

W. H. d.

AGENDA COVER MEMO

DATE: December 22, 2005
TO: BOARD OF COUNTY COMMISSIONERS
FROM: BILL VANVACTOR, COUNTY ADMINISTRATOR
KENT HOWE, PLANNING DIRECTOR
RE: In the Matter of Considering a Ballot Measure 37 Claim and Deciding Whether to Modify, Remove or Not Apply Restrictive Land Use Regulations in Lieu of Providing Just Compensation (PA 05-5736, David F. Lentz)

I. MOTION: Move to adopt the attached Order.

II. ISSUE OR PROBLEM

Shall the Board of County Commissioners compensate an applicant under Ballot Measure 37 and LC 2.700 through 2.770 for the reduction in fair market value of the affected property interest resulting from enactment or enforcement of restrictive land use regulations or modify, remove, or discontinue application of those land use regulations to the subject property to allow David F. Lentz to use the property for a use permitted at the time the Applicant acquired the property?

III. DISCUSSION

A. Background

Applicant: David F. Lentz
c/o address of agent
Owner: Same as above
Agent: Jill Gelineau, William Carpenter
Schwabe, Williamson & Wyatt
Pacwest Center
1211 SW 5th Ave., Suite 1900
Portland, Or. 97204
Subject Property: Map 17-04-08, tax lot 1000
Acreage: Approximately 83.25 acres, vacant.
Current Zoning: E-40/Exclusive Farm Use (Metro Area General Plan)

The subject property is located on Airport Access Road, approximately 1/2 mile east of the airport. The property also has frontage to the south along Clear Lake Road.

Date Property Acquired:
January 30, 1974, via Warranty Deed #R675/3718: John O. Chat and Darrel D. Smith to David F. Lentz

Land Use Regulations in Effect at Date of Acquisition:

North 500 feet: AV, Airport Vicinity, LC 10.201 (adopted on 8-1-73).
Southern remainder: AGT-5, Agriculture, Grazing, Timber Raising District, LC 10.110 (adopted on 8-1-73)

Specific Relief Sought: The owner, David F. Lentz, wishes to utilize the property by creating 5-acre lots with one dwelling on each for that portion of the property which was zoned AGT-5 when the property was acquired. That portion equates to approximately 70 acres, or a 14 lot potential. In addition, the owner wants to establish "airport commercial lots of undetermined size on the northern portion of the property that was zoned AV" in 1974. This area is approximately 13 acres in size.

The appraisal evidence is based upon the development of the lot, per the above; utilizing the AV zoned portion for airport related uses, and the remainder for 5-acre residential use. This claim was filed on 6-2-05, and is attached to this memo (72 pages, so numbered)

B. Lane Code Submittal Requirements

All of the basic materials and information required by LC 2.720 have been provided. A copy of the entire submittal is attached to this report.

C. Analysis

Application Review and Referral Determination

An application qualifies for compensation consideration if the applicant has shown that all of the following LC 2.740(1) criteria are met:

The County has either adopted, enforced or applied a land use regulation that restricts the use of private real property after the current owner of the property (the applicant) became the owner (LC 2.740(1)(a) and (c));

The current owner of record for the subject property is David F. Lentz. Mr. Lentz acquired the property on 1-30-74 (Warranty deed R675/3718). On that date, the subject property was split zoned, as mentioned earlier. The north 500 feet was zoned AV, Airport Vicinity, and remainder was zoned AGT-5, Agriculture, Grazing, Timber Raising District.

The entire subject property was rezoned to E-40/Exclusive Farm Use, on 2-29-84, and remains in that designation today. The current version of LC 16.212 requires a 40-acre minimum parcel size for new parcels. The EFU zone has exceptions to the 40-acre minimum, but in any event, obtaining multiple dwellings/lots is highly improbable, especially on a property with High-Value soils such as the case here.

The Applicant has requested a waiver to allow the creation of 5-acre residential lots on the southern portion of the lot formerly zoned AGT-5; and to allow airport related commercial uses on the northern portion formerly zoned AV.

When the claim was submitted on 6-2-05, the Applicant was of the impression that the entire property had been zoned AGT-5 at the time of acquisition by Mr. Lentz in 1974. The Applicant identified extensive portions of the Lane Code from which relief was sought. See pages 14-16 of the submittal. Later, staff clarified the split zoning that was present in 1974, and the Applicant modified the claim accordingly (see letter of 8-22-05, pp.19-20). It is apparent from the context of the submittal that relief is sought from the imposition of the Exclusive Farm Use ordinance, adopted on 2-29-84.

The restriction on use has the effect of reducing the fair market value of the property or any interest therein, upon which the restriction is imposed (LC 2.740(1)(b)); and

The property is currently vacant. The proposal calls for creation of 5-acre residential lots on the southern (approximate) 70 acres), and use of the northern portion (approximately 13 acres) for airport related commercial uses.

The submitted appraisal assumes the current owner could carry out that stated proposal, and presents credible evidence of value reduction if that assumption is accurate. No independent review of the appraisals has been conducted. The applicant has provided appraisals from a State certified Appraiser, Robert Gill & Associates (pp. 25-72) which state (p.27):

The value of the existing 83.25 acre vacant property is \$1,665,000;

The value of the property with the above described mixed-use development is \$4,160,000, with the resultant \$2,495,000, claimed compensation amount.

While it is noted that certain commercial uses in the AV district may require a Site Review or Conditional Use Permit approval, the relief is sought from the current zone, E-40/Exclusive Farm Use, imposed in 1984.

Ultimately, the Board will need to decide whether or not the E-40 (LC 16.212) regulations have the effect of reducing the fair market value of the property to conclude that David Lentz complies with these criteria and may be considered for compensation under Ballot Measure 37.

The challenged regulation is not an exempt regulation as defined in LC 2.710 (LC 2.740(1)(d)).

The land division regulations of LC 16.212(9) establish the minimum land division lot sizes in the E-40 Zone. Those land division minimum lot size requirements are not part of the exempt regulations addressing public nuisances, public health and safety, federal law, or restrictions to prohibit use of the property for pornography or nude dancing. The parts of the EFU zone and other sections of Lane Code that do not restrict the use of the property for home sites and reduce the value of the property should remain applicable until shown otherwise. Therefore, this criterion appears to be met because the challenged minimum lot size and dwelling regulations are not part of the exempt regulations defined in LC 2.710.

D. Conclusion/County Administrator Recommendation

The amount of just compensation alleged to result from the restrictive land use regulations applied to the subject property has been determined by a professional appraiser to be \$2,495,000. That claim assumes ability to use the (formerly AV zoned) northern portion of the property for a mix of airport related commercial uses on multiple lots, and use of the southern portion (formerly AGT-5 zoned) for 5-acre residential lots. Although gaining approval for the commercial uses may require further land use review under the old AV ordinance, the appraisal appears to be a reasonable one. Lane County has not appropriated funds for compensation for Ballot Measure 37 claims and has no funds available for this purpose. The public benefit from application of the land use regulation to the applicant's property seems to be outweighed by the public burden of paying the claimed compensation.

As an alternative to the payment of compensation, the County Administrator recommends the Board "waive" the current EFU provisions to allow development in a manner consistent with regulations in effect when the Mr. Lentz acquired the property. Granting the waiver would allow development of the property in a manner consistent with the AV and AGT-5 ordinances in effect when the owner acquired the property in 1974. All other sections of Lane Code should remain applicable unless it can be shown they restrict the use and have the effect of reducing the fair market value of the Lentz property.

IV. ALTERNATIVE/OPTIONS

1. The Board of Commissioners disagrees with the County Administrator's conclusion that the application is a valid claim, and directs issuance of a final written decision denying the Claim.
2. Recommend the application appears valid and adopt an order reflecting the Board of County Commissioners determination for final disposition of the Lentz Measure 37 claim.

V. RECOMMENDATION

Option #2.

VI. IMPLEMENTATION / FOLLOW-UP

Upon adoption of the final determination that either the claim should be denied or a "waiver" of restrictive land use regulations is necessary to avoid owner entitlement to compensation, the County Administrator will provide notice of the final decision pursuant to LC 2.760.

VII. ATTACHMENT:

1. Proposed Order
2. Lentz Ballot Measure 37 Application—72 pp.

**BEFORE THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY,
OREGON**

ORDER No.) IN THE MATTER OF CONSIDERING A BALLOT
) MEASURE 37 CLAIM AND DECIDING
) WHETHER TO MODIFY, REMOVE OR NOT
) APPLY RESTRICTIVE LAND USE
) REGULATIONS IN LIEU OF PROVIDING JUST
) COMPENSATION (PA05-5736, David Lentz)

WHEREAS, the voters of the State of Oregon passed Ballot Measure 37 on November 2, 2004, which added provisions to Oregon Revised Statutes (ORS) Chapter 197 to require, under certain circumstances, payment to landowners if a government land use regulation restricts the use of private real property and has the effect of reducing the property value; and

WHEREAS, the Board of County Commissioners of Lane County enacted Ordinance No. 18-04 on December 1, 2004, to establish a real property compensation claim application process in LC 2.700 through 2.770 for Ballot Measure 37 claims; and

WHEREAS, the County Administrator has reviewed an application for a Measure 37 claim submitted by David F. Lentz (PA05-5736), the owner of real property located on Airport Access Road, and more specifically described in the records of the Lane County Assessor as map 17-04-08, tax lot 1000, of approximately 83.25 acres in Lane County, Oregon; and

WHEREAS, the County Administrator has determined that the application appears to meet all of the criteria of LC 2.740(1)(a)-(d), appears to be eligible for just compensation and appears to require modification, removal or not applying the restrictive land use regulations in lieu of payment of just compensation and has referred the application to the Board for public hearing and confirmation that the application qualifies for further action under Measure 37 and LC 2.700 through 2.770; and

WHEREAS, the Board has confirmed the application appears to qualify for compensation under Measure 37 but Lane County has not appropriated funds for compensation for Measure 37 claims and has no funds available for this purpose; and

WHEREAS, the County Administrator has determined under LC 2.740(4) that modification, removal or not applying the restrictive land use regulation is necessary to avoid owner entitlement to just compensation under Ballot Measure 37 and made that recommendation to the Board; and

WHEREAS, on January 18, 2006, the Board conducted a public hearing on David Lentz's Measure 37 claim (PA05-5736), and has now determined that the current restrictive Exclusive Farm Use (E-40) minimum land division sizes, dwelling requirements, and other provisions of Lane Code 16.212 that were made applicable to the property prevent David Lentz from developing the property as may be allowed under the Lane County land use regulations in effect at the time David Lentz acquired the property in 1974 and that the public benefit from

application of the current E-40 regulations to the applicants' property is outweighed by the public burden of paying just compensation; and

WHEREAS, David Lentz request \$2,495,000 compensation for reduction in the fair market value of his property as a result of Lane County's enforcement of the minimum land division size and farm dwelling standard of the Agricultural Lands Rule (OAR 660-33); and

WHEREAS, the Board finds that under LC 2.760(3) the public interest would be better served by modifying, removing or not applying the challenged land use regulations of the current E-40 zone to the subject property in the manner and for the reasons stated in the report and recommendation of the County Administrator incorporated here by this reference except as explicitly revised here to reflect Board deliberation and action to allow David Lentz to make application to develop the subject property under those regulations; and

WHEREAS, this matter having been fully considered by the Lane County Board of Commissioners.

NOW, THEREFORE IT IS HEREBY ORDERED that the applicant David Lentz made a valid claim under Ballot Measure 37 by specifying the amount of the claim, identifying the county land use regulations prohibiting that use, submitting evidence that those land use regulations have the effect of reducing the value of the property, showing evidence that he acquired the property before the restrictive county land use regulations were enacted or enforced and the Board hereby elects not to pay just compensation but in lieu of payment the Lentz request shall be granted and the current E-40 restrictions for minimum lot sizes, dwellings and other provisions in Lane Code 16.212 that restrict the division of the property, the placement of dwellings and airport related commercial uses, shall not apply to David Lentz, so that he can make application for land divisions, dwellings, and airport related commercial uses on the property described as Assessors Map 17-04-08, tax lot 1000, in a manner consistent with the regulations of Lane Code Chapter 13 (Land Divisions) and the AV District (LC 10.201) and the AGT-5 District (LC 10.110) in effect when David Lentz acquired an interest in the property on January 30, 1974.

IT IS HEREBY FURTHER ORDERED that David Lentz will still need to make application and receive approval for a land division, dwellings, and airport related commercial uses under other land use regulations applicable to those actions that were not specifically identified or established as restricting David Lentz's use of the property. To the extent necessary to effectuate the Board action to not apply the minimum land division size, dwelling restrictions, and allowable uses of the E-40 Zone, the claimant shall submit appropriate applications for review and approval of a land division and any new development to show the specific development proposal and in the event additional county land use regulations result in a restriction of those uses that has the effect of reducing the fair market value of the property, the County Administrator shall have the authority to determine those restrictive county land use regulations that will not apply to that development proposal. All other Lane Code land use and development regulations shall remain applicable to the subject property until such time as they are shown to be restrictive and that those restrictions reduce the fair market value of the subject property.

IT IS HEREBY FURTHER ORDERED that this action making certain Lane Code provisions inapplicable to David Lentz's use of his property does not constitute a waiver or modification of any corresponding state law or administrative rules and does not authorize immediate division of land, construction of dwellings, or airport related commercial uses. The requirements of state law, including OAR chapter 660, division 33, contain specific standards regulating development on Exclusive Farm Use Land, and the applicant should contact the Department of Administrative Services (DAS - State Services Division, Risk Management - Measure 37 Unit, 1225 Ferry Street SE, U160, Salem, OR 97301-4292; Telephone: (503) 373-7475; website address: <http://www.oregon.gov/DAS/Risk/M37.shtml>) and have the State of Oregon evaluate a claim for this property before seeking county land use approval.

IT IS HEREBY FURTHER ORDERED that the county land use regulations and other rules that still apply to the property require that land use, sanitation and building permits be approved by Lane County before any development can proceed. Notice of this decision shall be recorded in the county deed records. This order shall be effective and in effect as described in LC 2.770 and Ballot Measure 37 to the extent permitted by law. This order does not resolve several questions about the effect and application of Measure 37, including the question of whether the rights of the applicants can be transferred to another owner. If the ruling of the Marion County Circuit Court in *MacPherson v. Dept. of Administrative Services*, (Marion County Circ. Ct. Case No. 00C15769, October 14, 2005) becomes final and that decision or any subsequent court decision has application to Lane County in a manner that affects the authority of this Board to grant relief under Ballot Measure 37 and LC 2.700 through 2.770 then the validity and effectiveness of this Order shall be governed by LC 2.770 and the ruling of the court.

DATED this _____ day of _____, 2006.

Bill Dwyer, Chair
Lane County Board of County Commissioners

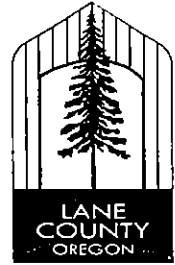
APPROVED AS TO FORM

Date 1-10-2006 Lane County


OFFICE OF LEGAL COUNSEL

24 June 2005

Joseph Schaefer
Pacwest Center
1211 SW 5th Ave, Suite 1900
Portland, OR 97204



LAND MANAGEMENT DIVISION
http://www.LaneCounty.org/PW_LMD/

**RE: Public Records Information Research Request for Property
Located at Map 17-04-08, tax lots 1000**

Dear Mr.Schaefer,

This letter is sent in response to your letter requesting a public records research request. Your property is currently zoned Exclusive Farm Use (E40/RCP). In the E40 zone, you must have at least 80 acres in order to divide your property. No parcels smaller than 40 acres can be created.

You indicate in your letter that you are filing a Measure 37 claim and need to know the regulations that restrict you from dividing your property into 5 acre lots.

