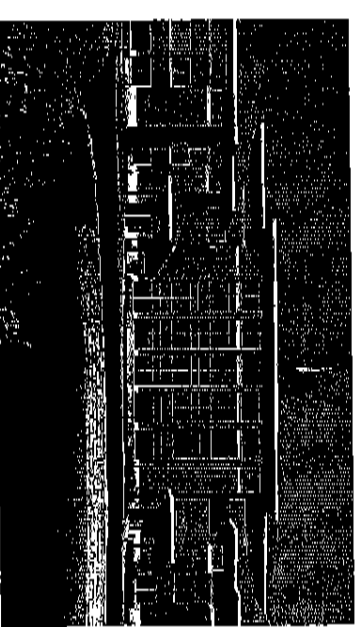
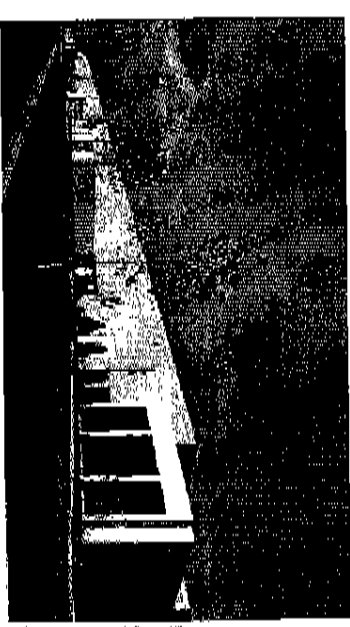
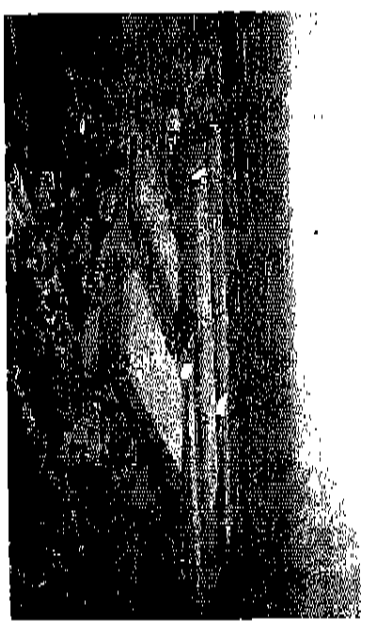
Distribution Center – The warehouse distribution center portion of the program is defined as a regional hub, intended to provide cost competitive sites with access to major population centers. The close proximity to Interstate 5 will allow warehouse and distribution facilities located at SREC to readily access Seattle to the north and the San Francisco Bay to the south.

Warehouse distribution use is currently the strongest sector of the industrial employment market and is anticipated to remain so for the near future. As a result, the largest portion of the SREC program is planned to accommodate distribution uses. The development program allocates 136 acres for warehouse distribution in Phase IB, up to 51 acres in Phase IC - including 10 acres of inmate employment, and up to 126 acres in Phase IIA for a total of 313 acres.

Industrial Park – The industrial park portion of the program will serve light industry and manufacturers, regional warehouses, and flex space users. Industrial park uses are proposed for approximately 80 acres in Phase IA.

Business Corporate Park – A business park is a multi-building development planned to accommodate a range of uses, from light industrial to office space, in an integrated park-like setting with supporting uses for the people who work there. Business parks are similar to industrial parks except that, while retaining a predominately industrial identity, they incorporate a greater amount of office space and are designed to provide a more attractive environment for employees and visitors.

Service Center – Expectations for on-site amenities and services for employees have become higher in recent years. Convenient access to services such as restaurants, lodging, banking, personal services, service station and other convenience-oriented facilities can strengthen the working environment and can be important determinants in attracting potential employers. The program accommodates this need with the 10-acre service center.



SALEM REGIONAL EMPLOYMENT CENTER

Program Components

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SALEM REGIONAL EMPLOYMENT CENTER

Economic Benefits

Attract New Firms and Industries to the Salem Region - SREC will attract new firms and industries to the Salem region by providing a combination of large flexible sites, a high quality environment, and a package of support services that cannot be found elsewhere in the region. In particular, SREC will accommodate large operations that cannot locate elsewhere, provide opportunities for small firms to co-locate with larger firms and support operations, and provide an attractive setting for employees and visitors.

Provide Employment Opportunities - By providing large flexible sites in a high quality environment, the development program is tailored to attract firms and industries that would not otherwise locate within the Salem region. At build out, the proposed SREC could accommodate over 5,000 jobs.

Support Economic Development - At build out, the total value of development is anticipated in the range of \$300 million to \$360 million. The economic impact of this activity will be much greater, however, because the project will generate construction jobs, increased purchases of goods and services from existing Salem businesses, investment of debt and equity from local sources, and increased economic support for Salem's existing office and retail districts, particularly downtown Salem.

Increase Tax Base of the City of Salem - The property is currently state-owned and generates no tax revenue for the City of Salem. Once developed, and following the expiration of any tax increment financing mechanisms, the project will constitute a significant source of tax revenue. Moreover, as the project will have no residential components, it will have minimal direct impact on public services such as schools and emergency services.

Leverage Existing Resources - The project will provide an opportunity for the area's technical colleges and trade schools to form partnerships with firms located at SREC. In addition, the project will support increased utilization of McNary Field for general aviation and possibly encourage a return of regional and/or national air carrier passage service to Salem.

Protect the Natural Environment - The site plan adopts the approach of avoiding existing wetlands wherever possible. By approaching the site's environmental resources from a holistic, rather than piecemeal perspective, the plan provides larger continuous habitat and wetlands environments that are coordinated with a trail system. As the area is currently inaccessible to the public, the proposed project will increase public access and enjoyment of the site's natural resources.



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Implementation

The steps involved in transforming the property into a vital employment center fall into two categories: 1) preparing the site to accommodate a regional employment center, and 2) attracting development which supports public goals.

The major implementation milestones are as follows:

- Formalize the arrangement between the City and State through an Inter-Governmental Agreement;
- Institute zoning and other entitlements required for the development of the property;
- Qualify developers through a request for qualifications process;
- Select a master developer for the property;
- Negotiate disposition of property through a memorandum of understanding followed by a disposition and development agreement;
- Establish codes, covenants and restrictions to ensure a high quality environment;
- Assure phased provision of off-site infrastructure and any publicly funded on-site expenses; and
- Initiate a coordinated marketing effort.

A private master developer and end-users will ultimately be responsible for developing the property. In order for development to occur, the price of land and anticipated development charges must be low enough to allow finished structures to be produced at a competitive price.

To provide a preliminary estimate of this value, Leland Consulting Group utilized three approaches: 1) an appraisal and survey of current real estate transactions, 2) discussions with industrial developers and industry experts, and 3) a residual land value analysis.

These preliminary analyses support an average sales price to developers of approximately \$1.50 per square foot for industrial portions of the property with higher values of approximately \$5.00 per square foot for the commercial service center. Individual appraisals will be required for all sales, however, and all property will be sold at or above appraised value.

The timing of land sales and development is an important, yet difficult to anticipate, component of the project. While the site is well-positioned for warehouse distribution uses, the market for business park components is less tested. Disposition agreements will address these risks through a variety of strategies, potentially including land banking, phased infrastructure investment, performance guarantees, and linkages of public infrastructure investment with private development commitments.

IV. Natural Resource Strategy

The natural resource strategy for SREC is comprised of an inventory of existing wetland resources, a wetland mitigation and enhancement strategy and a permitting strategy. A summary of the natural resource strategy is provided below.

Existing Wetland Resources

General Site Conditions - The project area is divided into the north and south fields, separated by Aumsville Highway. The north field is located in the Little Pudding watershed. The area is basically flat, with very minor depressions. Drain tiles were installed to drain water off the site, and the field was plowed and planted for over 100 years. The eastern portion has been planted in annual crops and the western portion in perennial grasses.

The south field is in the Mill Creek Watershed. The eastern section of the field consists of moderately sloped hills used mainly for pasture, a small oak knoll, and an animal waste treatment pond (not in use). The rest of the area consists of farmed fields, wetlands and ditches. The fields were used for production of annual crops and pasture grasses. The southwestern corner is adjacent to Mill Creek, but is separated by a berm.

Wetland Resources - Approximately 38.02 acres were delineated in the project areas, 2.7 acres in the north field and 35.32 acres in the south field. The wetlands range in size from 0.016 to 13.4 acres. The Oregon Department of State Lands (DSL) regulates impacts to all of the wetlands within the project area. The U.S. Army Corps of Engineers (COE) only regulates impacts to wetlands that are connected or adjacent to waters of the US.

Ditches/Other Waters - DSL regulates ditches that are built in hydric soils, have a free and open connection to a natural waterway and contain food or game fish. DSL does not regulate irrigation canals and ditches that are "(a)

operated and maintained for the primary purpose of conveying water for irrigation; and (b) are dewatered during the non-irrigation season except water incidentally retained in isolated low areas..." (OAR 141-085-0015 [3]). For the COE, ditches must meet the definition of tributary waters or linear wetlands to be regulated.

There are ten ditches and one 5.86 acre pond within the project area. Ditch 1 is located in the north field and Ditches 3 through 10 are located in the south field. Table 2 lists the approximate acreage and DSL and COE jurisdiction for each wetland and other waters. Figures 9 depicts the wetland delineation for the site.