The services of the Land Management Division are fee supported. We are set up to provide current zoning information at no fee. You have made a research request to determine the ordinances and restrictions that were in effect on your property in 1974. Properties in Lane County have been zoned since 1948, and since that time Lane County has adopted in excess of 1,600 land use ordinances. A public records research fee of \$31 is required to conduct the first hour of public records research. Within the first hour, it should be possible to determine the zoning and land use restrictions applicable to your property in 1974.

I've included our information request form for you to complete. When you return the research request form with fee, we will conduct the research and respond to you in writing.

If you have any questions or I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Kent Howe". The signature is written in a cursive style with a large, sweeping initial "K".

**Kent Howe, Planning Director
Land Management Division
Lane County**

Enclosure

REC'D JUN 01 2005

Pacwest Center, 1211 SW 5th Ave., Suite 1900, Portland, OR 97204 | Phone 503-222-9981 | Fax 503-796-2900 | www.schwabe.com

JILL S. GELINEAU
Admitted in Oregon and Washington
Direct Line: (503) 796-2887
E-Mail: jgelineau@schwabe.com

May 31, 2005

VIA CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Mr. Kent Howe
Planning Department Director
Lane County Land Management Department
125 East 8th Ave.
Eugene, OR 97401

Re: Measure 37 Claim for David Lentz Property

Dear Mr. Howe:

This firm, in conjunction with Mr. William C. Carpenter, Jr. of Eugene, represents David Lentz, and is submitting this written demand for just compensation on his behalf pursuant to Measure 37.

Mr. Lentz owns tax lot 1000 in Section 8 of Township 17 South, Range 4 West in Lane County. Mr. Lentz has been in continuous ownership of tax lot 300 since January 30, 1974. A recent title report including copy of the vesting deed is attached as Exhibit A.

Mr. Lentz's representatives have attempted to research the land use regulations in effect when he acquired the property. However, for nearly two months now, the county planning staff has not been willing to make that information available. Enclosed with this letter is a formal public records request pursuant to ORS 192. Please realize this is not a request for county staff to research anything; rather, it is a request for the county to make its materials available for examination and selective copying. We know the information is close at hand, and can easily be made available for review. The County's insistence that we pay county staff to review the documents is not consistent with ORS 192.

Mr. Lentz intends to subdivide or use a series of partitions to create approximately 16 rural residential lots of approximately 5 acres each. A conceptual site plan is attached as Exhibit B. Currently Lane County Code Chapters 10.100 and 16.212 prevent the division of the land from occurring in the form intended by Mr. Lentz.

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We have identified a number of other Lane County land use regulations currently in effect which were enacted subsequent to 1974, and which restrict the use and reduce the value of the property. These land use regulations are listed in Exhibit C to this letter. These land use regulations, and perhaps other, have been enforced against this property. Most recently, on May 16, 2005, Lane County planning staff informed Mr. Lentz's representative that division of the property would not be allowed. Lane County did not have land use regulations in effect in 1974 that restricted the proposed division of this property in the manner proposed by Mr. Lentz.

The compensation shall be equal to the reduction in the fair market value of the affected property interest resulting from enactment or enforcement of the land use regulations as of the date of written demand for compensation under Measure 37. It is more likely than not that there has been some reduction in the fair market value of the subject property as a result of land use regulations enforced by Lane County, and we estimate the reduction in value is approximately \$2 million. Mr. Lentz respectfully demands that this compensation be paid to his pursuant to Measure 37.

In the event that the land use regulations in effect in 1974 allowed commercial or industrial use of the property, Mr. Lentz may amend his claim at a later date to preserve the rights for that type of development.

In lieu of payment of just compensation, Mr. Lentz would welcome removal of the land use regulations currently in effect, so long as the removal is transferable to subsequent owners and the subsequent owners would be authorized to subdivide the property as described above.

Please note that the land use regulations listed in Exhibit C are those we have been able to identify at this time. It is not clear that every provision of these land use regulations would apply to the proposed division. We believe that the list in Exhibit C is an adequate characterization of the land use regulations causing the restriction of use and reduction in value for the property, though it is possible that additional land use regulations apply. Mr. Lentz reserves the right to seek relief from, or base his compensation claim on, additional applicable land use regulations, to the extent that Exhibit C does not fully capture all land use regulations preventing Mr. Lentz from enjoying all uses available at the time of acquisition.

Additionally, due to the novelty of Measure 37 and the claims of Mr. Lentz thereunder, we reserve the right to amend or supplement this claim as necessary to satisfy the construction and application of Measure 37. Our position is that any land use regulation (as defined in Measure 37) that prohibits or impairs a property owner's ability to use or dispose of the property through subdivision or partition, as set forth herein, would reduce the value of the property. Under Measure 37, the compensation claim must be paid or ultimately the owner shall be allowed to use or dispose of the property as permitted at the time of acquisition, in this case, 1974.

The claimants are aware that Lane County has adopted procedures to implement Measure 37. This claim is not made pursuant to such procedures, however, as a courtesy a claim application is enclosed. Section 6 of Measure 37 creates a cause of action for compensation if a

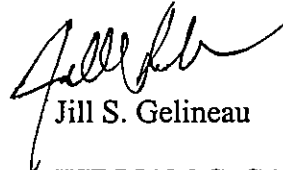
Mr. Kent Howe
May 31, 2005
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land use regulation continues to apply to the subject property more than 180 days after the present owner of the property has made written demand for compensation. Under Section 7 of Measure 37, the procedures adopted by Lane County cannot act as a prerequisite to filing a compensation claim in Circuit Court pursuant to Section 6 of Measure 37. Under Section 10 of Measure 37, if Lane County does not remove the regulations or pay compensation within two years of the date of this claim, Mr. Lentz will be allowed to use the property as permitted in 1974.

The property is also subject to land use regulations enacted or enforced by other governmental entities. Appropriate written demands for just compensation are being submitted to those entities as well. We intend to coordinate resolution of those claims with this claim, and encourage Lane County to contact us at the earliest possible time to discuss possible resolution of this claim. Please send your response to Jill Gelineau of this firm.

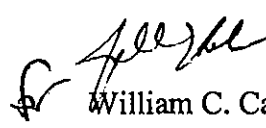
We do hope that Lane County will act promptly, fairly and responsibly to provide Mr. Lentz the clear benefit he is entitled to under Measure 37.

Very truly yours,



Jill S. Gelineau

WILLIAM C. CARPENTER, JR.
Attorney at Law



William C. Carpenter, Jr.

JG:js:ams
Attachments

cc: Mr. David F. Lentz (w/attachments, via *First Class Mail*)

Pacwest Center, 1211 SW 5th Ave., Suite 1900, Portland, OR 97204 | Phone 503-222-9981 | Fax 503-796-2900 | www.schwabe.com

JOSEPH S. SCHAEFER
LAND USE PLANNER
Direct Line: (503) 796-2091
Cellular Phone: (503) 819-4764
E-Mail: jschaefer@schwabe.com

May 31, 2005

VIA CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Mr. Jeff Towery
Division Manager
Lane County Land Management Department
125 East 8th Avenue
Eugene, OR 97401

Re: Public Records Request
Our File No.: 113283/142359


Dear Mr. Towery:

Please accept this letter as an Oregon Public Records Request, pursuant to ORS 192.430 and ORS 192.440, for a prompt and reasonable opportunity to inspect and copy public records. The documents to be inspected are the Lane County zoning code in effect in 1974, along with zoning maps from that year. These records are already located in your office and there should be no difficulty in making them available for inspection. Please understand we are not requesting that your staff review or analyze any documents, nor do any research related to a Measure 37 claim.

Schwabe, Williamson & Wyatt agrees to pay for all costs incurred in copying that may be requested upon inspection, as per ORS 192.440(1).

Please contact me at your earliest convenience to schedule a time for the inspection. Thank you for your assistance.

Sincerely,



Joseph S. Schaefer
Land Use Planner

JSS/ams

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Mr. Jeff Towery
May 31, 2005
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cc: Mr. David F. Lentz (*via First Class Mail*)
William C. Carpenter Jr. (*via e-mail wcarpenter@igc.org and First Class Mail*)
Jill S. Gelineau, Esq. (By Hand Delivery)



First American

Western Pioneer Title Company of Lane County
a division of First American Title Insurance Co.
600 Country Club Road
Eugene, OR 97401
Phn - (541) 484-2900
Fax - (541) 484-7321

RONALD DENTON
TITLE OFFICER
radenton@firstam.com

William C. Carpenter, Jr.
474 Willamette Street #303
Eugene, OR 97401

Order No.: 7199-563754
May 26, 2005

Attn:
Phone No.: (541) 484-4436 - Fax No.: (541) 683-1346
Email: wcarpenter@lgc.org

Re:

1st Supplemental Preliminary Title Report

ALTA Owners Standard Coverage	Liability \$	Premium \$	
ALTA Owners Extended Coverage	Liability \$	Premium \$	
ALTA Lenders Standard Coverage	Liability \$	Premium \$	
ALTA Lenders Extended Coverage	Liability \$	Premium \$	
Endorsement		Premium \$	
Govt Service Charge		Cost \$	
Other Preliminary Title Report		Cost \$	175.00

We are prepared to issue Title Insurance Policy or Policies in the form and amount shown above, insuring title to the following described land:

The land referred to in this report is described in Exhibit A attached hereto.

and as of May 10, 2005 at 8:00 a.m., title vested in:

David F. Lentz

Subject to the exceptions, exclusions, and stipulations which are ordinarily part of such Policy form and the following:

1. The assessment roll and the tax roll disclose that the within described premises were specially zoned or classified for Farm use. If the land has become or becomes disqualified for such use under the statute, an additional tax or penalty may be imposed.
2. The rights of the public in and to that portion of the premises herein described lying within the limits of streets, roads and highways.

This report is for the exclusive use of the parties herein shown and is preliminary to the issuance of a title insurance policy and shall become void unless a policy is issued, and the full premium paid.

Exhibit A

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FOR VALUE RECEIVED

JOHN O. CHATT, as to an undivided 1/2 interest,
DARREL D. SMITH, as to an undivided 1/2 interest, As Tenants in Common
herein referred to as grantors, hereby grant, bargain, sell, and convey unto

DAVID F. LENTZ

herein referred to as grantees, the following described real property, with tenements, hereditaments, and appurtenances, to-wit:

Township 17 South, Range 4 West of the Willamette Meridian, Section 8:
Beginning at a point South 89° East 1.87 chains from the quarter section
corner of the North line of Section 8, run thence South 89° East 15.63 chains;
thence South 60.0 chains to the North line of the South 1/2, Southeast 1/4 of
said section; thence North 89° West 17.50 chains and thence North 49.0 chains;
thence South 89° East 1.87 chains; thence North 11.0 chains to the place of
beginning.

EXCEPT the lands described in deed recorded in Volume 212 Page 83 and Volume
193, Page 625, Deed Records of Lane County, Oregon.

ALSO EXCEPT THE FOLLOWING: Beginning at a point on the North line of the South
1/2 of the Southeast 1/4 of Section 8, Township 17 South, Range 4 West of the
Willamette Meridian, 3960.0 feet South of a point on the North line of said Section
8 South 89° East 1155.0 feet from the North quarter corner of said Section 8; thence
North 660.0 feet; thence West 330.0 feet parallel with the North line of the
South 1/2 of the Southeast 1/4 of said Section 8; thence South 660.0 feet; thence
East 330.0 feet to the place of beginning, in Lane County, Oregon.

TO HAVE AND TO HOLD the said premises unto said Grantees, their heirs and assigns forever. And the said Grantees do hereby
covenant that they are lawfully seized in fee simple of said premises; that they are free from all incumbrances, liens, mortgages,
easements, conditions and restrictions of record and subject to a Mortgage, recorded by
Joe B. Martin and Eldrid L. Martin, husband and wife, Eldrid L. Martin formerly known
as Addie L. Penn, to The Federal Land Bank of Spokane, a corporation, dated October 15,
1969 and recorded October 20, 1969, Reel 356, Reception No. 24853, Official Records of
Lane County, Oregon, the balance of which the said Grantees do hereby acknowledge and accept, and that they will warrant and defend the same against all lawful claims whatsoever, except the above stated

The true and actual consideration for this transfer is \$52,000.00

Dated January 30 1974

(Seal) *John O. Chatt*

(Seal) *Darrel D. Smith*

(Seal)

STATE OF OREGON, County of Lane, ss.
JOHN O. CHATT and DARREL D. SMITH
PUBLIC

Personally appeared the above named

and hereby acknowledged the foregoing instrument to be their voluntary act and deed. Before me:

Dated January 30 A.D. 1974
My Commission Expires 7-26-77

J. J. Dowd
Notary Public for Oregon

MAIL TAX STATEMENTS TO: David F. Lentz, 1262 Lawrence St., Eugene, Oregon, 97401.

Supplements of
CASCADE TITLE COMPANY
1401 1/2 Oregon
WARRANTY DEED

Director of the
Lands and Filings
Lane County, do hereby
certify that this deed
is a true and correct copy
of the original as the same
is on file in my office.

1974 Jan 30 PM 12 47

1675
R. Records,
Director of the
Lands and Elections,
Lane County, Oregon
Deputy

16-

8519987

EASEMENT

DAVID F. LENTZ, Grantors,
convey to the JUNCTION CITY WATER CONTROL DISTRICT, a municipal corporation of
the State of Oregon, Grantee, an easement in, over and upon the following-
described land situated in the County of Lane, State of Oregon, described as:

1. A PARCEL OF LAND IN THE EAST ONE-HALF OF SECTION 8 IN TOWNSHIP 17 SOUTH RANGE 4 WEST OF THE WILLAMETTE MERIDIAN, IN LANE COUNTY, OREGON, BEING A PORTION OF THAT TRACT OF LAND CONVEYED BY THAT CERTAIN DEED TO DAVID F. LENTZ AS RECORDED JANUARY 30, 1974 ON REEL 675-R INSTRUMENT NO. 7403718 LANE COUNTY OREGON DEED RECORDS, SAID PARCEL BEING ALL THAT PORTION OF SAID PROPERTY INCLUDED IN A STRIP OF LAND VARIABLE IN WIDTH ON EACH SIDE OF THE CENTERLINE OF POVERTY RIDGE CHANNEL AS SAID CENTERLINE HAS BEEN LOCATED OVER AND ACROSS SAID PROPERTY BY THE AGENTS OF THE JUNCTION CITY WATER CONTROL DISTRICT, SAID CENTERLINE BEING DESCRIBED AS FOLLOWS:

INSTRUMENT NO. 10797/85 REC 16.00 #108868

BEGINNING AT ENGINEERS CENTERLINE STATION 48+40.36, SAID POINT BEING 1118.00 FEET NORTH AND 4017.66 FEET EAST OF THE QUARTER CORNER COMMON TO SECTIONS 7 AND 8 IN TOWNSHIP 17 SOUTH RANGE 4 WEST OF THE WILLAMETTE MERIDIAN, IN LANE COUNTY, OREGON, THENCE RUN NORTH 45°07' WEST ALONG SAID CENTERLINE A DISTANCE OF 698.0 FEET TO STATION 55+35.36 P.C., THENCE ALONG THE ARC OF A 358.10 FOOT RADIUS CURVE LEFT (THE CHORD OF WHICH BEARS NORTH 61°27'30" WEST 201.81 FEET) A DISTANCE OF 204.27 FEET TO STATION 57+39.63 P.T., THENCE NORTH 77°48' WEST 126.49 FEET TO STATION 58+66.03 P.C., THENCE ALONG THE ARC OF A 358.10 FOOT RADIUS CURVE LEFT (THE CHORD OF WHICH BEARS SOUTH 79°52' WEST 272.15 FEET) A DISTANCE OF 279.17 FEET TO STATION 61+45.20 P.T., THENCE SOUTH 57°32' WEST 75.59 FEET TO STATION 62+20.79 P.C., THENCE ALONG THE ARC OF A 318.31 FOOT RADIUS CURVE LEFT (THE CHORD OF WHICH BEARS SOUTH 29°39' WEST 297.73 FEET) A DISTANCE OF 309.81 FEET TO STATION 65+30.60 P.T., THENCE SOUTH 1°46' WEST 1454.16 FEET TO STATION 79+84.76 P.C., THENCE ALONG THE ARC OF A 95.49 FOOT RADIUS CURVE RIGHT (THE CHORD OF WHICH BEARS SOUTH 47°36'30" WEST 137.01 FEET) A DISTANCE OF 162.81 FEET TO STATION 81+37.57 P.T., THENCE NORTH 86°33' WEST 864.72 FEET TO STATION 90+02.29 P.C., THENCE ALONG THE ARC OF A 190.99 FOOT RADIUS CURVE RIGHT (THE CHORD OF WHICH BEARS NORTH 75°57' WEST 70.26 FEET) A DISTANCE OF 70.67 FEET TO STATION 90+72.96 P.T., THENCE NORTH 66°21' WEST 38.64 FEET TO STATION 91+11.60 P.C., THENCE ALONG THE ARC OF A 190.99 FOOT RADIUS CURVE LEFT (THE CHORD OF WHICH BEARS NORTH 75°56'30" WEST 70.10 FEET) A DISTANCE OF 70.60 FEET TO STATION 91+82.10 P.T., THENCE NORTH 86°30' WEST 1307.01 FEET TO STATION 104+89.11 P.C., THENCE ALONG THE ARC OF A 35.37 FOOT RADIUS CURVE LEFT (THE CHORD OF WHICH BEARS SOUTH 48°53'30" WEST 42.68 FEET) A DISTANCE OF 55.07 FEET TO STATION 105+44.18 P.T., THENCE SOUTH 4°17' WEST 56.86 FEET TO STATION 106+01.04 P.C., THENCE ALONG THE ARC OF A 114.69 FOOT RADIUS CURVE RIGHT (THE CHORD OF WHICH BEARS SOUTH 47°48' WEST 157.81 FEET) A DISTANCE OF 174.07 FEET TO STATION 107+75.11 P.T., THENCE NORTH 88°41' WEST 87.88 FEET TO STATION 108+62.99 P.C. AND ENDING, SAID ENDING POINT BEARS SOUTH 4°36'57" EAST 176.49 FEET FROM THE QUARTER CORNER COMMON TO SAID SECTIONS 7 AND 8 IN TOWNSHIP 17 SOUTH RANGE 4 WEST OF THE WILLAMETTE MERIDIAN, LANE COUNTY, OREGON.

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8519987

THE BEARINGS USED HEREIN ARE BASED UPON THE OREGON COORDINATE SYSTEM, SOUTH ZONE.

THE WIDTH IN FEET OF THE STRIP OF LAND ABOVE REFERRED TO IS AS FOLLOWS:

<u>STATION TO STATION</u>	<u>WIDTH ON NORTHERLY SIDE OF CENTERLINE</u>	<u>WIDTH ON SOUTHERLY SIDE OF CENTERLINE</u>
48+40.36 TO 59+70	24.0 FEET	11.0 FEET
59+70 TO 79+84.76	11.0 FEET	24.0 FEET
79+84.76 TO 81+37.57	11.0 FEET	
79+84.76 TO 80+65.59		(24.0 FEET AT 79+84.76 TAPERING TO 24.84 FEET AT 80+65.59)
80+65.59 TO 81+37.57		(24.84 FEET AT 80+65.59 TAPERING TO 36.0 FEET AT 81+37.57)
81+37.57 TO 90+02.29	24.0 FEET	36.0 FEET
90+02.29 TO 91+82.10	24.0 FEET	
90+02.29 TO 91+82.10		(36.0 FEET AT 90+02.29 TAPERING TO 79.0 FEET AT 91+82.10)
91+82.10 TO 104+69.11	31.0 FEET	19.0 FEET
104+67.25 TO 104+68.26		(19.0 FEET AT 104+67.25 TAPERING TO 92.52 AT 104+68.26)
104+68.26 TO 104+89.11		92.0 FEET
104+89.11 TO 105+44.18		35.37 FEET
104+89.11 TO 105+13.10	(31.0 FEET AT 104+89.11 TAPERING TO 49.86 FEET AT 105+13.10)	
105+13.10 TO 105+44.18	(49.86 FEET AT 105+13.10 TAPERING TO 19.0 FEET AT 105+44.18)	
105+44.18 TO 106+01.04	19.0 FEET	57.0 FEET
106+01.04 TO 108+62.99	19.0 FEET	31.0 FEET

2. ALSO A STRIP OF LAND FOR A CONSTRUCTION DISPOSAL AREA ADJACENT TO THE NORTHERLY AND SOUTHERLY RIGHT OF WAY LINES OF THE ABOVE DESCRIBED CHANNEL EASEMENT. THE WIDTH IN FEET OF THE LAND ABOVE REFERRED TO IS AS FOLLOWS:

EASEMENT-LENTZ--Page 2

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<u>STATION TO STATION</u>	<u>WIDTH ON NORTHERLY SIDE OF CHANNEL R/W UNLESS SHOWN OTHERWISE.</u>	<u>WIDTH ON SOUTHERLY SIDE OF CHANNEL R/W UNLESS SHOWN OTHERWISE</u>
48+40.36 TO 59+70	100.0 FEET	100.0 FEET
59+70 TO 63+08.89	100.0 FEET	
63+08.89 TO 65+30.60	(100.0 FEET AT 63+08.89 TAPERING TO STA. 65+30.60 P.T.)	
59+70 TO 75+80.60		100.0 FEET
75+80.60 TO 79+84.76		(300.0 FEET AT 75+80.60 TAPERING TO 176.0 FEET AT 79+84.76)
79+84.76 TO 80+66.48		(176.0 FEET AT 79+84.76 TAPERING TO 355.21 FROM CENTERLINE AT STA. 80+66.48)
80+66.48 TO 81+37.57		(355.21 FROM CENTERLINE AT STA. 80+66.48 TAPERING TO 200.0 FEET AT 81+37.57)
81+37.57 TO 90+02.29		200.0 FEET
90+02.29 TO 91+82.10		(200.0 FEET AT 90+02.29 TAPERING TO 157.0 FEET AT 91+82.10)
91+11.60 TO 104+89.11	200.0 FEET	
104+89.11 TO 105+05.67	(200.0 FEET AT 104+89.11 TAPERING TO A POINT 263.12 FEET FROM CENTERLINE AT 105+05.67)	
105+05.67 TO 105+40.15	(263.12 FEET FROM CENTERLINE AT STA. 105+05.67 TAPERING TO 93.14 FEET FROM CENTERLINE AT STA. 105+40.15)	
104+18.50 TO 104+68.26		75.0 FEET
106+01.04 TO 106+79.31		(77.79 FEET AT 106+01.04 TAPERING TO 152.33 FEET AT 106+79.31)
106+79.31 TO 108+83.13		(152.33 FEET AT 106+79.31 TAPERING TO 46.44 FEET AT 108+83.13)

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for the construction, maintenance, operation, inspection and improvement of a channel for flood, drainage ~~and irrigation~~ canal purposes, such construction to include widening, deepening and straightening of said channel; for a waste soils disposal area needed in excavating and maintaining said channel; together with all rights of ingress and egress over the land above described necessary for the full and complete use, occupation and enjoyment of the easement hereby granted, and including the right from time to time to cut, trim and remove brush, trees and other obstructions which may injure or interfere with the Grantee's usu or occupation of the land described in this easement and the operation, maintenance and repair of the channels for flood, drainage ~~and irrigation~~ canal purposes thereon.

Waste soils obtained in constructing and maintaining the channel may be used by Grantee for filling and smoothing the channel and the depressions and irregular ground surfaces within the permanent easement area. Excess waste soils not needed by the Grantee for the above-stated purposes may be placed in the construction easement.

Notwithstanding anything elsewhere herein to the contrary, Grantee agrees that in the easement area, all waste soils not used for filling and smoothing the channel and the depressions and irregular ground surfaces within the permanent easement area shall be scattered, smoothed and leveled so that the areas upon which said waste soil is placed may be plowed and farmed in the normal use of farm equipment; that any brush, trees or other obstructions cut and removed from the easement areas shall be piled and burned or otherwise removed from the easement areas so that the same may be farmed, that all smoothing, leveling, piling and burning to be at Grantee's expense.

There is reserved to the Grantor, their heirs and assigns, the right and privilege to use the above-described land of the Grantor at any time, in any manner and for any purpose not inconsistent with the full use and enjoyment by the Grantee, its successors and assigns, of the rights and privileges herein granted. The Grantee is responsible for operating and maintaining the above-described works of improvement.

TO HAVE AND TO HOLD the aforesaid easement in, over and upon the land of the Grantor described in Paragraph No. 1 of the legal description above, with all the rights, privileges and appurtenances thereto belonging or in anywise appertaining, unto the Grantee, its successors and assigns, forever.

TO HAVE AND TO HOLD the aforesaid easement in, over and upon the land of the Grantor described in Paragraph No. 2 of the legal description above, with all rights, privileges and appurtenances thereto belonging or in anywise appertaining, unto the Grantee, its successors and assigns, until the construction is completed and accepted by the Grantee, or until January 1, 1989, whichever is the earlier, at which time said easement shall end and Grantee shall have no further rights therein or thereunder.

IN WITNESS WHEREOF, Grantors have executed this agreement this 4th day of June, 1985.

David F. Lentz
David F. Lentz

STATE OF OREGON
NOTARY
County of Linn

1985. Personally appeared the above-named DAVID F. LENTZ and acknowledged the foregoing instrument to be his voluntary act.

David S. Blakely
Notary Public for Oregon
My Commission Expires: 1-25-86

Section 8 T.1 R.4W. W.M.

EXH T. A.

LANE COUNTY

1" = 400'

17 04 08

See Map 17 04 05

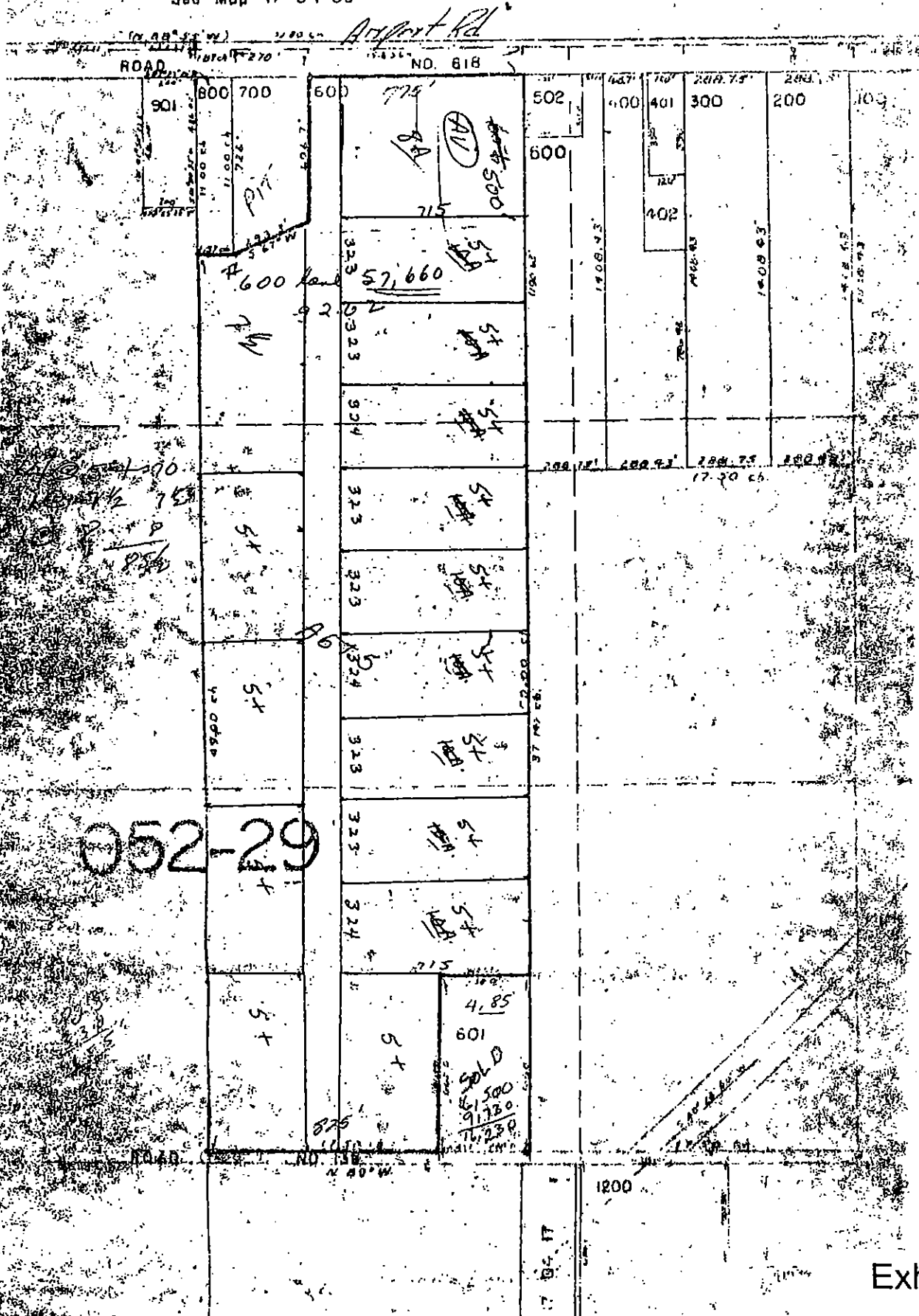


EXHIBIT C TO LENTZ MEASURE 37 CLAIM- LANE COUNTY

Lane County Comprehensive Plan

Lane County Code

Chapter 9 – TREES

Tree Conservation and Protection..... 9.900 to 9.94

Chapter 10 – ZONING

Generally..... 10.005 to 10.025

EFU District.....10.100

Procedural 10.275 to 10.800

Enforcement Requirements.....10.900

Failure to Comply10.990

Chapter 12 - COMPREHENSIVE PLAN

General..... 12.005 to 12.060

Implementation of Comprehensive Plan..... 12.160 to 12.185

Eugene-Springfield Metropolitan Area General Plan Element 12.200 to 12.245

Chapter 13 - LAND DIVISIONS 13.005 to 13.700

Chapter 14 - APPLICATION REVIEW AND APPEAL

PROCEDURES..... 14.010 to 14.700

Chapter 15 - ROADS

Roads..... 15.005 to 15.010

Master Road Plan..... 15.020 to 15.040

Minimum Road Requirements..... 15.045 to 15.060

Building Setback Requirements..... 15.065 to 15.095

Dedication and Improvement Requirements 15.100 to 15.110

Frontage 15.115 to 15.125

Access 15.130 to 15.140

Road and Right-of-Way Regulations..... 15.205 to 15.230

Road Systems Development Fee15.695

Sidewalks 15.700 to 15.730

Statutory Ways of Necessity.....15.800

General Variance Provisions.....15.900

Chapter 16 - LANE COUNTY LAND USE AND DEVELOPMENT CODE

Introductory and General Provisions 16.001 to 16.090

Development Approval Procedures Rural Comprehensive Plan.....16.100

Zones..... 16.210 to 16.247

Parking Space, Height, Area, General Building and General Lot Area and Width Setback Requirements.....	16.250
Nonconforming Uses	16.251
Procedures for Zoning, Rezoning and Amendments to Requirements.....	16.252
Site Review Procedures	16.257
Enforcement Requirements.....	16.262
Enforcement.....	16.263
Land Divisions.....	16.300
Rural Comprehensive Plan Amendments	16.400

Application for Claims Under LC 2.700 through 2.770

Due to Regulatory Reduction of Property Value Under Provisions Added to ORS Chapter 197 by BM37

Note: This completed form together with the referenced supporting documentation and application fee must be submitted to the Lane County Land Management Division, 125 East 8th Avenue, Eugene, Or., 97401 for all claims subject to the provisions added to ORS Chapter 197 by Ballot Measure 37 (November 2, 2004), to be considered for compensation under LC 2.700 through 2.770. In all cases, the applicant has the burden of demonstrating, with competent evidence, that all applicable criteria are met and the applicant would be entitled to compensation if the land use regulation continues to apply. Use additional paper, if necessary.