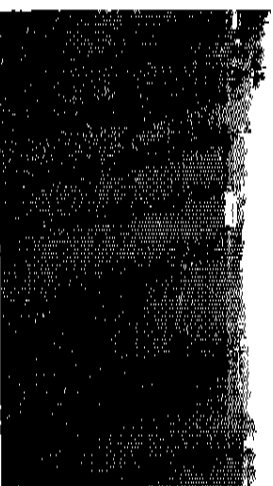


Figure 7. Typical Farm Wetland (Wetland M1)



Figure 8. East/West Ditch (Ditch 6)

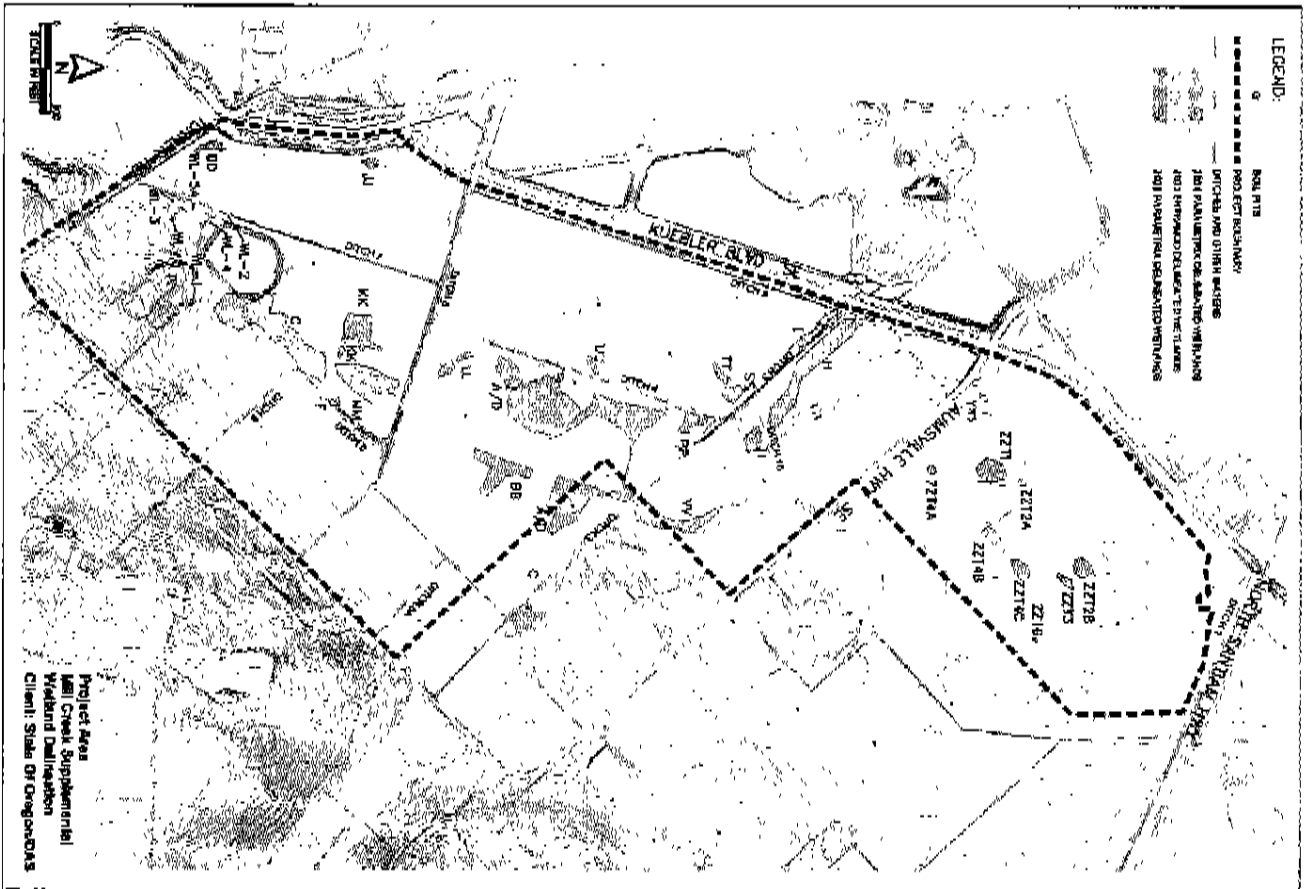


Table 2. Other Waters and Wetland Jurisdiction and Acreage

Other Waters	Jurisdiction			Wetland Continued Jurisdiction		
	DSL	COE	Size	DSL	COE	Size
Ditch 1	Yes	No		C*	Yes	Yes
Ditch 3	Yes	Yes		DD	Yes	No
Ditch 4	Yes	Yes		F	Yes	Yes
Ditch 5	Yes	Yes		G	Yes	Yes
Ditch 6	Yes	Yes		H	Yes	Yes
Ditch 6A	No	Yes		I	Yes	Yes
Ditch 7	No	Yes		J	Yes	Yes
Ditch 8	No	Yes		JL	Yes	No
Ditch 9	No	Yes		KK	Yes	No
Ditch 10	Yes	Yes		LL	Yes	No
Pond	Yes	No	5.86	MM	Yes	Yes
Wetland				PP	Yes	Yes
YY1	Yes	No	0.06	SS	Yes	Yes
ZZT1	Yes	No	0.92	TT	Yes	No
ZZT2A	Yes	No	0.06	UU	Yes	Yes
ZZT2B	Yes	No	0.34	VV	Yes	Yes
ZZT3	Yes	No	0.18	WL1	Yes	No
ZZT4A	Yes	No	0.10	WL2	Yes	Yes
ZZT4B	Yes	No	0.34	WL3	Yes	Yes
ZZT4C	Yes	No	0.44	WL4	Yes	Yes
ZZT6	Yes	No	0.02	WL5	Yes	Yes
AND	Yes	Yes	13.4	WLSA	Yes	No
BB	Yes	No	1.95			
Total Wetland Acreage			38.02			

*Removed, outside project area boundary.

Figure 9. Wetland Delineation

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Wetland Functional Capacity - The hydrogeomorphic (HGM) assessment method for the Willamette Valley Ecoregion (Adams 2001) was used to evaluate the functional capacity of wetlands. Under this system, a site's values are the economic, ecological and social characteristics that the functions provide. For example, nutrient and sediment retention may have a value of providing water quality improvements downstream of the site.

Within SREC, wetland functional capacity scored below the midpoint (.5) for most functions. The highest scoring HGM functions for the north field are Sediment Stabilization & Phosphorus Retention (.53) and Wintering and Migrating Waterbird Support (.76). The highest scoring HGM functions for the south field are Sediment Stabilization & Phosphorus Retention (.67), Breeding Waterbird Support (.97), and Wintering and Migratory Waterbird Support (.72). Large flocks of geese were observed throughout the site during the March 2004 fieldwork, as were shorebirds in the emergent wetlands in the south fields.

Mitigation Strategy

Wetland Avoidance - The avoidance of wetland impacts was first evaluated by looking at the need for industrial land in relation to alternative sites in the I-5 corridor. The master plan for the Salem Regional Employment Center targets one large industrial user (needing a parcel greater than 100 acres) to be economically successful. An economic study of available industrial parcels greater than 100 acres within the I-5 corridor found there are "no other agglomerations of properties in a metropolitan area in Oregon as large as Mill Creek" (Leland Consulting Group 2002). The Salem Regional Employment Center site can supply the needed land available for large industrial users adjacent to the freeway with minimal impacts to wetlands.

Minimizing Impacts to Wetlands - The site has 38.02 acres of wetland regulated by DSL and potentially 31.01 acres regulated by COE (does not include ditches or the pond). At the beginning of the master planning project,

several development options were drawn and evaluated that varied in wetland impact from complete avoidance, to a range of impacts and total fill. Avoiding all wetlands did not allow for a large single 100-acre parcel that the market research showed was necessary for the site to be competitive along the I-5 corridor for potential national and regional users. The present plan was selected because it:

- Avoids 27.38 wetland acres, potentially impacting 10.64 acres of wetlands and a 5.86 acre pond;
- Includes one parcel greater than 100-acres;
- Creates two centralized wetland areas for compensatory mitigation, allowing for on-site and in-kind compensatory mitigation;
- Integrates wetland mitigation with stormwater management; and
- Allows for increasing the functions and values of the remaining wetlands.

All development scenarios require relocation of the majority of ditches (tributary waters or linear wetlands), except the major east-west ditches, to create appropriately sized parcels for industrial and commercial development.

Mitigation Design

Central Open Space - The Central Open Space area is approximately 70 acres within the Mill Creek watershed and within the 10,000' airport buffer. Of the 70 acres, approximately 15 acres are jurisdictional wetlands. Cross sections 1 and 2 show the proposed grading and planting plan for the Central Open Space mitigation area. The wetlands are designed to provide bird habitat, sediment stabilization and phosphorus retention, and minor flood control. The wetlands are designed to reduce waterfowl habitat in the vicinity of the airport. Cross Section 1 illustrates the conceptual design of the northern portion of the central wetland. This wetland will receive treated stormwater as the primary source of hydrology. Higher elevations on each side of the wetland will contain the surface water within the wetland.

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Braided shallow channels within the wetland will drain from north to south and then beneath Kuebler Boulevard to Mill Creek. Topography across the wetland is flat with grading proposed to be "bumpy." This bumpy topography is intended to provide many local low points for water to collect, be stored and infiltrate; to increase the surface roughness so the flow will be slowed as it drains; and to provide variations in conditions to select for a diverse array of plants. In this section, the proposed vegetation consists of forested and scrub-shrub wetland plants, such as Red Alder, Douglas Spirace, Oregon Ash and Pacific Ninebark.



Figure 10. Cross Section 1 - Northern Cross Section in Central Wetland

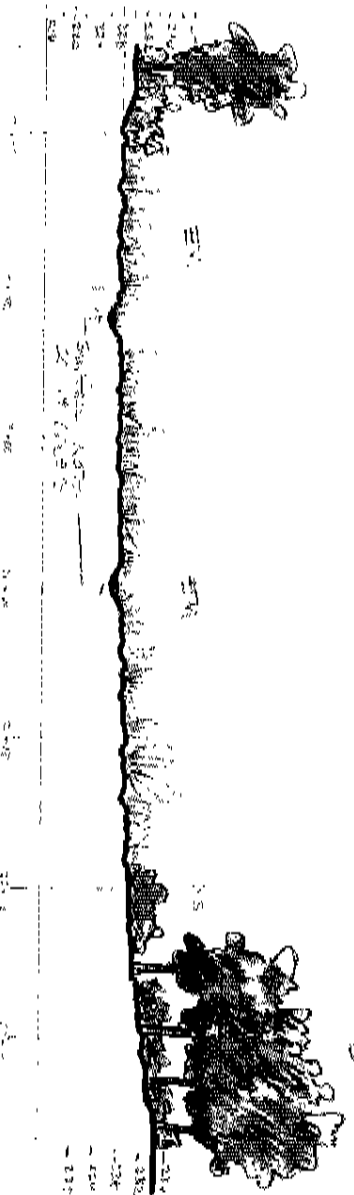


Figure 11. Cross Section 2 - Southern Cross Section in Central Wetland

Cross Section 2 illustrates the conceptual design of the southern portion of the central wetland. This wetland will receive treated stormwater as the primary source of hydrology. Topography across the wetland is flat and will not require grading in all places. Where grading is proposed, the terrain is also to be "bumpy." Again, higher elevations along the wetland edges will contain seasonal surface water.

In this section, the proposed vegetation consists of emergent and scrub-shrub wetland plants. Much of this area currently has shallow ponds and would not require grading. Planting of emergent vegetation in those areas would provide habitat diversity. Emergent vegetation could include various sedges, rushes and native grasses.

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Southern Open Space - The Southern Open Space is approximately 25.6 acres within the Mill Creek watershed, outside the airport buffer zone. Of the 25.6 acres, 8.5 acres are jurisdictional wetlands regulated by DSL. The mitigation design for the Southern Open Space consists of a combination of emergent, forested and scrub-shrub wetland plants. Cross Section 3 illustrates the conceptual design of the southern wetland, which also will receive treated stormwater as the primary source of hydrology. Surface water will drain through proposed shallow channels and through a culvert to the former irrigation ditch. The former irrigation ditch flows through a pair of culverts beneath Kuebler Blvd and into Mill Creek. Higher elevations on each side of this wetland will contain the surface water within the wetland. Topography across the wetland is flat, with grading again proposed to be "bumpy." Possible species of plants are the same as for the Central Open Space mitigation.

Permitting Strategy

The wetland permitting strategy for DSL and for the COE follow two different courses of action but include similar components. Each requires a:

1. Wetland delineation;
2. Determination of waterways jurisdiction;
3. Functional assessment of wetlands;

4. Alternative analysis for wetland impacts; and
5. Wetland mitigation plan.

DSL follows the guidelines in The Oregon Industrial Site Certification section on Wetland and Waterways in the Environmental & Cultural Protections and Appendix IV - Wetlands. The COE can issue a Clean Water Act 404 individual permit (IP) for the master plan with special conditions.

To ensure certainty for all parties, the preferred permitting strategy is to apply for Industrial Site Certification for Wetlands and Waterways from DSL and for an IP for the master plan from the COE. This approach allows for timely review of individual site development because the majority of the application components (such as the wetland delineation report, waterway jurisdiction, alternative analysis and mitigation plans) have been previously reviewed and approved by DSL and the COE, including coordination with US Fish and Wildlife Service and NOAA Fisheries.

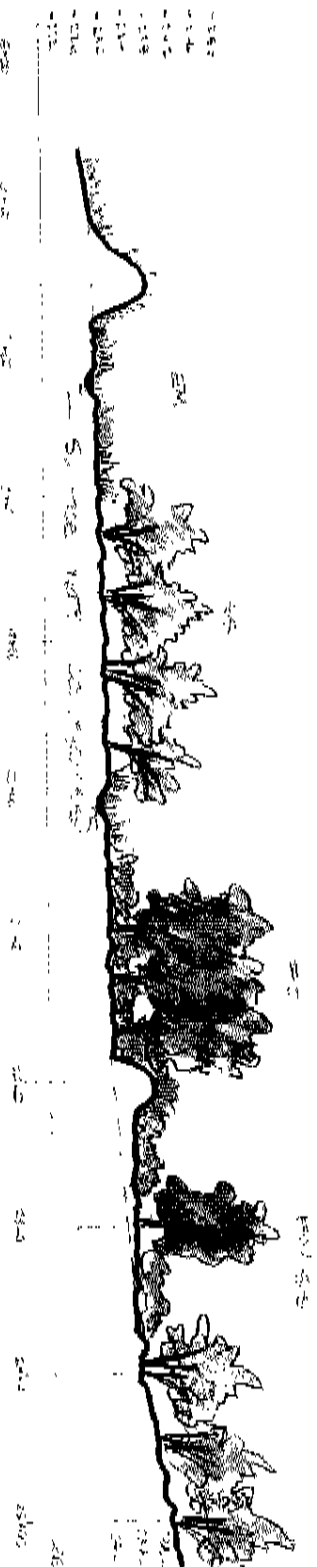


Figure 12. Cross Section 3 - Southern Wetland

V. Transportation Impact Analysis

The purpose of the Transportation Impact Analysis (TIA) is to evaluate the potential transportation impacts associated with the proposed Salem Regional Employment Center. A summary of the TIA's findings are provided below.

Existing Conditions

The study area is bounded generally by Silverton Road to the north, Kuebler Boulevard to the south, Deer Park Drive to the east and Commercial Street and 25th Street to the west. Approximately 30 intersections were selected for analysis for existing conditions based on conversations with the City of Salem, Marion County and the Oregon Department of Transportation.

Generally speaking most study area intersections operate at a level-of-service (LOS) of D or better during the peak periods. There are some intersections that operate below this condition during the AM and PM peak hours. The following list summarizes the intersections that operate below LOS D and which peak hour those conditions exist:

- Kuebler Boulevard/27th Avenue (AM and PM peaks);
- Cordon Road/Sweagle Road (PM peak);
- Cordon Road/Auburn Road (PM peak);
- Cordon Road/Pennsylvania Road (PM peak);
- Mission Street/25th Street (PM peak);
- US 22 westbound/Lancaster Drive (PM peak);
- Cordon Road/Macleay Road (PM peak); and
- Kuebler Boulevard/I-5 southbound (PM peak).

Pedestrian and bicycle counts were also conducted during the AM and PM peak periods, and showed that most activity within the study area is low during these periods. Pedestrian and bicycle activity primarily occurred around commercial and residential properties when it did take place.

Public transit is provided by Cherrilots, which operates three bus routes within the study area. Direct transit service is provided via the #16 (Four Corners) and #21 (Turner Road) with headways ranging from 30 minutes (LOS D headway) to 60 minutes (LOS F headway).

Assumptions

The proposed project covers approximately 650 net acres and has a variety of land uses ranging from a service center (retail) to industrial and business park uses. Based on the proposed land use, the project at full build-out would generate approximately 38,590 daily trips, 4,220 AM peak hour trips and 4,260 PM peak hour trips.

Trips would primarily use major roadways to enter/exit the proposed project. These roadways are Kuebler Boulevard, US 22/Mission Street, Cordon Road and Interstate 5. It is expected that intersections along these roads would have the largest impact from the proposed project.

Future Conditions and Recommendations

2008 Base Year and Build Conditions - Roadway and intersection conditions by 2008 under the base future year (no project) conditions indicates the need to signalize five of the unsignalized intersections and implement mitigation in the form of additional lane geometry at seven other intersections. The project impacts two additional intersections for signals and nine additional intersections for lane geometry improvements. All intersections operate at acceptable operating conditions with mitigation in place.

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2013 Base Year and Build Conditions - Roadway and intersection conditions by 2013 under the base future year (no project) conditions indicates the need to signalize one additional unsignalized intersection and implement mitigation in the form of additional lane geometry at five other intersections. The project impacts seven additional intersections for lane geometry improvements, but does not require any additional signals. All intersections operate at acceptable operating conditions with mitigation in place.