1. Applicant/ Agent

<u>David Lentz</u>	<u>c/o agent</u>	_____
Applicant Name (Please Print)	Mailing Address	Phone
<u>Jill Gelineau, William Carpenter</u>	<u>1211 SW 5th Ave., Suite 1900</u>	<u>(503) 796-2887</u>
Agent Name (Please Print)	Mailing Address	Phone
	<u>Portland, OR 97204</u>	

2. Property Owner

Please provide the Name, Mailing Address and telephone number of all property owners of record holding interest in the property that is the subject of this application. Include a complete listing of all lien holders, trustees, renters, lessees or anyone with an interest in the property and describe the ownership interest.

<u>David Lentz</u>	<u>c/o agent</u>	_____
Property Owner Name (Please Print)	Mailing Address	Phone
_____	_____	_____
Property Owner Name (Please Print)	Mailing Address	Phone

3. Legal Description

Please provide an accurate legal description, tax account number(s), map, street address and location of all private real properties that are the subject of this application.

<u>Assessor Map & Tax Lot T175 R4W Section 8 TL 1000</u>	_____
Street Address <u>none</u>	Legal Description Attached _____

4. Identification of Imposed Land Use Regulation

Please identify the Lane Code section or other land use regulation imposed on the private real property that is alleged to restrict the use of the subject property in a manner that reduces the fair market value. Include the date the regulation was first adopted, enforced or applied to the subject property and a written statement addressing all the criteria in LC 2.740(1).

See attached letter and exhibits

5. Title Report

Please attach a Preliminary Title Report showing title history and continuous ownership traced to the earliest family member ownership, the date of current owner(s) acquisition and all current interests of record for the subject property, issued within 30 days of the application submittal. Provide copies of relevant deeds. Attached

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6. Appraisal/Regulatory Effect

Please provide one original, signed appraisal prepared by an appraiser licensed by the Appraiser Certification and Licensure Board of the State of Oregon addressing the requirements of provisions added to ORS Chapter 197 by Ballot Measure 37 (November 2, 2004) and indicating the amount of the alleged reduction in fair market value by showing the difference in the fair market value of the property before and after the application of the challenged regulations as of the date the owner makes written demand for compensation. Include all of the supporting methodology, assumptions and calculations affecting the appraisal.

Not required by Measure 37

7. Leases, Covenants, Conditions and Restrictions

Please provide copies of any leases or covenants, conditions and restrictions applicable to the subject property.

See title report

8. Identification of Relief Sought

Please specifically indicate what relief is being sought, either a monetary value of the claim describing the reduction in fair market value of the property or the specific use authorization sought in any waiver of the land use regulation.

Please remove regulations listed in Exhibit C

I (we) have completed all of the attached application requirements and certify that all statements are true and accurate to the best of my (our) knowledge and belief. I am (We are) authorized to submit this application on behalf of all those with an interest in the property and all the owner(s) agree to this claim as evidenced by the signature of those owner(s) below. Include additional signatures, as necessary.

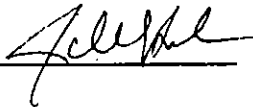
Entry by County or its designee upon the subject property is authorized by the owner(s) and the owner(s) consent to the application for claims under provisions added to ORS Chapter 197 by Ballot Measure 37 (November 2, 2004).

David Lentz

Owner(s) Signature

Date

Jill Gelineau



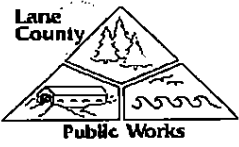
5-31-05

William Carpenter

Applicant/Agent Signature

Date

The following contacts are provided to assist you in finding the necessary information for this application.
For zoning and land use information, please contact the Land Management Division at 682-3577.
This phone contact is a message line. Please leave a message and a Planner will return your call.
For deeds and records information, please contact Lane County Deeds and Records at 682-3654.



LANE COUNTY RECEIPT

06-02-2005

RECEIPT NUMBER: **R05004498**

PLANNING ACTION #: **PA055736**

TYPE: Measure 37 Claim
SITE ADDRESS:
PARCEL: 17-04-08-00-01000
APPLICANT: LENTZ DAVID F

97360
503-897-3155

Type	Method	Description	Amount
Payment	Check	2193	850.00

Description	Current Pymt
3040 Planning Hrg Official	850.00

PAID BY: DAVID LENTZ

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Pacwest Center, 1211 SW 5th Ave., Suite 1900, Portland, OR 97204 | Phone 503-222-9981 | Fax 503-796-2900 | www.schwabe.com

JOSEPH S. SCHAEFER

LAND USE PLANNER

Direct Line: (503) 796-2091

Cellular Phone: (503) 819-4764

E-Mail: jschaefer@schwabe.com

August 22, 2005

VIA CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Celia Barry
Associate Planner
Lane County Land Management Department
125 East 8th Avenue
Eugene, OR 97401

Re: Lentz Measure 37 Claim
Our File No.: 113283/142359

Dear Ms. Barry:

Thank you for your letter of August 3, 2005 which included new information regarding the land use regulations that applied to the Lentz property when it was acquired in 1974. Because this information contradicts the information provided by your office on two previous occasions, the claim must be amended to reflect the split zoning that we were previously unaware of.

Your letter and attachments indicate that the northern portion of the property was zoned Airport Vicinity when it was acquired in 1974. You may recall that our claim letter dated May 31, 2005 stated that Mr. Lentz "intends to subdivide or use a series of partitions to create approximately 16 rural residential lots of approximately 5 acres each." That quotation should be amended to state "intends to subdivide or use a series of partitions to create rural residential lots of approximately 5 acres each in the southern portion of the property that was zoned AGT-5 when it was acquired, and to subdivide or use a series of partitions to create airport commercial lots of undetermined size on the northern portion of the property that was zoned AV when it was acquired."

Naturally this amendment to the claim from rural residential to airport related commercial use for the northern portion of the property will increase the just compensation owed by the county to Mr. Lentz, because commercial land is much more valuable than rural residential land. If the county informs us that it prefers to pay compensation in lieu of waiving the regulations, a new compensation figure will be provided.

Celia Barry
August 22, 2005
Page 2

Thank you for amending the claim as requested. Please also send us written confirmation of the amendment, and be sure to let us know if any new information regarding the historic zoning becomes available.

Sincerely,



Joseph S. Schaefer
Land Use Planner

JSS:

cc: Mr. David F. Lentz (via First Class Mail)
Jill S. Gelineau, Esq. (By Hand Delivery)



REC'D OCT 21 2005

Pacwest Center, 1211 SW 5th Ave., Suite 1900, Portland, OR 97204 | Phone 503-222-9981 | Fax 503-796-2900 | www.schwabe.com

JILL S. GELINEAU
Admitted in Oregon and Washington
Direct Line: (503) 796-2887
E-Mail: jgelineau@schwabe.com

October 19, 2005

VIA FACSIMILE (541) 682-3947 AND FIRST CLASS MAIL

Mr. Jerry Kendall
Land Management
Lane County, Oregon
125 E. 8th Avenue
Eugene, Oregon 97401

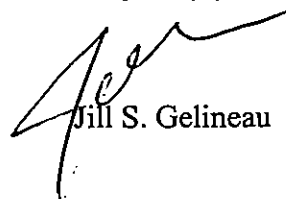
Re: David F. Lentz/Measure 37 Claim
Our File No.: 113283/142359

Dear Mr. Kendall:

As you know, I represent David Lentz on the above-referenced Measure 37 claim. This is to confirm my voice message which I left with you on the afternoon of October 19, 2005. Please be advised that Mr. Lentz agrees to provide a 60-day extension of time of the 180-day clock. Therefore, I also confirm that this matter will not be set down for hearing on November 9, 2005.

In addition, we will provide an appraisal and we expect to submit it shortly.

Very truly yours,



Jill S. Gelineau

JG:ams

cc: Mr. David F. Lentz
Joseph S. Schaefer

IRS Required Statement: To comply with IRS regulations, we are required to inform you that this message, if it contains advice relating to federal taxes, cannot be used for the purpose of avoiding penalties that may be imposed under federal tax law. Any tax advice that is expressed in this message is limited to the tax issues addressed in this message. If advice is required that satisfies applicable IRS regulations, for a tax opinion appropriate for avoidance of federal tax

Mr. Jerry Kendall
October 19, 2005
Page 2

law penalties, please contact a Schwabe attorney to arrange a suitable engagement for that purpose.



REC'D NOV 21 2005

Pacwest Center, 1211 SW 5th Ave., Suite 1900, Portland, OR 97204 | Phone 503-222-9981 | Fax 503-796-2900 | www.schwabe.com

JILL S. GELINEAU

Admitted in Oregon and Washington

Direct Line: (503) 796-2887

E-Mail: jglineau@schwabe.com

November 17, 2005

VIA FIRST CLASS MAIL

Mr. Jerry Kendall
Land Management
Lane County, Oregon
125 E. 8th Avenue
Eugene, Oregon 97401

Re: David F. Lentz/Measure 37 Claim
Our File No.: 113283/142359

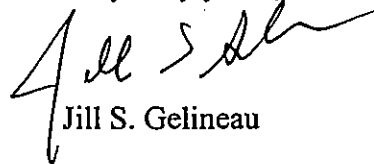
Dear Mr. Kendall:

Per our conversation on October 19, 2005, enclosed please find an appraisal report submitted pursuant to your request for the above-referenced Measure 37 claim.

In our last correspondence, we agreed to extend the timeframe sixty days. Please advise as to when you expect this claim to be set for hearing or consideration.

Thank you for your courtesies.

Very truly yours,



Jill S. Gelineau

JG:ams

Enclosure

cc: Mr. David F. Lentz (w/encl.)
Joseph S. Schaefer (w/o encl.)

IRS Required Statement: To comply with IRS regulations, we are required to inform you that this message, if it contains advice relating to federal taxes, cannot be used for the purpose of avoiding penalties that may be imposed under federal tax law. Any tax advice that is expressed in this message is limited to the tax issues addressed in this message. If advice is required that

Mr. Jerry Kendall
November 17, 2005
Page 2

satisfies applicable IRS regulations, for a tax opinion appropriate for avoidance of federal tax law penalties, please contact a Schwabe attorney to arrange a suitable engagement for that purpose.

rec'd 10-21-05

Summary Appraisal Report

David Lentz Property
Lane County Tax Lot 17-04-08-00-01000
Eugene, Oregon

Just Compensation Under Oregon's Measure 37

Valuation as of June 13, 2005

ROBERT GILL & ASSOCIATES

REAL ESTATE APPRAISAL AND CONSULTING SERVICES

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ROBERT GILL & ASSOCIATES
REAL ESTATE APPRAISAL AND CONSULTING SERVICES

November 11, 2005

David Lentz
C/o Schwabe, Williamson and Wyatt, P.C.
1211 SW Fifth Ave., Ste. 1600,
Portland, OR 97204

Jill S. Gelineau
Schwabe, Williamson & Wyatt, P.C.,
1211 SW Fifth Ave., Ste. 1600,
Portland, OR 97204

We have prepared an appraisal of the real estate known as

David Lentz Property
Lane County Tax Lot 17-04-08-00-01000, Eugene, Oregon

to express an opinion of the appropriate just compensation that may be due under Oregon's Measure 37. Under Measure 37, compensation to the owner may be required due to the enforcement of a land-use regulation that has been enacted since the acquisition of the property by the owner or family member of the owner. Measure 37 states that "just compensation shall be equal to the reduction in the fair market value of the affected property interest resulting from enactment or enforcement of the land use regulation as of the date the owner makes written demand for compensation under this act". The intended function of the appraisal is for consideration, by you or your assigns, only in an application for authorization to develop the property under Measure 37. As requested, we have conveyed our conclusions in this summary report. We inspected the property on June 15, 2005, which is the effective date of our opinions of value.

We understand that the subject property is currently zoned E-40, Exclusive Farm Use, 40-acre minimum lot size, by Lane County. It has been reported that, when it was purchased in 1974, the subject was primarily zoned "AGT-5", with the northern end zoned "AV". It appears that any use that is compatible with this zoning, the existing infrastructure and surrounding uses should be allowed under Measure 37, or the property owner should be compensated.

We have concluded that, if land-use regulations enacted since 1974 are enforced, just compensation or the "reduction in the fair market value of the affected property interest" may be calculated as follows:

<u>Valuation Premise</u>	<u>Market Value</u>
Assuming Uses Allowable in 1974	\$4,160,000
Assuming Current Land Use Regulations	<u>\$1,665,000</u>
Indicated Reduction in Fair Market Value	\$2,495,000

Our conclusions are subject to the Special Assumptions and Limiting Conditions itemized on page 3, and to the Underlying Assumptions and Limiting Conditions listed at the end of this report. Our opinions are based on the premise of sale, and other assumptions and limitations as described throughout this report. We made no investigation of, and we assume no responsibility for, title to or liabilities against the property.

Respectfully submitted,



Robert R. Gill, MAI
Certified Appraiser, Oregon C000058; Washington 27011 1100702

SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

Property Appraised: David Lentz Property
Lane County Tax Lot 17-04-08-00-01000, Eugene, Oregon

Value Estimated: Just compensation that may be due under Oregon's Measure 37

Interest Appraised: Fee simple

Appraisal Function: Consideration, by you or your assigns, only in an application for authorization to develop the property under Measure 37

Valuation & Inspection Date: June 13, 2005

Land Area: ~83.25 acres, per assessor's records net of recent taking for highway use

Land Use Regulations: Zoning- E-40, Exclusive Farm Use, 40-acre minimum lot size

Metro Plan Designation- G, Government and Education
(may apply only to the north end)

Eugene Airport Plan- AP, Airport Parking (north end only)

Present Use- Farm (no buildings, leased for farming)

Impact of Measure-37: It has been reported that, when it was purchased in 1974, the subject was primarily zoned AGT-5, which would have allowed division into 5 acre parcels for residential farm or compatible uses. The north end of the site was zoned AV to allow "Airport Vicinity" uses. It appears that any use that is compatible with this zoning, the existing infrastructure and surrounding uses should be allowed under Measure 37, or the property owner should be compensated.

We understand that the property owner has filed a claim under Measure 37 and that the claim states that the owner intends to subdivide or use a series of partitions to create rural residential lots of approximately 5 acres each in the southern portion of the property that was zoned AGT-5 when it was acquired, and to subdivide or use a series of partitions to create airport commercial lots of undetermined size on the northern portion of the property that was zoned AV when it was acquired. Our analysis considers this proposed use.

Conclusions

We have concluded that, if land-use regulations enacted since 1974 are enforced, just compensation or the "reduction in the fair market value of the affected property interest" may be calculated as follows:

<u>Valuation Premise</u>	<u>Market Value</u>
Assuming Uses Allowable in 1974	\$4,160,000
Assuming Current Land Use Regulations	<u>\$1,665,000</u>
Indicated Reduction in Fair Market Value	\$2,495,000

INTRODUCTION

Special Assumptions and Limiting Conditions

These special assumptions and limiting conditions are in addition to the General Underlying Assumptions and Limiting Conditions listed after the appraiser's certification.