2018 Base Year and Build Conditions - Roadway and intersection conditions by 2018 under the base future year (no project) conditions indicates the need to implement mitigation in the form of additional lane geometry at six intersections. The project impacts twelve additional intersections for lane geometry improvements, but does not require any additional signals. All intersections operate at acceptable operating conditions with mitigation in place with the exception of Kuebler Boulevard/Turner Road (for project conditions) where delay extends beyond LOS F and the demand-to-capacity exceeds 1.0 during the PM peak hour. These conditions are expected by the City of Salem at this location and indicate an intersection to monitor to implement appropriate mitigation strategies when necessary to try and meet acceptable operating conditions. It is also expected that if excessive delay and excessive demand is experienced at this intersection that travel patterns would be altered during the peak hour to avoid this intersection, and/or trips could be altered to occur during off-peak conditions.

2021 Base Year and Build Conditions - Roadway and intersection conditions by 2021 under the base future year (no project) conditions indicates the need to implement mitigation in the form of additional lane geometry at four intersections. The project impacts one additional intersection for signalization and eleven additional intersections for lane geometry improvements. All intersections operate at acceptable operating conditions with mitigation in place with the exception of Kuebler Boulevard/Turner Road (indicated earlier for project conditions) and Kuebler Boulevard/Commercial Street (both base

future year and build condition) where delay extends beyond LOS F and the demand-to-capacity exceeds 1.0 during the PM peak hour. These conditions are expected by the City of Salem at this location and indicate an intersection to monitor and implement appropriate mitigation strategies when necessary to try and meet acceptable operating conditions. It is also expected that if excessive delay and excessive demand is experienced at this intersection, travel patterns would be altered during the peak hour to avoid this intersection, and/or trips could be altered to occur during off-peak conditions.

Future 2021 conditions with the project indicate the need to create a five-lane cross-section roadway of Corcon Road and Kuebler Boulevard from Center Street to Interstate 5.

Cost Estimates

Using the previous mitigation measures, cost estimates were developed for the planning horizon years of 2008, 2013, 2018 and 2021. Both base future year and base future year plus project costs were developed using 2004 dollars. The project's responsibility for these costs was calculated based upon the proportion of traffic volumes to the total traffic at each of the intersections analyzed. The estimated transportation costs for each of the planning horizon years are shown in Table 3.

Table 3. Transportation Cost Estimates

Phase/Near	Project Costs
2008	\$3,500,000
2013	\$4,500,000
2018	\$7,000,000
2021	\$2,000,000
TOTALS	\$17,000,000

Notes: Costs shown are in 2004 dollars
Source: DKS Associates and City of Salem Public Works Department

Bike and Pedestrian Plan

The proposed master plan includes a bike and pedestrian circulation network that is connected and integrated with the streets and open spaces. The typical cross-sections for streets (see Figure 13, page 21) includes a six-foot sidewalk on one side and a twelve-foot multi-use on the other side of the streets, both of which are separated from the travel lanes by bio-swales or planter strips. The multi-use path will parallel the two new internal streets, a portion of Aurnsville Highway and the site's frontage along Kuebler Boulevard (see Figure 4). This network provides for continuous bike lanes and pedestrian routes throughout the site.

A proposed recreational trail system supplements the street-side bike and pedestrian network described above. Figure 4 illustrates three trail segments:

- An east-west trail through the central wetland;
- A north-south trail paralleling the southern wetland; and
- A trail that parallels Mill Creek and connects the Kuebler Boulevard path to Turner Road.

The proposed trails provide public access to open spaces, opportunities for environmental education and a off-street circulation routes that supplement the primary network. A trailhead with parking and restrooms is currently under discussion. Taken together, the open space and recreational trail system form a public amenity that will be enjoyed by both on-site workers and the larger Salem community.

Transit

The road system has been designed to accommodate new transit service in the future. The north-south and east-west streets provide multiple options for routing buses through the area. Actual bus routes and stops will depend on the density of employment and overall system planning by Cherriot.

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VI. Surface Water Infrastructure Plan

Introduction

Surface water management is an integral part of the infrastructure needs for the Salem Regional Employment Center. The management concept proposed for SREC provides public infrastructure that is designed to manage runoff from the public right-of-way and, wherever possible, private runoff from adjacent properties. The surface water management plan is closely integrated with the natural resource strategy - much of the hydrology necessary to maintain and enhance the wetland areas will be stormwater runoff.

A summary of the surface water infrastructure plan is provided below.

Existing Site Hydrology

The project site is located within two different watersheds separated by Aurnsville Highway. Areas north of Aurnsville Highway drain to the Little Pudding River. Offsite areas to the east and onsite areas south of Aurnsville Highway are in the Mill Creek Watershed.

Onsite runoff flows overland to one of several irrigation ditches. The irrigation ditches drain to one of four site discharge locations. North of Aurnsville Highway, the irrigation ditches either discharge to a 12-inch culvert under Kuebler Boulevard just south of the Highway 22 underpass, or to a pair of 60-inch culverts that convey water under Highway 22. South of Aurnsville Highway, the irrigation ditches drain to one of two culvert crossings under Kuebler Boulevard that discharge to Mill Creek.

Offsite runoff from approximately 550 acres of upland area east of Deer Park Road flows across Deer Park Road onto the site and flows overland to the irrigation ditches south of Aurnsville Highway.

A dam on Mill Creek controls water levels in the irrigation ditches. During the growing season, the dam is in place and backwaters flow from Mill Creek

into the irrigation system on the site. During the rainy season, the dam is lowered and allows the irrigation ditches to provide drainage of the project site. Once the site is developed, the irrigation ditches will no longer be necessary. The culverts under Kuebler Boulevard will function year round as the drainage route for runoff.

Much of the project site is covered with gravelly loam and silty loam having shallow groundwater and low infiltration rates. Many pockets of hydric soil are also present on site, and help maintain several farmed wetlands. The wetlands delineated for this project total 42.1 acres. All of the wetlands have been significantly disturbed by over 100 years of agricultural activities. Additionally, several of the irrigation ditches and an abandoned dairy pond located on the site are considered jurisdictional waterways by either the US Army Corps of Engineers (COE) or the Oregon Department of State Lands (DSL).

Much of the site is located within a 10,000 foot buffer around the Salem Airport. The Federal Aviation Administration requirements discourage the use of tall trees and the creation of environments that will attract waterfowl. The open space wetlands are intended to be wet areas of temporarily shallow water. Trees and shrubs will be densely planted to discourage use of the open spaces by waterfowl.

Proposed Stormwater Management

Design and operation of the stormwater management facilities is integral to the hydrology of the open space wetland areas. Therefore, the surface water infrastructure plan must consider the wetland needs and attempt to minimize stresses to the open space wetland communities. Stormwater treatment facilities must be implemented to remove pollutants from the runoff before discharge to the open space wetlands. The open space topography and stormwater volumes need to be coordinated so that wetland vegetation is not going to be inundated by deep water.

A series of vegetated swales located within public right-of-way parallel to the roads will collect runoff from the roads and allow for sedimentation and filtration of pollutants from the runoff before discharging to the open space wetlands. Figures 13 and 14 show the integration of the vegetated swales into a typical cross-section of the right-of-ways. Totalling more than seven miles in length, the vegetated swales have sufficient capacity to treat the public right-of-ways in addition to the rest of the SREC properties that discharge to them. Additional privately owned and maintained treatment facilities are required on properties that are not able to discharge to a public vegetated swale due to site configuration and topography. Future development or redevelopment of offsite properties east of Deer Park Road will need to provide pollution reducing stormwater treatment facilities to treat all of their runoff before it reaches this project site.

The open space wetland areas are expected to provide attenuation resulting in a reduction in peak flow discharges from the site.

Conveyance throughout the site is a combination of closed pipe systems, open channels, vegetated swales, and culverts. Stormwater outfalls that discharge directly to an open space should be protected with rip-rap to control scour. The City of Salem Stormwater Master Plan identified the culvert under Kuebler Boulevard that will drain the Central Open Space, for replacement with a 72-inch culvert. The existing structure located at the inlet to the existing culvert will also need to be removed and replaced with a redesigned inlet structure to maintain existing peak flows to Mill Creek. The existing inlet structure to the twin culverts, that allows backwater from Mill Creek into the irrigation ditches, will need to be removed and replaced with a redesigned inlet structure to reduce flooding potential due to accumulation of debris and easier maintenance. An overflow pipe connection between the two open spaces is specified in the proposed concept. This will provide a controlled opportunity for floodwaters to be relieved from the Southern Open Space

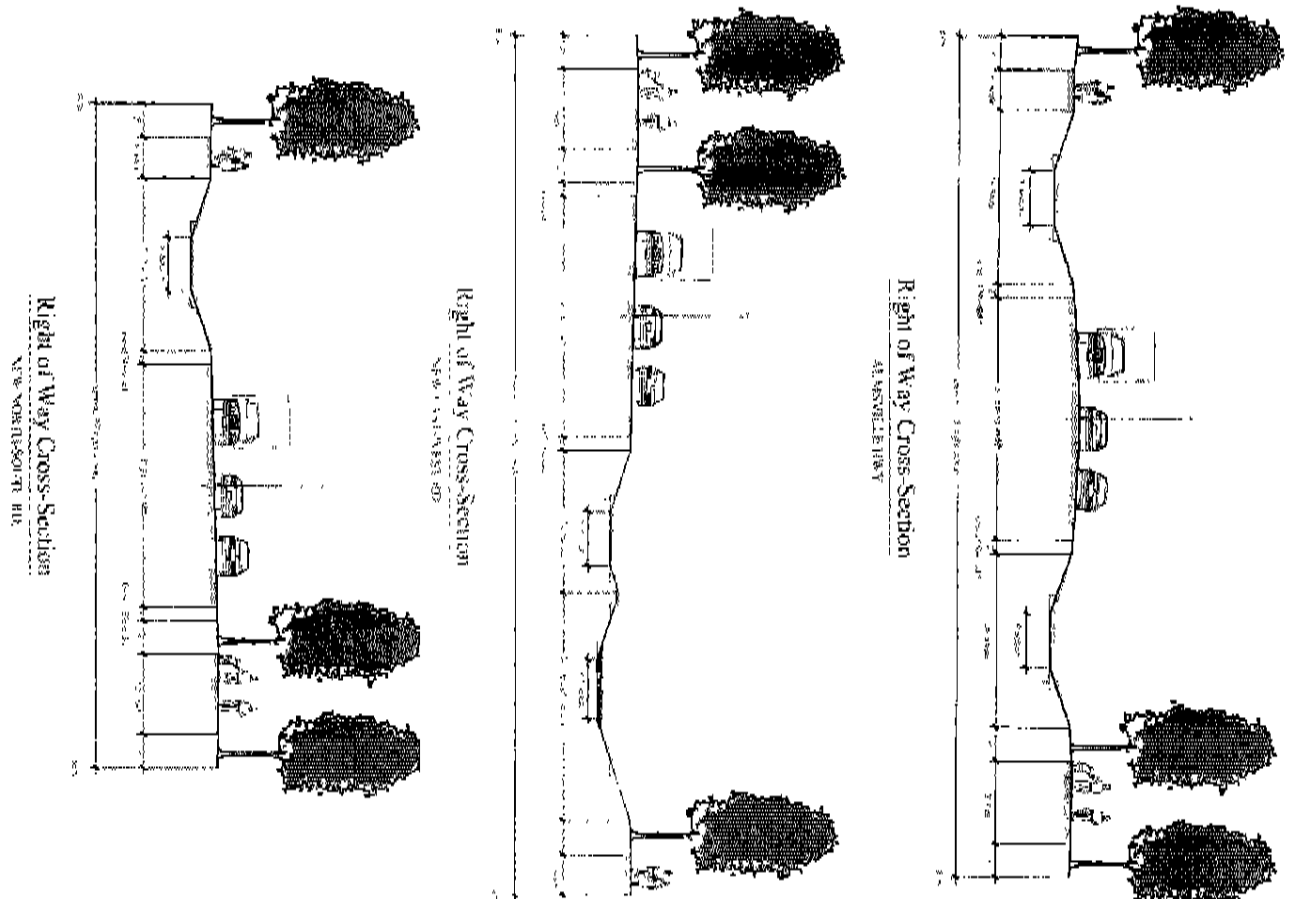


Figure 13. Street Cross-Sections with Bioswales

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without flooding the developed properties to the west. The existing open channel connection that parallels Kuebler Boulevard will be maintained as a flood overflow channel in the event that floodwaters need to be routed from one of the discharge culverts under Kuebler Boulevard to the other.

The proposed infrastructure to manage stormwater is shown schematically in Figure 15. The concept is intended to provide public infrastructure that is designed to manage runoff from the public right-of-way and, wherever possible, private runoff from adjacent properties.

Cost Estimate

City staff reviewed the preliminary stormwater management assumptions and cost estimates provided by Olak and estimated the public cost to design and construct stormwater improvements and wetland mitigation to serve the SREC at \$9,300,000.

Phased Implementation

As is the case with the entire infrastructure necessary to serve the SREC properties, it is not feasible to implement the entire stormwater management strategy all at once. It is anticipated that build out of the entire site will take 15-20 years. Interim configurations will have to be designed to accommodate the stormwater management needs of the site as development occurs. Some portion of the permanent public infrastructure is needed to serve each phase of the development as it occurs.

It is anticipated that the western portion of the property closest to Kuebler Boulevard will develop first. This means large areas of up-slope soils will continue to be exposed and potentially prone to erosion. It will be important to utilize best management practices to control the transport of sediment from the up-slope part of the site so that erosion does not impact the performance of permanent stormwater facilities and wetland mitigation areas as they are constructed.

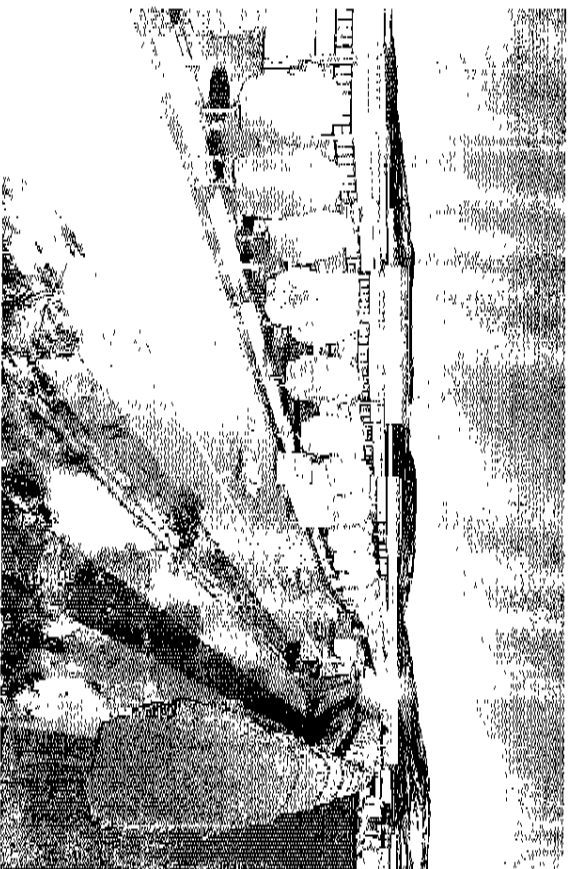


Figure 14. Visual Simulation of New East/West Street

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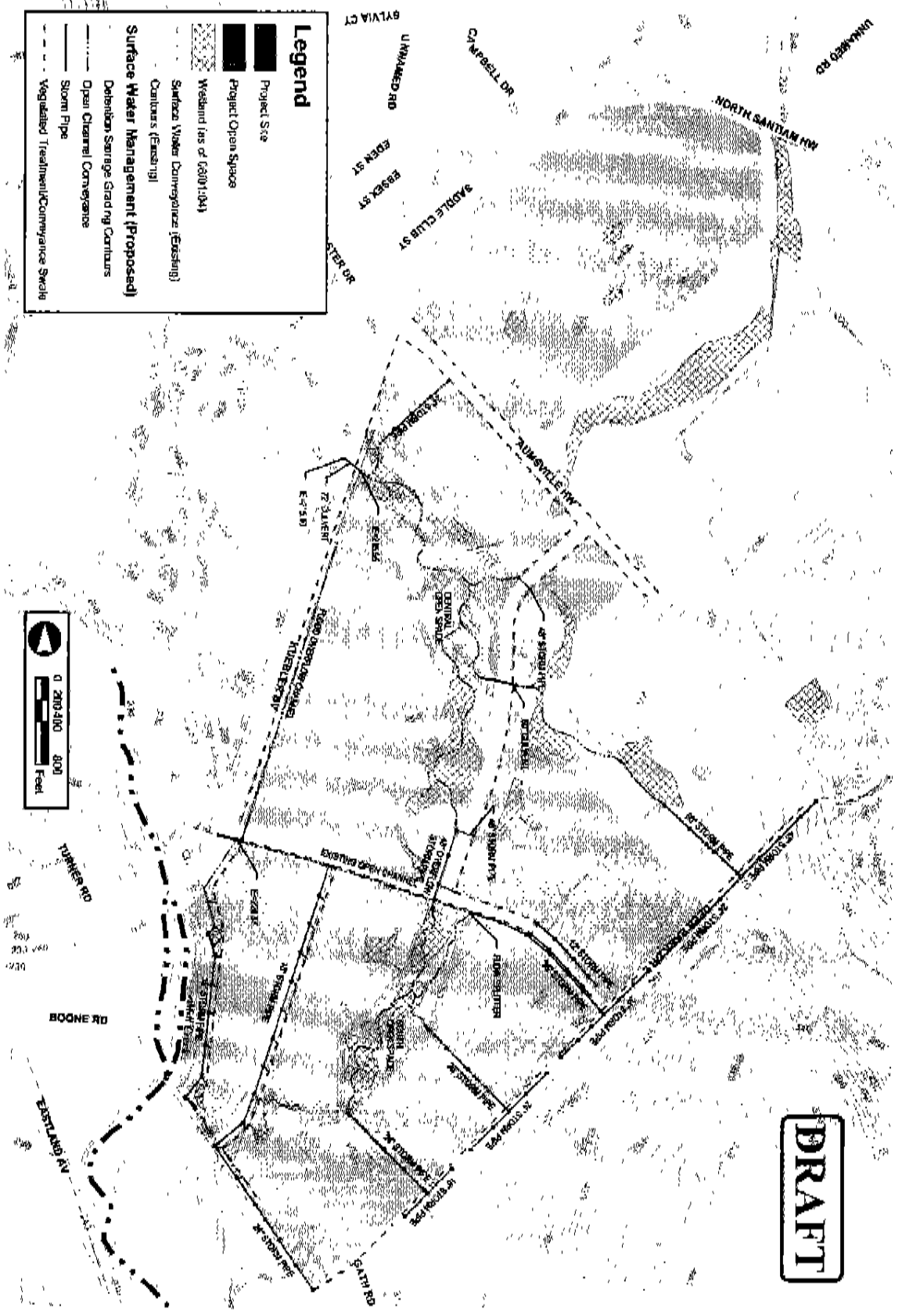


Figure 1.5. Surface Water Management Plan

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VII. Water and Sanitary Sewer Infrastructure Plan

Introduction

A summary of the Water and Sanitary Sewer Infrastructure Plan is provided below.