Measure 37 is a relatively new law and it is under appeal in many counties in Oregon. At this time, there is little or no precedence for the practical application of this law and there are not established standards for appraisal practices relating to possible compensation. This analysis represents our best understanding at the time of this writing but we reserve the right to revise our conclusions and/or report based on any future changes or clarifications in the law or its application.

We have relied on expert advice regarding the law and land use potential under Measure 37 and assume no responsibility for matters dependent on this advice.

The appraisal and conclusion is based on the assumption that the subject is free of significant environmental contamination or hazard that would be detrimental to value. We have disclosed herein any factor that the appraiser observed that might indicate a problem, or the need for further investigation. The potential impact of some risk is accounted for by our use of comparable data that include similar risks. However, the reader is advised that the value of the property value could be less if a significant hidden (or undisclosed) contamination or hazard exists.

We have not been provided with any land survey, site inspection reports, soils study or drainage analysis. Alternatively, we have relied on assessment and title records, and on owner input, for data regarding the land. The appraisal is based on the assumption that this data is correct.

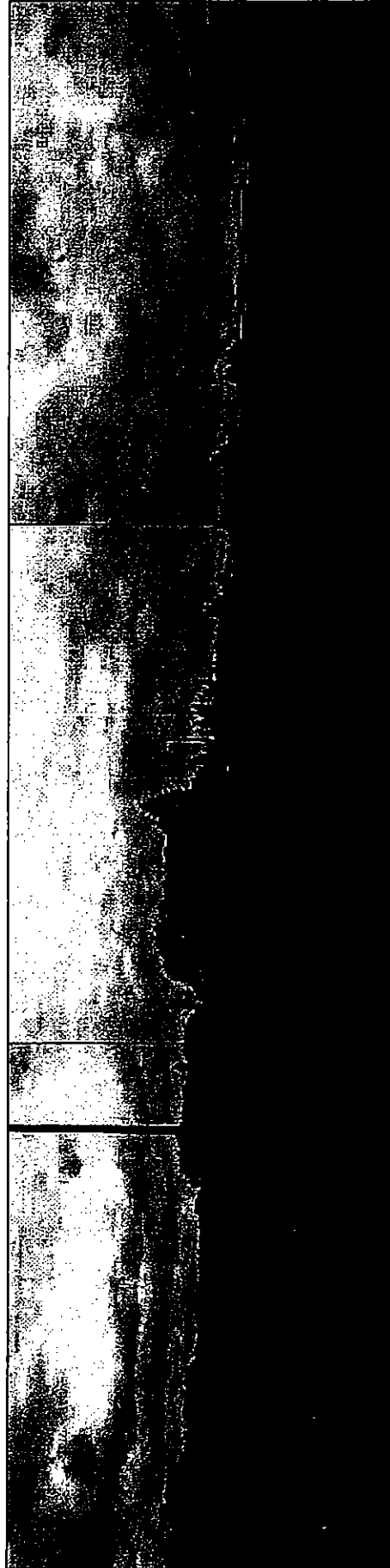
No preliminary title report has been provided to the appraiser. Any apparent easements or deed restrictions that might affect the value of the real estate are identified in this report. It has been assumed that no other easements, deed restrictions, or similar encumbrances exist.

We understand that there are three or four areas on the property that may contain small wetlands. It is likely that these areas, if verified, would not significantly affect our evaluation of the highest and best use of the property. In the area of potential commercial or industrial use, some open space area, setbacks and storm water detention areas are normal. In the area of potential residential-farm use, small wetlands would be of little consequence or even an asset as an amenity. Our conclusions assume that there are some wetlands areas, but not comprising more than about 10% of the site.

Subject Photographs



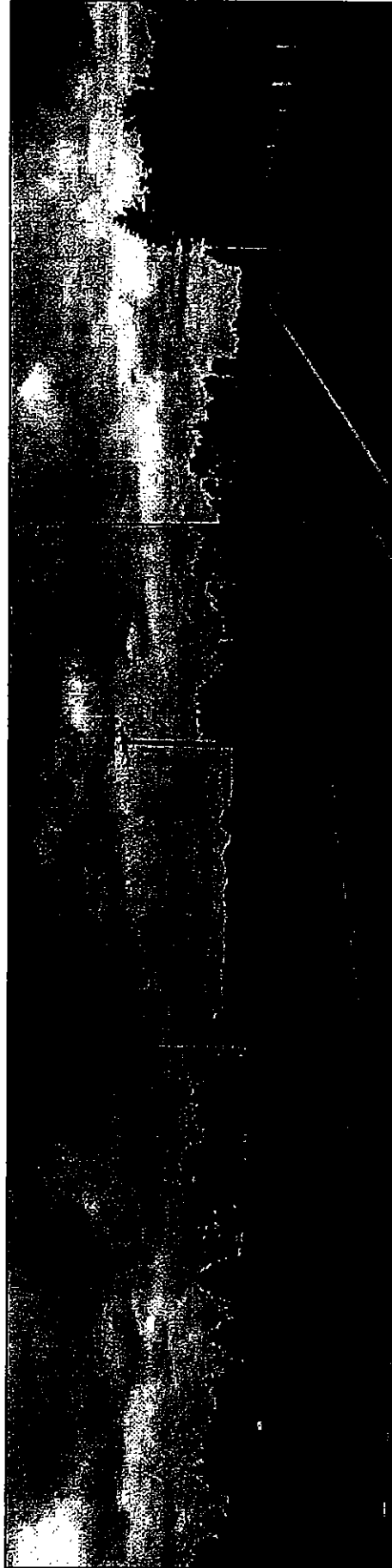
Looking at Subject from across Airport Road, Looking from East to South



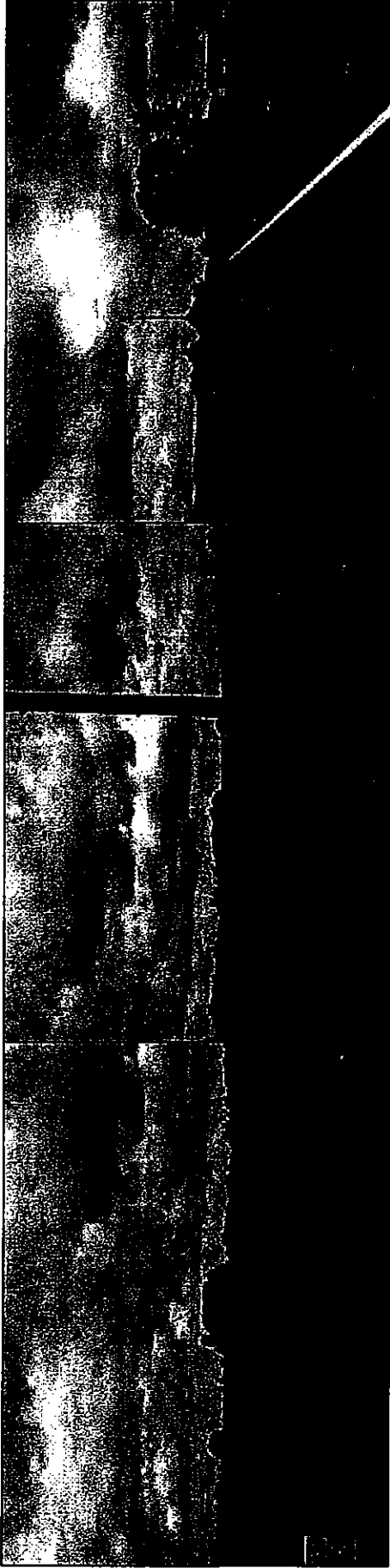
Looking at Subject from Area Taken for Highway Use, Looking from North to East



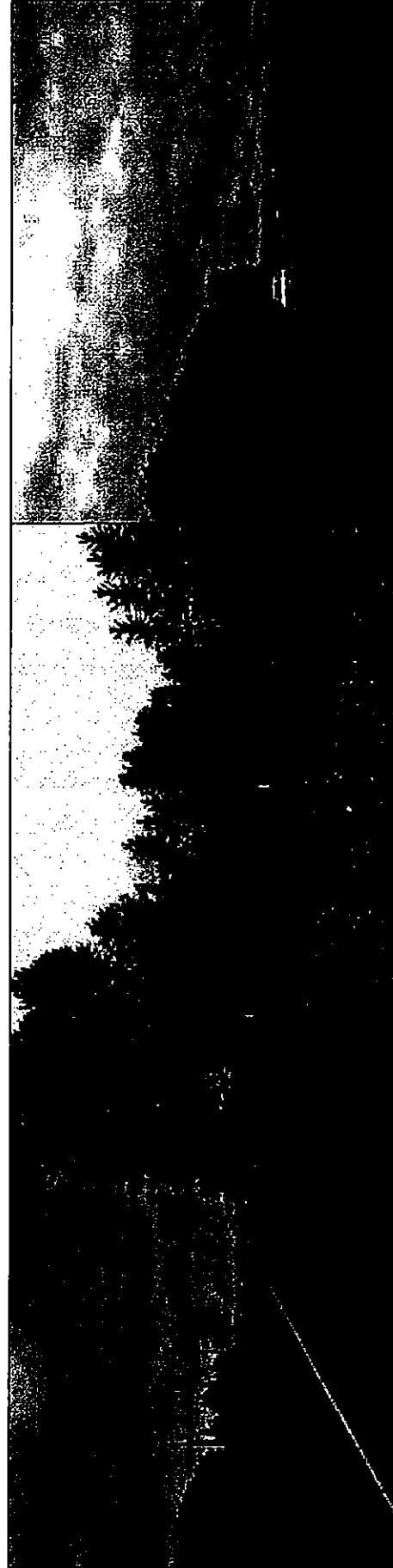
Looking at Subject from Area Taken for Highway Use, Looking from East to South



Looking at Subject from across Airport Road, Looking from South to West
(the house is east of the subject parcel, the subject is on the left of highway to distant trees)



Looking at Subject South End from Clear Lake Road, Looking from North to East



Looking East on Airport Road
Subject on Right

Wetlands West of Subject

Looking East on Airport Road
Subject is Distant Right

Scope of the Appraisal

The scope of the appraisal includes compliance with the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation, and with the Guide Notes to the Standards of Professional Appraisal Practice adopted by the Appraisal Institute.

The standards contain binding requirements and specific guidelines that deal with the procedures to be followed in developing an appraisal, analysis, or opinion. These uniform standards set the requirements to communicate the appraisers' analyses, opinions, and conclusions in a manner that will be meaningful and not misleading in the marketplace. Under these guidelines, we have made a complete appraisal, and have presented our conclusions in this summary report.

The property was personally inspected as described in the Appraisal Specifications. In addition to making our own observations, we attempted to verify information provided by others. We interviewed people who are familiar with the property to discover data regarding environmental considerations, maintenance practices, property defects, property history, functional utility, and economic viability. The inspection extended to the surroundings and neighborhood. Public records were investigated to collect data regarding zoning (and other land use regulations), ownership, sales history, assessment and taxes, and utilities.

Market sales data were collected by a search of the RMLS database, public assessment records, contacts with other appraisers, and contacts with real estate agents who appear to be active in this market. Current offerings were considered, and if the offerings had indicated a lower value than indicated by the sales, the offerings would have been included in the appraisal analysis. The comparable sales that were concluded to be most relevant were inspected and verified from public records and contact with the buyer, seller or an agent involved. Data was considered to be verified if public records confirm the sale date and price. However, the data was considered more reliable if the buyer, seller, or agents involved in the sale provided additional information.

Our analysis of the market data, and our evaluation of the property using that data, is summarized in the valuation section of this report.

For vacant land, the Sales Comparison Approach is typically the only applicable approach. We considered the Cost Approach and Income Capitalization Approach, but concluded that neither was applicable.

Appraisal Specifications

Purpose of the Appraisal

The purpose of the appraisal is to express an opinion of the appropriate just compensation that may be due under Oregon's Measure 37. Under Measure 37, compensation to the owner may be required due to the enforcement of a land-use regulation that has been enacted since the acquisition of the property by the owner or family member of the owner. Measure 37 states that "just compensation shall be equal to the reduction in the fair market value of the affected property interest resulting from enactment or enforcement of the land use regulation as of the date the owner makes written demand for compensation under this act".

Appraisal Function

The intended function of the appraisal is for consideration, by you or your assigns, only in an application for authorization to develop the property under Measure 37. The appraisal may not be used for any other function without authorization from Robert Gill & Associates.

Property Rights Appraised

The conclusion herein pertains only to the fee simple interest, or estate, subject to the leases described herein, assuming the property to be free and clear of all other liens and encumbrances except those discussed in this report.

Date of Appraisal

Our appraisal conclusion pertains to the value of the property as of June 13, 2005, and we have considered the condition of the property, market conditions, and the purchasing power of the dollar as of that date.

Inspection

The property was inspected on June 13, 2005, which is the date of the subject photographs and the effective date of valuation. The appraiser observed the site from the street and walked across accessible areas. However, in many areas the surface of the site was obscured by vegetation and the surface was not visible. The site is large and the appraiser's walked across only sample areas. Our inspection might not have revealed evidence of former buildings, landfills, dump sites, mines, underground tanks, underground utilities, graves, etc. However, we found no evidence of these or other potentially detrimental factors.

Appraiser Competency

The appraiser has had prior experience in the valuation of similar property and has had relevant appraisal training. No additional steps were necessary to assure the appraiser's competence to undertake this assignment. Nevertheless, the appraiser was diligent in evaluation of the current market and in evaluation of the subject's physical and economic environment.

Definitions

Just Compensation

Measure 37 states that "just compensation shall be equal to the reduction in the fair market value of the affected property interest resulting from enactment or enforcement of the land use regulation as of the date the owner makes written demand for compensation under this act".

Market Value

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

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Fee Simple Estate

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

(The Dictionary of Real Estate Appraisal, 4th Edition, by the Appraisal Institute)

PROPERTY IDENTIFICATION AND DESCRIPTIVE DATA

Identification of the Property Appraised

The subject property is commonly known as:

David Lentz Property
Lane County Tax Lot 17-04-08-00-01000, Airport Road
Eugene, Oregon

Legal Description

For the purposes of the appraisal, the subject is specifically identified as ~83.25 acres remaining from Lane County Tax Lot 17-04-08-00-01000 remaining after a taking for road construction in 2005.

Inclusions and Exclusions

The property appraised includes only the real estate, comprising land only.

The value of any crops or timber are specifically excluded.

Excluded from the property appraised are other personal property, tenant improvements, business fixtures, machinery and equipment (except normal building service equipment), contents, and any intangibles that may exist.

Property Ownership

According to public records, current title is apparently vested in:

David F. Lentz

Recent Sales History

Based on public records, the property was purchased by the above in 1974 for \$52,000; and the subject has apparently not been sold in the past 5 years.

Environmental Considerations

The appraiser is not qualified to detect the existence of potentially hazardous material, or other environmental contamination, which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous materials be found.

Robert Gill & Associates

Regional Description

The subject is located just outside the city of Eugene, Oregon. Home to more than 140,000 people, Eugene is Oregon's second largest city. It covers approximately 41.5 square miles, with the Willamette River running through the heart of the city and the McKenzie River joining the Willamette to the north of town. The elevation is 426 feet above sea level and the city's topography features Skinner Butte to the north of downtown and the south, the landmark Spencer Butte, now a 310-acre city park.

Eugene's climate, with an average temperature of 53 degrees, is one of the city's attractive features. Mild winters, long growing seasons, and few drastic weather changes are characteristic. Normal annual rainfall is 43 inches which falls mostly between September and June. Eugene is positioned at latitude 44° 7' N, longitude 123° 13' W.

Eugene has a high percentage of professionals including doctors, lawyers, architects, and educators. One third of the city's population has completed four or more years of college. Eugene is home to the University of Oregon , Northwest Christian College, Lane Community College and Eugene Bible College .