Water Systems

Water service to the SREC property is from two pressure zones; these are the "T" and "G0" zones. The "T" zone serves elevations between 235 feet and 387 feet, while the "G0" zone serves elevations less than 235 feet. Service to the SREC property will be by extension of existing water lines within the two zones discussed above. These water lines will loop through the site within the proposed roadways with the "G0" zone having an ultimate connection to the future 54-inch water line in Kuebler Boulevard at the intersection of Aumsville Highway. At this time, the 54-inch water line is not identified as a capital improvement project in City documents. An interim connection will be made to the existing 48-inch water line on the southern portion of the SREC site to back feed the water system discussed below. In addition, if the 54-inch water line is not in place at buildout of this project, there will need to be an extension of a 16-inch water line in Kuebler Boulevard to a connection with an existing 24-inch water line near the intersection of Cordon Road and Gaffin Road. This extension of the 16-inch water line will require a boring under Highway 22 and a portion of the line to be constructed across private property. A 16-inch water line will extend from the Aumsville Highway and Kuebler Boulevard intersection east to a connection with the existing water system near the westerly corner of the Marion County Jail site. This 16-inch water line will then travel south along the new North/South Street, then west along the East/West Street to the intersection with Kuebler Boulevard. A 16-inch extension from this loop will be constructed south.

As discussed above, there will be an interim connection to the existing 48-inch water at either location as shown in Figure 16. Other service lines will connect to the 16-inch system and will serve the proposed development.

The "T" zone will be extended to serve the remaining development parcels by extending the existing 12- and 16-inch lines in Deer Park Road, Aumsville Highway and within the proposed roadways within the proposed Master Plan layout. This "T" zone system will loop back to itself in Deer Park Road and Aumsville Highway.

The storage capacity within the "T" zone is limited to the 0.5 million gallon College Reservoir located just above the Western Baptist College Campus on Deer Park Road. City staff has indicated that this reservoir could only support the development of one of the parcels in the "T" zone. Further development within the "T" zone will require the construction of a new 2.0 million-gallon reservoir to meet the future water demand within the "T" zone. As a first step, the development of the Department of Public Safety Standards and Training (DPSST) property is expected to replace the Deer Park Pump Station. Replacement of the pump station will include replacing the 18-inch connection between the Deer Park Pump Station and the 48-inch transmission line, as well as replacing the 18-inch water line from the pump station up the hill to the existing College Reservoir.

When the future reservoir is constructed to replace the College Reservoir, the 18-inch line that supplies the reservoir will need to be extended up the hill to the new reservoir. A new 24-inch water line is planned to serve the "T" zone. The 24-inch water line will convey water down the hill to Deer Park Road. Much of the existing 12- and 16-inch lines in Deer Park Road and Aumsville Highway will be replaced with an 18-inch line. A 16-inch waterline will connect to the new 18-inch waterline at the intersection of Aumsville Highway and the new north/south street. It will head south to the new east/west street and then head east to reconnect with the new 18-inch waterline on Deer Park Road.

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There would be no interconnection between the "T" and "G0" systems - parallel lines will exist within the north/south street.

An existing 48-inch transmission line crosses the Mill Creek site at the south end running between Turner Road and Kuebler Boulevard. Development of this portion of the site may be able to avoid placing a building over this water line. However, if the site layout cannot accommodate the waterline's existing alignment, then portions of the 48-inch line may need to be relocated. This would create additional costs to develop the property that were not assumed as part of the cost estimates.

Sanitary Sewer

Sanitary sewer service to the property will be split between two basins as is shown in Figure 7. Most of the project area south of Aumsville Highway will flow to an existing 18-inch sewer line located just east of Mill Creek that was reconstructed during the Kuebler Boulevard improvements. A portion of this line west of Mill Creek and Kuebler Boulevard will require upgrading from a 12-inch to an 18-inch line. This portion of the site will drain to the Airport Pump Station, which can accept an additional 3.6 cfs.

Development of the Department of Public Safety Standards and Training site is expected to include the construction of a new 27-inch gravity sewer line between Aumsville Highway and the Gordon Road Pump Station to the north of Highway 22. The approximate route is shown in Figure 16. The Oregon State Correctional Institution and the Marion County Correctional Facility are both expected to reroute their sanitary sewer to connect to this new system.

The remaining SREC project area north of and adjacent to Aumsville Highway will be connected to the new 27-inch gravity sewer line.

New sewer line extensions onsite at the Mill Creek property will range in size from 8 to 18 inches in diameter and will replace all of the existing private sewer lines now serving the site south of the Aumsville Highway.

Cost Estimate Summary

City staff has reviewed all infrastructure assumptions and have estimated that the cost to design and construct the water improvements to serve the SREC at \$4,200,000.

Similar review by City staff of the sanitary sewer system resulted in an estimated cost of \$4,300,000 for design and construction.

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VIII. City and State Intergovernmental Agreement

The State of Oregon's Department of Administrative Services has been working with the City of Salem over the past year to develop a master plan and development strategy for the SREC site. As a part of this process an Intergovernmental Agreement (IGA) is being finalized, which defines the State/City collaboration. This agreement will outline each party's responsibilities to successfully implement the proposed development plan.

Guiding principles utilized to formulate the IGA include the following key elements:

1. Maximize the number of jobs available by establishing a strong marketing and sales plan;
2. Limit the City's financial risk in constructing needed infrastructure;
3. Meet the State's land revenue goals;
4. Protect wetlands with a sound wetland management plan;
5. Pay for infrastructure with revenue generated within development; and
6. Close out the Urban Renewal Area at the earliest possible time.

Marketing and Development

To maximize employment opportunities the marketing plan envisions a two-fold approach. Both the City and SEDCOR would immediately market Phase 1B and 1C to large industrial/warehouse end users. Secondly, the joint selection of a Master Developer for Phase 1A would begin concurrently. The developer will design a Development Plan and subdivide Phase 1A creating densities and uses to generate the required tax increment revenue while integrating development in accordance to the approved wetland plan permit.

A private developer would also pay for "on-site" improvements and be required to meet performance guarantees. This will limit the City's financial risk while providing the needed tax increment revenue generated from development for public infrastructure. A Master Developer would also be required to make binding commitments to insure that local contractors or land owners may purchase lots at a fair price, providing they (1) have a tenant that meets the requirements of the project; and (2) adhere to the Covenants, Conditions & Restrictions (CC&R).

The State has agreed to reimburse up to one million dollars of City costs based upon the acreage sold over a period of time. The Oregon Economic Community Development Department has also offered a ten million dollar start-up loan which can be deferred until repaid tax increment bonds are available to repay the loan. A State reserve account for City debt would be established for use if there is a shortfall and this fund could later be reimbursed by future tax increment revenues. The City is reviewing the possibility of Development District Assessments to help fund needed infrastructure on site. The intent is to close out an Urban Renewal Area at the earliest possible time so the property and improvements can generate property taxes for the City's General fund, while allowing the State to realize the net proceeds needed to fund State programs.

Wetlands Management Plan

The City and the State have been working jointly to meet planning, permitting and construction requirements for the Army Corps of Engineers and the Department of State Lands (DSL). It has been agreed the State (with City assistance) will apply for the master wetland permit. The City will construct the wetlands and storm water retention areas. The City will maintain and monitor the wetlands during the establishment period on behalf of the State. Once the site is certified, the State has agreed to transfer the wetlands/open space to the City to be used as a park/trail system at no cost.

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The State will also deed acreage for the establishment of a trail head, parking and restrooms. The City, as owner, will then assume maintenance and management of the park and open space.

Future Actions

The City Council will need to approve the final Salem Regional Employment Center Master Plan and Development Strategy to move forward. The Master Plan is an advisory document to the City and State. City Council approval does not constitute a land use action by the City of Salem. Agreement on basic terms of the IGA have been reached, with final negotiations and legal review underway. The document will be submitted to City Council for review and approval in mid-October.

Council has authorized the development of an Urban Renewal Area, which Tashman Johnson LLC is currently working on. The City Council will need to adopt the Urban Renewal Area and Report as a part of the financial package required to implement SREC. Should Council adopt the Master Plan, amendments to Salem's Comprehensive Plan, Maps and the Zoning Code will be required with adoption by the Planning Commission and City Council. It is anticipated the new employment center code will accommodate flexible development. It will be complemented by C&R's to ensure a high quality center.

Before closing on the property a Development & Disposition Agreement (DDA) will be entered into which will clearly identify the State and City's role in the development of the property and successful management of the open space/wetlands land as well as other issues.

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IX. Public Finance Strategy

The public finance strategy for the SREC Master Plan consists of using a variety of revenue sources to pay for those projects identified as public sector responsibilities. These are primarily improvements to transportation facilities surrounding the site, surface water management and wetlands management for the site as a whole, and major water and sanitary sewer facilities. The costs of internal transportation facilities and local water, sewer and surface water management facilities are to be paid by private developers and users of the site.

The major revenue sources to be used are:

- The proceeds of Special Public Works Fund (SPWF) loans and urban renewal bonds that will be paid with tax increment revenues from an urban renewal plan proposed for the site;
- Development District Assessments paid by developers and site users and devoted to SREC public facility costs;
- A grant from the SPWF; and
- City revenues to be reimbursed at a later date.

The projected year by year and total costs (in current dollars) to be assumed by the public sector are:

Table 4. Project Costs 2005-2012

FY Ending June 30	2005	2006	2007	2008	2009	2010	2011	2012
Transportation		\$1,500,000	\$2,000,000				\$500,000	\$2,000,000
Water	\$600,000			\$600,000				\$3,000,000
Sewer	\$1,000,000		\$1,300,000		\$1,200,000			
Surface Water/Wetlands		\$1,300,000			\$1,000,000	\$1,000,000		

Table 5. Project Costs 2013-2018

FY Ending June 30	2013	2014	2015	2016	2017	2018	Total
Transportation	\$2,000,000	\$3,500,000	\$3,500,000			\$2,000,000	\$17,000,000
Water							\$4,200,000
Sewer	\$800,000						\$4,300,000
Surface Water/Wetlands					\$3,000,000	\$3,000,000	\$9,300,000

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Tax increment revenues would result from growth in assessed value within the urban renewal area after the urban renewal plan is adopted. The projected tax increment revenues are based on the development program and schedule from the SREC Master Plan. The financing strategy does not anticipate that the City's Enterprise Zone (E-Zone) would be extended to the site, but the revenue impacts of various E-Zone strategies were considered by the Project Development Team.

Because tax increment revenues do not begin until the property is developed and on the tax rolls, the initial investment in public facilities will be financed by an SPWF loan and grant. Interest on the loan will be deferred for five years, at which time the tax increment revenues are projected to be sufficient to make payments of both principal and interest.

Development District Assessments are under consideration by the City Council for another project in Salem and this approach would be applicable to SREC. Facilities to serve SREC are generally not included in the City's public facility plans and payments made under the existing Systems Development Charges (SDCs) cannot be used for such projects. Therefore, a system of special fees and charges would be applied to development within SREC instead of SDCs and those payments would be dedicated specifically to SREC public facility projects.

It is the intent to carefully match public facility investments to the specific needs of known developers and users, and to minimize expenditures to serve development that may or may not take place as anticipated. A reserve fund for debt payments is to be established that would contribute to annual debt payments if tax increment revenues fall short.

The total anticipated costs, including inflation and total revenues from all sources are shown in Table 6.

Table 6. Revenue and Expenditures

Revenues	
Debt Proceeds	
SPWF Grant	\$500,000
SPWF Loan	\$9,500,000
Tax Increment Debt - Long Term	\$15,800,000
Tax Increment Debt - Short Term	\$3,000,000
Development District Assessments	\$18,100,000
Other	\$1,000,000
Interest	\$400,000
Total	\$48,300,000
Expenditures	
Administration	\$4,400,000
Bond Issuance Costs	\$400,000
Capital Projects	
Transportation	\$21,500,000
Water	\$5,000,000
Sewer	\$4,700,000
Surface Water/Wetlands	\$12,300,000
Total	\$48,300,000

EXHIBIT C

Design Standards and Guidelines

SECTION 11 General Development Standards

11.1 Construction Activities. During the construction of Improvements on the Property, Owner shall ensure that the construction activities do not block access to or on any public or private streets. Where Improvements are being constructed on the Property, the Property Owner shall be responsible for causing the streets and roads to be promptly repaired after any damage caused by construction and to be cleaned daily, on an as-needed basis, during the course of construction, and Owner shall be responsible for the immediate removal of any debris resulting from such construction activity.

11.2 Refuse and Garbage Storage.

11.2.1 All garbage or refuse shall be stored outside of the warehouse building in one or more fully enclosed compaction dumpsters located adjacent to the building and within the loading dock bays. The number of such compaction dumpsters shall be sufficient to contain all garbage and refuse generated on the Property.

11.2.2 No refuse containers or compactors shall be located on a side of the building facing a public street. A grease collection barrel may be located adjacent to the building, but not on a side that faces a public street. All garbage or refuse contained in the compaction dumpsters are subject to design review.

11.2.3 No hazardous or toxic materials shall be permitted in refuse containers. Deposit of refuse should not be visible from outside of the refuse container.

11.2.4 Owner will confer with the local licensed solid waste collection company during the design of the Improvements, and provide evidence of such consultation, so as to ensure the safe and efficient collection and removal of garbage and waste from the Property.

11.3 Fuel Tanks and Liquid Storage Tanks. All tanks located outside of the building must be below grade, except for the fuel tank for the generator. All below-grade tanks must comply with applicable governmental requirements. The above-grade generator tank must be screened in a manner required by the Design Review Committee. All above-grade tanks shall be screened in accordance with the screening requirements of the City of Salem and the requirements of the Design Review Committee.

11.4 Outside Storage. Outside storage of materials, supplies or equipment shall be permitted only if:

11.4.1 The material, equipment or supplies being stored outside are incidental to the activities regularly conducted within the Improvement and not being displayed for sale or lease.

11.4.2 The area devoted outside storage is not located within 20 feet of a street lot line.

11.4.3 The storage area will be screened in compliance with the screening requirements set forth in Sections 2.3 and 2.4 below.

11.5 Parking, Loading and Maneuvering Areas.

11.5.1 All vehicular entryways, driveways and areas for parking, maneuvering, loading and unloading of vehicles shall be paved with asphalt, concrete or similar materials and shall be bordered by a permanent raised curbs (except fire lanes are not required to have curbs). In addition, all of the above shall be consistent with the requirements of the applicable stormwater requirements applicable to the Property.

11.5.2 No parking, loading or unloading shall be permitted on any public right-of-way.

11.6 Access from Public Streets. No vehicular access will be allowed from Kuebeler Boulevard or within 250 feet of an intersection with Kuebeler Boulevard or within 150 feet of an intersection of any of the streets within the Mill Creek Corporate Center.

11.7 Utilities.

11.7.1 All exterior on-site utilities, including, but not limited to, drainage pipes (excluding bioswales or ditches), sewers, gas lines, water lines and electrical, telephone and communications wires and equipment shall be installed and maintained underground unless otherwise approved by the Design Review Committee.

11.7.2 On-site underground utilities shall be designed and installed to minimize the disruption to off-site utilities, paving and landscaping during construction and maintenance.

11.7.3 Temporary overhead power and telephone facilities are permitted during construction.

11.7.4 Electrical equipment, such as transformers, that must be located above grade, shall be screened in conformance with the screening requirements set forth in Sections 12.3 and 12.4 below.

11.8 Mechanical Equipment.

Mechanical equipment may be attached to the roof or walls of the building or placed on the ground and shall be screened primarily by the perimeter screening required by Sections 12.3 and 12.4 or as otherwise reasonably required by the Design Review Committee.

11.9 Antennae.

11.9.1 No antenna for the transmission or reception of television signals or any other form of electromagnetic radiation shall be erected, used or maintained on a lot outside of any building, whether attached to the building or attached to the ground, without the prior approval of the Design Review Committee. All antennae shall be located so as to avoid interfering with other antennae and to avoid the need to shield other antennae, unless the owners of the affected antennae agree otherwise.

11.9.2 No operations of such antenna shall be conducted in such a manner as to create electrical interference with navigational signals or radio communication between the airport and aircraft and shall comply with any Federal Aviation Administration requirements.

11.10 Building Coverage. The area covered by building structures erected in the Mill Creek Corporate Center shall not exceed 60% of the gross lot area.

11.11 Building Design.

11.11.1 The overall design and architectural features of Improvements to be built upon the Property shall be subject to the prior approval of the Design Review Committee and compliance with all applicable legal requirements. Sheet metal may be used for the building's skin, and a flat roof may be used.

11.11.2 Contemporary building forms and materials will be encouraged, and no "period" buildings shall be permitted.

11.11.3 Buildings shall be required to provide building elevation variation and visual interest through the use of fascia treatment, paint accents and other architectural variations of building elevations.

11.12 Landscaping.

11.12.1 Along building façade elevations where there are few or no surface penetrations, landscaping shall be provided of sufficient size or variety to visually break up the exterior of the building.

11.12.2 Landscaped areas are those portions of a building site that do not have buildings, service areas, outdoor plazas, driveways, or parking areas. With respect to such landscape areas, the finish grade for each such area shall meet the existing grade at the property line with a transition slope not exceeding 3:1.

11.13 Street Numbers. Each building shall be identified by a street number affixed in a location or locations on the property to be determined by the Design Review Committee.

11.14 Company Identification Signage.

The location, size, color and design of the company identification signage will be subject to the approval of the Design Review Committee; however, the Design Review Committee will respect the design theme of the company occupying the building. In a building occupied by multiple tenants or occupants, each tenant or occupant shall be entitled to at least one company identification sign.

11.15 Free-Standing Signage.

11.15.1 No more than one free-standing business identification sign shall be permitted on each street frontage of a building site.