Population (2003 Estimated Figures)

Lane County	329,400
Eugene	143,910
Springfield	54,720
Oregon	3,541,500

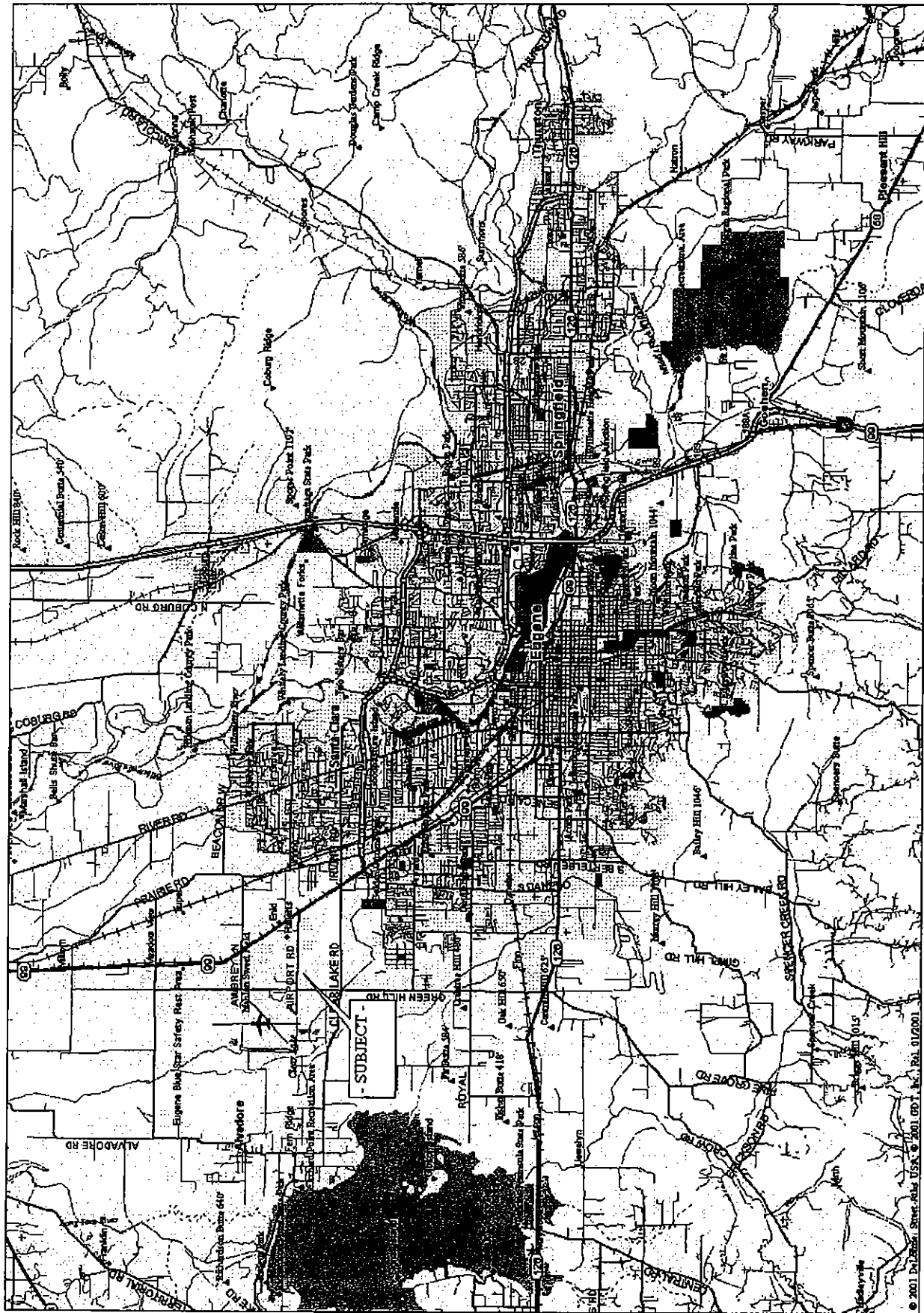
(Source: Portland State University Population Research Center)

Top 10 Lane County Manufacturers

<u>Manufacturer</u>	<u>No. of Employees</u>
Monaco Coach Corporation	2,200
Country Coach	1,100
Hynix Semiconductor America	830
Symantec Corporation	700
PSC Scanning	700
Weyerhaeuser Company	626
Rosboro Lumber Company	450
Whittier Wood Products	400
McKenzie Forest Products	375
Marathon Coach	310

(Source: Lane Metro Partnership & Eugene Area Chamber of Commerce)

A detailed community profile is available from the Oregon Economic and Community Development Department at www.econ.state.or.us. The city web site is www.ci.eugene.or.us.



Location Map - Region

Neighborhood Description

The subject property is located in the northwesterly portion of the Greater Eugene metropolitan area, just east of the Eugene Airport. The northern end of the subject property fronts on the south side of Airport Road. Airport Road is a short thoroughfare that connects the airport terminal to US Highway 99, which in turn links the airport to the city of Eugene and the Eugene-Springfield area freeway system.

From the subject is about one mile west to the airport, and little more than one mile east to Highway 99. It is about three miles from the subject to the Beltline freeway, and about nine miles to downtown Eugene. It is about nine miles from subject to Interstate Highway 5 and roughly 12 miles to downtown Springfield.

US Highway 99 links the city of Eugene to the small city of Junction City, which is about 9 miles north of Airport Road. From Junction City, Highway 99W extends to the city of Corvallis to the northwest and Highway 99E to the city of Albany to the northeast. Until the development of the interstate, Highway 99 was the major north-south commercial route on the West Coast. Accordingly, there is a broad mixture of land uses along the highway including many older properties as well as a new development. The city limits of Eugene extend along Highway 99 to a point north of Airport Road. This area along Highway 99 includes a mixture of commercial and industrial land uses, and this area is fairly well built-up.

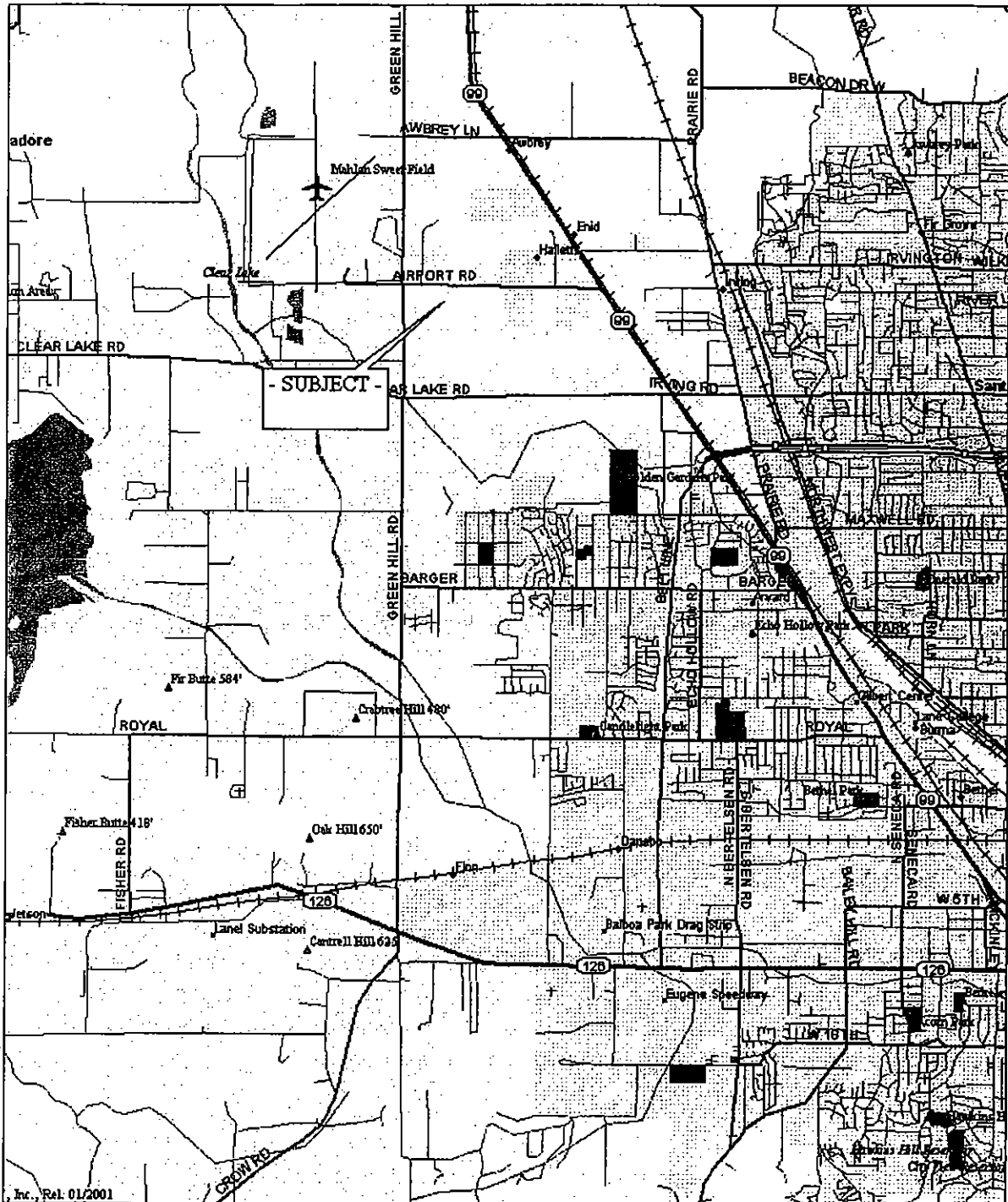
From Highway 99 to the subject property, on both sides of Airport Road, the city limits extend to include an area that is zoned for industrial use. There are some industries in this area including relatively new industrial building on the north side of Airport Road, a few hundred yards east of the subject. In addition, the area includes residential or small farm properties that are zoned industrial. This area appears to be filling in, which reflects the market demand for property in the area.

To the west and north of the subject, there is land is owned by the city of Eugene, and designated for future inclusion in the airport expansion or for airport safety considerations at each end of the runways. The subject is the only privately owned farmland between the city limits and the airport, on the south side of Airport Road.

To the south and southeast of the subject larger parcel, there is land that is zoned and use for farming. However, the urban growth boundary is not far to the south and east, and there is clearly demand for housing in that area.

In the appraiser's opinion, it appears to be evident that market demand for urban development is seeking to fill-in the triangle between Highway 99 on the east, Green Hill Road on the west, and the existing city limits on the south. As in any metropolitan area, property on transportation routes from the city to the airport will be in demand, and demand will increase as airport traffic increases.

Location Map – Neighborhood



Subject Land Description

Site Description

Overall Shape: Irregular, see plat

Position: Mid-block

Visibility: Very good commercial exposure on Airport Road
Good commercial exposure on Clear Lake Road

Total Land Area: Approximately 83.25 acres, per assessor's records and net of the recent taking for highway use

Topography: Basically level with some local variation

Wetlands: We understand that there are three or four areas on the property that may contain small wetlands. It is likely that these areas, if verified, would not significantly affect our evaluation of the highest and best use of the property. In the area of potential commercial or industrial use, some open space area, setbacks and storm water detention areas are normal. In the area of potential residential-farm use, small wetlands would be of little consequence or even an asset as an amenity.

Soil Bearing Capacity: Reported to be good

Drainage: No apparent or reported problems

Street Frontage: Airport Road- this is the primary access road from US Highway 99 to the Eugene Airport; the subject has roughly 770 feet of frontage and the road here is asphalt paved, with one lane in each direction, and no curbs, gutters, sidewalk, or streetlights
Clear Lake Road- this is a significant east-west thoroughfare; the subject has about 825 feet of frontage and the road here is asphalt paved, with one lane in each direction, and no curbs, gutters, sidewalk, or streetlights

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Utilities:

The site is unimproved and no utilities are connected.

Sewer- City lines are located within about 200' to the east of the northeast corner of the larger parcel. The capacity is not known. Service would only be available with city authorization, presumably only after rezoning.

Water- EWEB service is available nearby and probably could be extended to the subject at a reasonable cost.

Other- Electrical and telephone services are located nearby but not connected to the site.

Adjacent Property:

East- The northerly portion of the subject east property line abuts Urban Growth Boundary. Immediately east of this there is an older residential property on acreage that is zoned for industrial use. Along the southerly east property line land use is small farm.

Other- On the north (across Airport Road), south (across Clear Lake Road), and west, land use and zoning is agricultural.

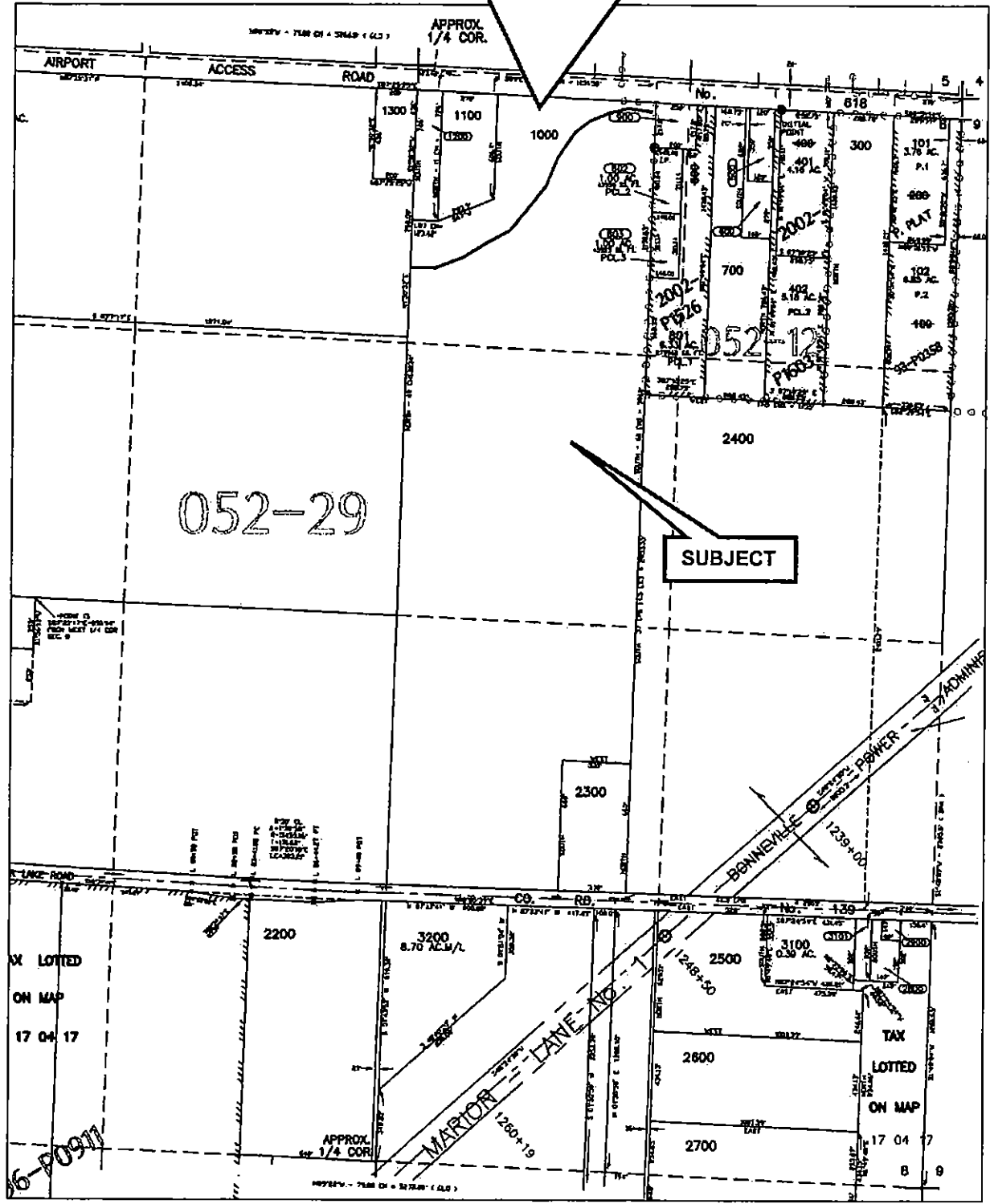
The Metro Plan has designated the land to the north and west for future airport expansion.

Easements

The property is apparently subject to an easement in favor of the Junction City Water Control District for the construction and maintenance of flood control channels on the subject property. This easement has minimal impact on the use of the property and almost no impact on the future potential uses of the property.

Land Plat Map

Section of Tax Lot Recently Taken for Road Construction



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Assessment and Taxes

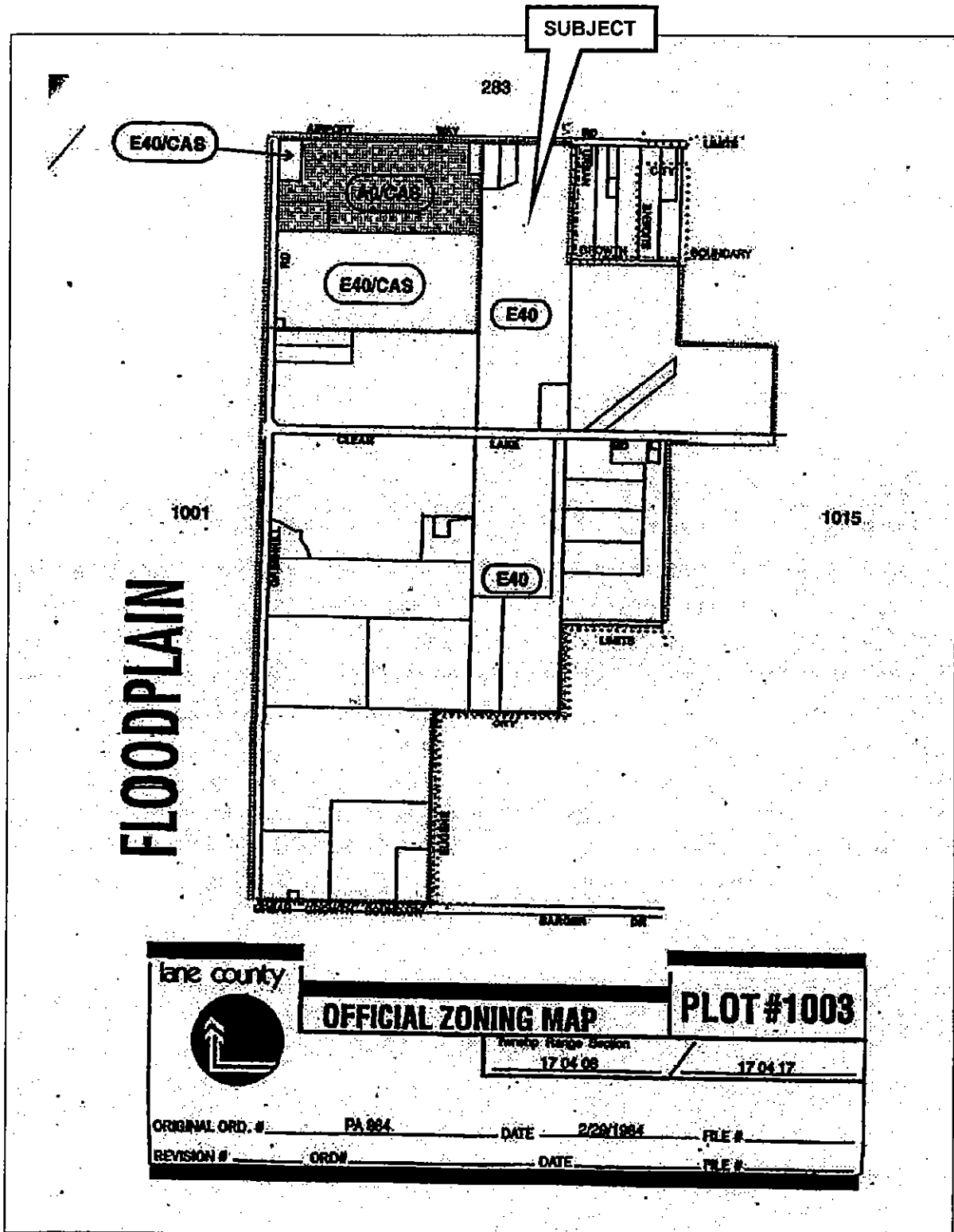
According to the Lane County Assessor's records, the subject property is assessed as follows:

Parcel Number:	Lane County Tax Lot 17-04-08-00-01000
Tax Year:	2004
Real Market Value –	
Land:	\$224,675
Improvements:	<u> 0</u>
Total:	\$224,675
M-50 Assessed Value:	\$40,196
Taxes:	\$475.31

Zoning

The subject properties apparently zoned EFU-40 or E-40, by Lane County, designating Exclusive Farm Use with a 40-acre minimum lot size. This zoning designation restricts the property to agriculture and related or compatible uses. Compatible uses include church and school facilities, as well as agriculture-related commercial and industrial facilities. However, most non-farm uses are conditional, the guidelines for which uses are allowed our complex. Details of the applicable zoning code are readily available on the Lane County web site.

From reading the code, we have concluded that it may be possible to use all or some of the site for church or farm-related business such as for processing. However, we have concluded that these uses may not be allowed, and probably do not reflect the highest and best use of the property in the long run.



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Metro Plan and Airport Expansion Plan

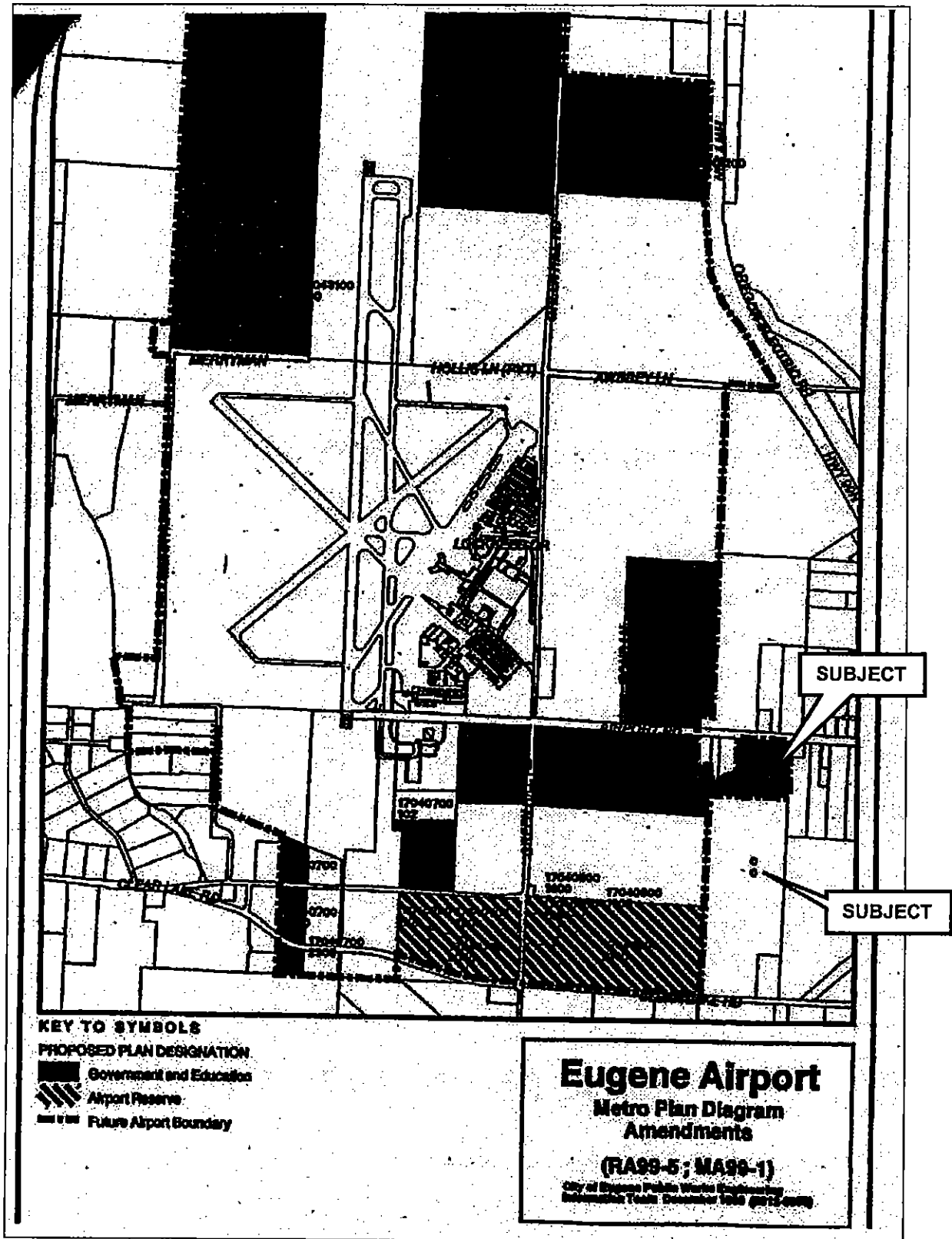
It is the appraiser's understanding that in 1999 and 2000 the City of Eugene developed a plan for the expansion Eugene Airport with a new runway to be built on a parcel east of the existing airport. The expansion plan includes the development of both short-term and long-term plans for expansion of the airport to fill essentially all of the land between the existing Airport and the current city limits. The project includes the realignment of Airport Road, which is the reason for the recent taking from the subject.

We understand that to accommodate this expansion project, the subject's north end has been designated "G" in the area Metro Plan, which is a designation for Government and Education. This is an unusual designation for privately owned land. Most of the other land in the airport vicinity that is designated G is owned by the City of Eugene.

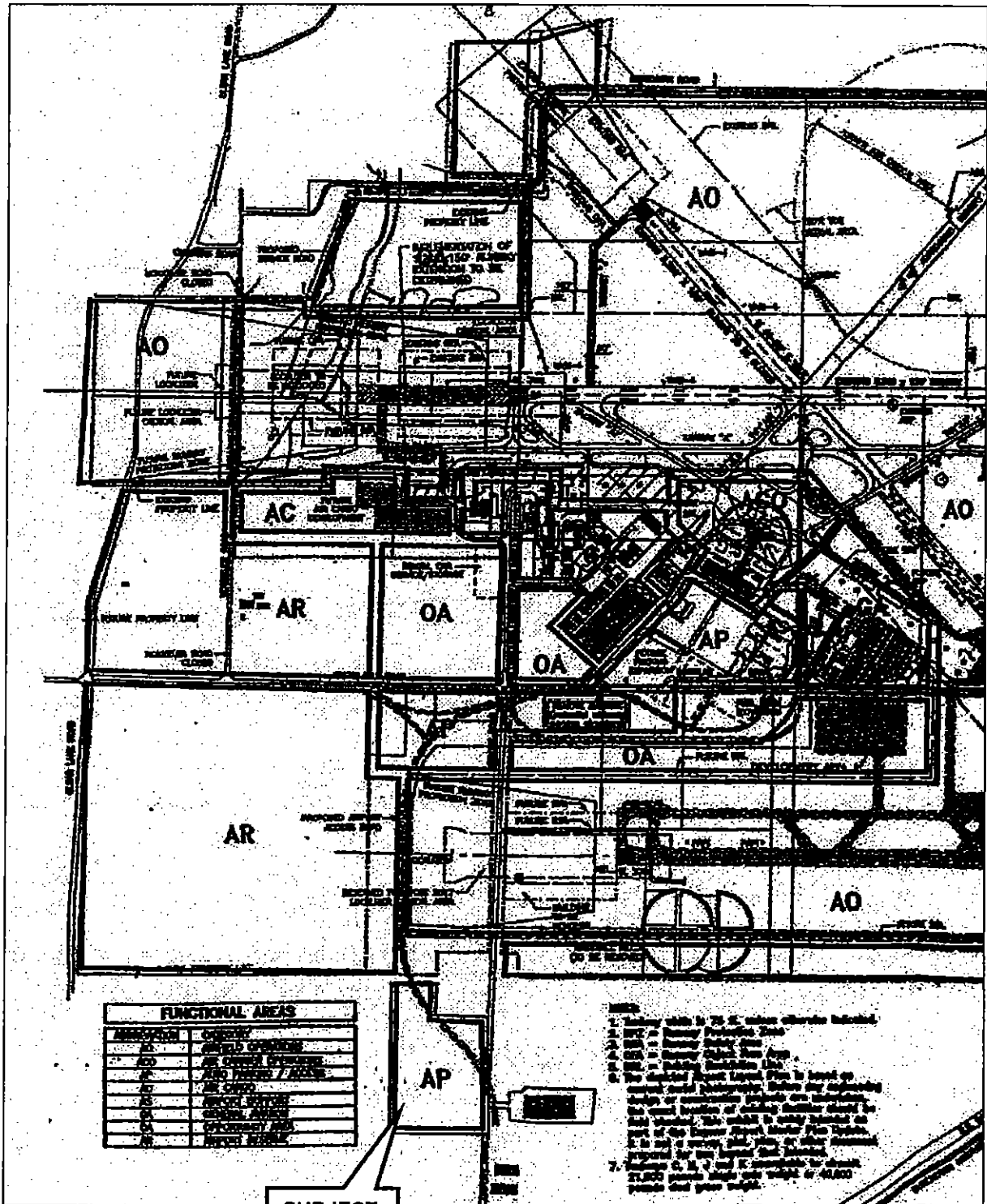
In the Airport Functional Area Map, the northern tip of the subject is designated "AP" for Airport Parking.

It is noted that the subject land is not at the end of the runways where it may be desirable to retain vacant farmland for safety.