11.15.2 No free-standing business identification sign shall exceed a sign area that is the lesser of 32 square feet or the maximum sign area permitted by the City of Salem. The sign area is defined as the area of the surface or surfaces which display letters or symbols identifying the business or businesses occupying the building or when the sign is of free-standing letters, the single rectangular area that fully encloses all of the letters or symbols identifying the business or businesses occupying the site. The sign area shall not include the base or pedestal to which a sign is mounted and shall be measured for the finished grade at the base of the sign.

11.15.3 All free-standing business identification signs shall be permanent, monument type signs and shall not exceed the height of 6 feet above the underlying finished grade, and a maximum of 10 feet in length and a maximum end width of 2-1/2 feet.

11.15.4 A free-standing business identification sign shall be of such materials and design as may be approved by the Design Review Committee.

11.15.5 Free-standing business identification signs may be illuminated by a continuous and uniform internal illumination, backlighting or ground lighting. No flashing or moving lights or animated signs will be permitted. No electronic information signs will be permitted. No unprotected lamp providing sign illumination shall be directly visible when viewed at any angle from the distance of 20 feet or more. No sign illumination shall cast a glare which will be visible from any street or access drive.

11.15.6 Free-standing business identification signs must be located on a Lot and within 20 feet of a fronting street and the access drive.

11.16 Other signage.

11.16.1 "For Sale" and "For Lease" or similar signs advertising the availability of space or portions of the Property shall conform to a common sign and color scheme established by the Design Review Committee.

11.16.2 Billboards and other forms of outdoor advertising signs are prohibited in the Mill Creek Corporate Center.

11.16.3 All informational and vehicular control signs shall be of a common sign and color scheme established by the Design Review Committee.

11.16.4 No informational or vehicular control signs shall have a panel face that exceeds 5 square feet in area per sign.

11.16.5 No business name, symbol or advertising of any sort shall be permitted on any informational or vehicular control sign.

11.16.6 No informational or vehicular control sign shall exceed the height of 4 feet above the underlying finished grade.

11.16.7 No informational or vehicular control sign shall be located so as to reduce the safe flow of vehicle or pedestrians.

11.16.8 No informational or vehicular control sign shall be externally illuminated from the ground.

11.16.9 The restrictions in Sections 1.16.3 through 1.16.8 do not apply to City signs located in public rights-of-way.

11.17 Outdoor Lighting.

11.17.1 All lighting reaching the outdoors that could be seen from an aircraft, including, but not limited to, lighting from parking areas, access drives and internal vehicular circulation areas, shall be integrated into the overall design of the Improvements and shall be of such a design and operational characteristics as to adequately address safety of occupants of the buildings, safety of airport operations, property security and minimal off-site light infiltration, all as determined by the Design Review Committee. No lighting shall project into existing airport approach surfaces except where necessary for safe and convenient air travel. Lighting shall incorporate shielding in designs to reflect light away from airport approach surfaces. No use shall imitate airport lighting or impede the ability of pilots to distinguish between airport lighting and other lighting. No glare-producing materials, including, but not limited to, unpainted metal or reflective glass, shall be used on the exterior of structures where glare could impede a pilot's vision.

11.17.2 All lighting, potentially visible from an adjacent street except bollard lighting less than 42 inches high, shall be indirect or shall incorporate a full cut-off shield type fixture.

11.17.3 Indirect wall lighting or "wall washing" overhead down lighting, or interior illumination which spills outside is encouraged. Architectural lighting should articulate and animate the particular building design, as well as provide the required functional lighting for safety and clarity of pedestrian movement.

11.17.4 Pedestrian walk lighting, where point-to-point lighting is acceptable and no specific illumination levels are required, should clearly identify the pedestrian walkway and direction of travel.

11.17.5 The type of lighting fixture and pole for parking lot lighting shall be subject to the approval of the Design Review Committee.

11.18 Mailboxes. A standardized mailbox design and location shall be established by the Design Review Committee for any mailboxes to be located within 200 feet of a public street.

11.19 City Regulations. All Improvements must be designed and constructed in accordance with the ordinances of the City of Salem.

SECTION 12 Development Standards Applicable to the Site Perimeters

12.1 Building setbacks. Buildings shall be set back from property lines as follows:

12.1.1 Kuebler Boulevard. All building walls facing property lines adjacent to Kuebler Boulevard shall be set back within their respective parcels a minimum distance of 60 feet if the building is 50 feet in height or less; buildings exceeding 50 feet in height shall have a minimum setback distance of 100 feet.

12.1.2 Aumsville Highway. All building walls facing property lines adjacent to Aumsville Highway shall be set back within their respective parcels a minimum distance of 40 feet if the building is 50 feet in height or less; buildings exceeding 50 feet in height shall have a minimum setback distance of 80 feet.

12.1.3 Common Side Yards. All building walls facing adjacent parcels shall be set back within their respective parcels a minimum distance of 20 feet from the common property line, except for buildings in excess of 50 feet in height which shall have a minimum setback distance from the common property line of 35 feet.

12.1.4 Parcels adjacent to Public Open Spaces. All building walls facing property lines adjacent to public open spaces shall be set back a minimum distance of 60 feet.

12.1.5 Where a building has adjoining walls facing property lines adjacent to two streets at an intersection with different setback requirements, the more restrictive setback shall apply.

12.2 Parking and exterior parking and exterior yard areas shall be set back from property lines as follows:

12.2.1 Kuebler Boulevard - Parking lots shall be set back a minimum distance of 20 feet.

12.2.2 Aumsville Highway - Parking lots shall be set back a minimum distance of 10 feet from property lines adjacent to Aumsville Highway.

12.2.3 Common Side Yards - All parking lots adjacent to neighboring parcels shall be set back a minimum distance of 5 feet from the common property line, for other roads.

12.2.4 Lots Adjacent to Public Open Spaces - Parking lots shall be set back a minimum distance of 20 feet from property lines adjacent to the public open spaces.

12.3 Perimeter Screening Along Kuebler Boulevard to Aumsville Highway.

Owner shall provide and maintain a mix of deciduous and evergreen screening trees within the setback along Kuebler Boulevard for the length of Kuebler Boulevard up to Aumsville Highway for purposes of screening residential properties along Kuebler Boulevard. If buildings on the Property along Kuebler Boulevard are all 35 feet or less in height, the perimeter landscaping standards of Section 12.4 shall apply. If any of the buildings exceed 35 feet in height, the following standards shall apply. The required tree screening shall have an average mature height of 50 feet and a minimum average mature sight-obscuring density of 50 percent. And in either case, the perimeter screening plan shall be subject to the Design Review Committee approval.

12.4 Perimeter Landscaping.

12.4.1 Finish grading for each building site shall meet the existing grade at the property or easement line, with a transition slope not exceeding 3:1.

12.4.2 Screen service areas with a combination of evergreen or densely branched deciduous shrubs with a minimum mature height of six feet and conifer trees. Solid walls may be used provided they are of a character deemed through design review to be in keeping with the overall Mill Creek Corporate Center theme.

12.4.3 The use of native species is encouraged.

12.5 Perimeter Fencing. All permanent perimeter fencing and hedges shall be integrated into the overall design proposal for the Property and shall be maintained in good condition by the Owner.

12.5.1 No fence or wall shall be constructed within a code-required front yard setback.

12.5.2 Chain link fencing may be installed around the perimeter on the Property provided the fencing is vinyl coated in a dark color, approved by the Design Review Committee, contains sight-obscuring strips in the links, is inside of any City code-required setback area, and is behind the perimeter screening and landscaping required by Section 12.

12.5.3 All fences and walls shall be designed as an integrated part of the overall architectural design. Landscape materials used as an integral part of the fencing shall be encouraged. All materials used shall be durable and finished in textures and colors complementary to the overall architectural design.

12.5.4 Where chain link fencing is approved by the Design Review Committee, it shall be of a dark color and be largely hidden behind plant materials and climbing evergreen vines, and/or earth mounding and/or vinyl slats or as otherwise required by the Design Review Committee.

12.5.5 Bare galvanized chain link is prohibited.

SECTION 13 Maintenance Standards

13.1 Maintenance of the Property. The Improvements shall be maintained at all times in a clean and attractive condition, in good repair and in such condition as to not create a fire hazard, or injury risk for those using the Mill Creek Corporate Center. Exteriors of structures shall be maintained continuously to provide a first class appearance. Landscaping shall be regularly attended to maintain a well kept appearance by Owner at its expense including weeding, pruning, replacement, and watering. Landscaping maintenance shall extend to the edge of the public street. No trash, weeds, debris or rubble of any kind shall be allowed to accumulate on the Property. Utility lines serving the respective buildings shall be repaired, operated and maintained by the Owner, and Owner shall be responsible for the operation and maintenance of lighting on the Property.

13.2 Maintenance of Undeveloped Property. Undeveloped land shall be maintained in a clean and neat appearance by Owner. Prior to beginning construction and installation of approved Improvements, Owner shall keep herbaceous vegetation on the Lot cut to no more than eight inches in height. Owner shall keep the Property in a safe, clean, neat and sanitary condition, and shall provide for the removal of accumulated trash and rubbish from the site. After construction, areas not improved with Improvements shall be planted with a native species and maintained in a neat and attractive manner.

REEL: 3134

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December 21, 2009, 04:50 pm.

CONTROL #: 262846

State of Oregon
County of Marion

I hereby certify that the attached
instrument was received and duly
recorded by me in Marion County
records:

FEE: \$ 341.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.