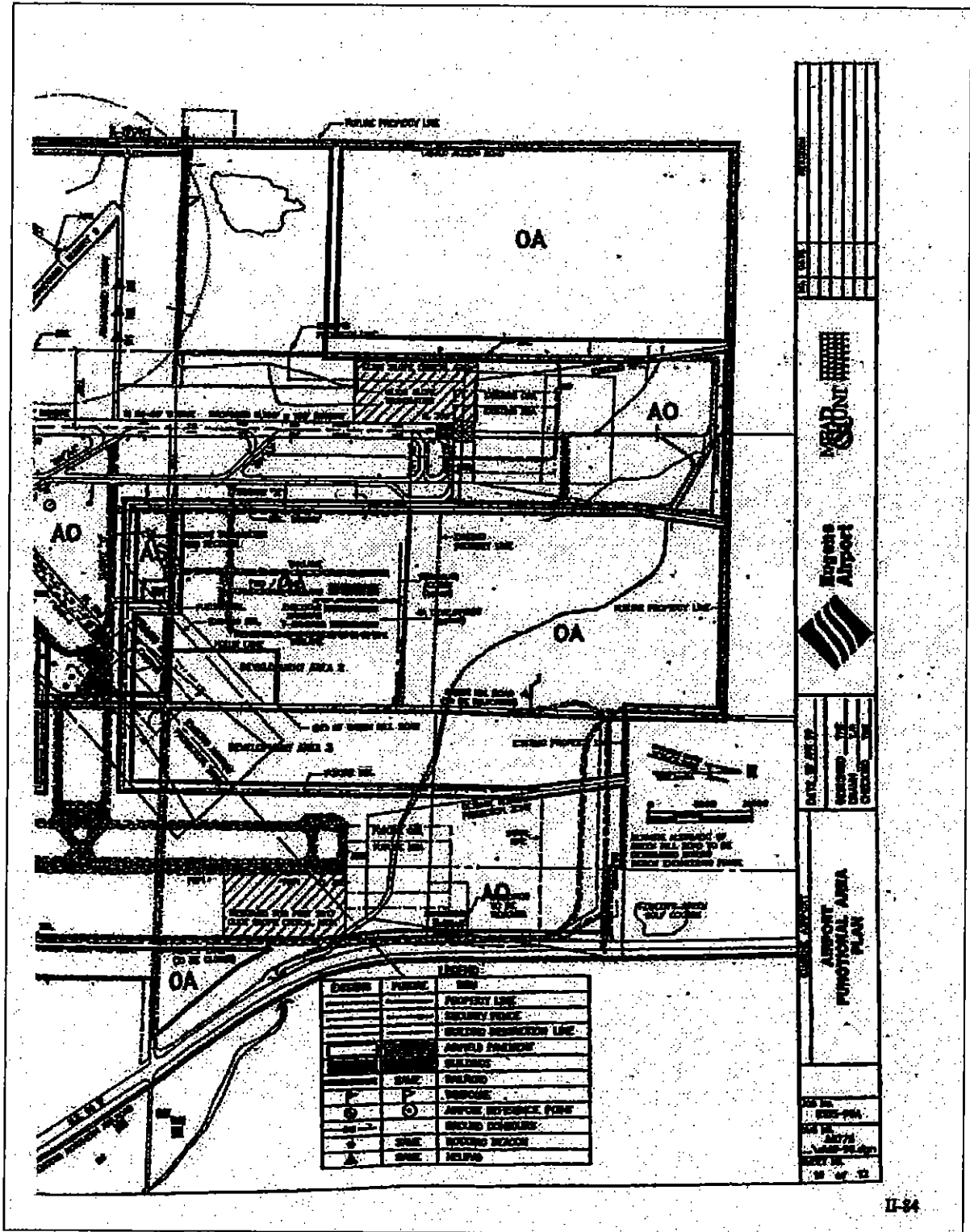
Metro Plan Map



Airport Functional Area Map



Remainder of Airport Functional Area Map



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Long Term Zoning Expectations

The north end of the subject property is unique as the only privately owned land between the Eugene city limits and the airport, along Airport Road. Since at least 1999, the north of the subject property has been designated for the airport expansion project and it has apparently not otherwise been considered for inclusion in the Urban Growth Boundary.

Considering the needs of the growing airport, the expected traffic between the airport and Highway 99, and the existing urban infrastructure near the subject, it would appear that the subject would be (or have been) a likely candidate for inclusion into the Urban Growth Boundary.

The appraiser has considered the likelihood that the subject would soon be included in the Urban Growth Boundary if not for the pending and/or future takings. We note that the airport plan has designated the northern end of the subject property for "airport parking", a use it would certainly be appropriate for a private owner as well.

Based on the subject's location and other attributes, and excluding the presumption of government taking, it is the appraiser's opinion that an informed owner or prospective buyer would expect that the subject property will be added to the Urban Growth Boundary within about 10 years.

HIGHEST AND BEST USE ANALYSIS

Definition of Highest and Best Use

In the Appraisal of Real Estate Twelfth Edition, by the *Appraisal Institute* (page 305) Highest and Best Use is defined as:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value.

On page 305, it is stated that:

In addition to being reasonably probable, the highest and best use of both the land as though vacant and the property as improved must meet four implicit criteria. That is, the highest and best use must be

- 1. Physically possible*
- 2. Legally permissible*
- 3. Financially feasible*
- 4. Maximally productive*

Alternatively, highest and best use is the reasonably probable use of a property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value.

For improved property, the highest and best use is best determined by identifying the highest and best use of the land assumed vacant, and then comparing the current (or proposed use) to the highest and best use. For existing improvements, this method helps identify obsolescence in the improvements. If the value of the land, as if vacant, exceeds the value of the property as improved, then it is reasonable to conclude that the current use of the property is not the highest and best use. For proposed improvements, it is important to determine that the economic return to the land from the proposed use is likely to be at least as high as the potential return from alternative uses.

To be considered the highest and best use, the use must be physically possible, legally permissible, reasonably probable, timely, and financially feasible. If multiple uses meet these requirements, the use providing the greatest economic return is the highest and best. In the marketplace, various uses may compete for land available for development and each use may offer a similar return to the land. This balance contributes to the variety of land uses in many areas. In this situation, the highest and best use can be defined only in broad categories of land use.

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Highest and Best Use of the Larger Parcel – Excluding Measure 37

The northern end of the subject property has unusual characteristics including:

It is physically well suited for commercial or industrial development,

Its location is excellent for future commercial or industrial development,

It is zoned for farm use, but is the only site between the Eugene Airport property and the Eugene city limits and the UGB here.

It is the appraiser's opinion that within about 10 years the north end of this site will have been to the Urban Growth Boundary. The logic of adding the south half of the subject to the UGB is less compelling. Nevertheless, this part of the property, which fronts on Clear Lake Road, is also a logical part of the urban growth area.

The subject's north end is likely to be rezoned to allow construction of airport-related uses. Appropriate future uses might include a hotel, rental car facility, business-park or mini-storage. The southern half of the site might be developed differently, using access from Clear Lake Road. This part of the property might be one or two large industrial sites, a business park, mini-warehouse, apartments, mobile-home park, single-family housing, or any combination of these.

Is our opinion that the highest and best use the subject parcel, without consideration of Measure 37, is to hold for urban development to occur in within 10 to 20 years.

LAND USE POTENTIAL UNDER MEASURE 37

It has been reported that, when it was purchased in 1974, the subject was primarily zoned AGT-5, which would have allowed division into 5-acre parcels for residential-farm or compatible uses. We understand that this zone was similar to the current RR-5.

The north end of the site was zoned AV to allow "Airport Vicinity" uses. It is not possible to determine the exact area of this zoning, but it appears to be about 20 to 25 acres after the recent taking.

Under Measure 37, any use that is compatible with these zones, the existing infrastructure and surrounding uses should be allowed, or the property owner should be compensated. Any development must be compatible with the close proximity of the airport (considering relevant height restrictions and noise impact), and other safety or environmental factors.

It is noted that there is limited land along Airport Road and in the long-run the regional land use goals are more likely to be met if the Airport Road frontage is developed for an airport related use, such as parking, storage, or even motel.

We understand that the property owner has filed a claim under Measure 37 and that the claim states that the owner intends to subdivide or use a series of partitions to create rural residential lots of approximately 5 acres each in the southern portion of the property that was zoned AGT-5 when it was acquired, and to subdivide or use a series of partitions to create airport commercial lots of undetermined size on the northern portion of the property that was zoned AV when it was acquired. Our analysis considers this proposed use.

Highest and Best Use under Measure 37

The property has frontage on Airport Road, between the airport and industrially zoned land, and this part of the property was zoned "Airport Vicinity" when the site was purchased. All typical utilities are available nearby; however, we have assumed that access to sewer service may be denied in a Measure 37 development. We understand that, in the Airport Vicinity zone, limited industrial or commercial uses would have been allowed. Similar land in the vicinity has been bought for industrial use and the close proximity of the airport suggests that airport-related commercial use might also be appropriate. Airport parking, aircraft storage, or even hotel development might be appropriate. Uses often found near an airport such as a mini-warehouse complex or mobile home park should also be considered. Most of these uses are feasible on septic systems. Development along the road might be airport-related commercial, while development further from the road might be designed to be compatible with residential-farm use on the remainder of the site. Parking lots along Airport Road might be an interim use for eventual commercial development.

The remainder of the site is clearly suitable for rural residential-farm use, with partitioning to ~5-acre sites. This portion of the subject is quite similar to land near Eugene that is zoned RR 5.

VALUATION

OVERALL METHODOLOGY

Measure 73 states that "...just compensation shall be equal to the reduction in the fair market value of the affected property interest resulting from enactment or enforcement of the land use regulation as of the date the owner makes written demand for compensation..."

To determine the potential just compensation, we have estimated the value of the property as if Measure 37 did not exist, and then we estimated its value as if developable under the owner's application. The difference is our conclusion of the reduction in fair market value, and of the appropriate compensation of the owner's application is denied.

VALUATION EXCLUDING MEASURE 37

Sales Comparison Approach

Similar land recently sold or offered for sale was investigated, and a comparative analysis made of factors influencing value. The buyer, seller, agent, or public records confirmed data. To the extent possible, motivational factors were discussed. Factors considered included (but were not limited to) date of sale, financing, location, size, shape, utilities present, physical characteristics, and prospective use.

In the descriptive section of this report, we have identified the unusual and conflicting characteristics of the subject. This makes it very difficult to select the appropriate comparables. We have prepared an extensive search of the Eugene metropolitan area using realtor databases and the assessor's records.

An ideal comparable sale would be the recent sale of a property that:

- 1) has been offered for sale in the open market
- 2) is located adjacent to the Urban Growth Boundary
- 3) is located on a street with significant commercial traffic
- 4) is located where there is market demand for development
- 5) is located in the proximity of utilities, including sewer
- 6) is level and without significant wetlands
- 7) is zoned for exclusive farm use

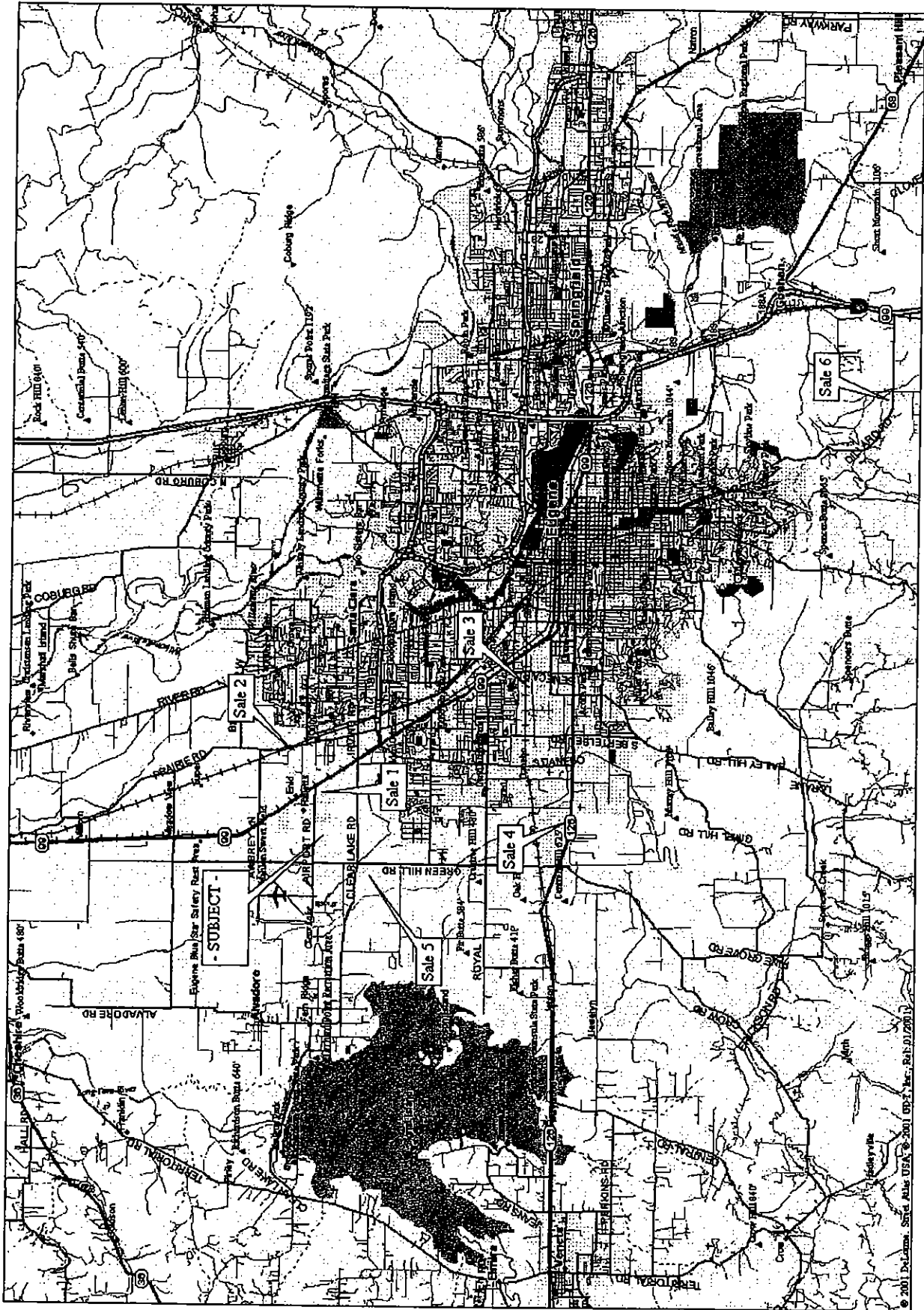
In the marketplace we found recent sales that meet criteria one through six OR criteria six and seven. Unfortunately, we were unable to identify any recent sale that met also the criteria as well as number seven.

The subject's unusual character makes it difficult to appraise. The appraiser is confident that if the city had not designated the subject to be part of the airport expansion, potential buyers in the marketplace would recognize the potential value in the subject's location. On the other hand, it is not in the Urban Growth Boundary and there is no clear evidence that it would have been within the Urban Growth Boundary at this time, if the city had not included this property in their plans for expanding the airport.

The appraiser has concluded that the only option available is to consider the sale of nearby land within the Urban Growth Boundary as well as the sale of farmland located where there is no practical prospect of eventual urban development. The most pertinent land sales and offerings are summarized as follows:

Comparable Land Sales - Summary of Data

	1	2	3	4	5	6	Subject
General Description	Industrial Land	Industrial Land	Industrial Land	Industrial Land	Pasture Land	Raw Land	
Location	South side of Airport Road, 657 feet west of Highway 99	90492 Link Road (@ Prairie Rd.)	North side of W First Ave., west of Seneca	Greenhill Technology Park Lot 11	West side of Greenhill Road, south of Clear Lake Rd.	Northwest corner of Dillard Rd. & Hideaway Hills	
City	Eugene	Eugene	Eugene	Eugene	Eugene	Eugene	
Sale Date	9-03	12-04	9-03	10-04	6-02	4-04	
Zoning	I-2 Industrial	I-2 Industrial	I-3 Industrial	I-1 Industrial	EFU 40 Farm	EFU 25 Farm	
Shape	Rectangular	Irregular	Rectangular	Irregular	Rectangular	Irregular	Irregular
Topography	Basically Level	Basically Level	Basically Level	Basically Level	Basically Level	Locally sloped	Basically Level
Sewer / Septic	Sewer at site	Septic	Sewer	Sewer	Septic	Septic	Sewer
Other Utilities	All to site	All to site	All to site	All to site	All to site	All to site	All to site
Frontage	Mid-block	Corner	Mid-block	In industrial park	Mid-block	Corner	Mid-block
Sale Price	\$275,000	\$175,000	\$503,000	\$1,702,621	\$165,000	\$130,000	\$1,665,000
Area in Acres	2.02	1.73	3.99	16.18	41.22	30.85	83.25
Price per Acre	\$136,139	\$101,156	\$126,065	\$105,230	\$4,003	\$4,214	\$20,000
Remarks	This deep and narrow site is in a cluster of industrial properties	Included a small, old house of little value. It is a corner site in area of sparse development	Part of assemblage for an industrial development	Very large ready-to-build site in technology oriented industrial park	A deep and narrow tract of vacant pasture land. No other potential use	Brush and grass covered raw land in an area of large tracts.	



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Land Sales Analysis

Land Sale Data Number 1

This is the sale almost two years ago of an industrially zoned site on the south side of Airport Road, between the subject and Highway 99. With some downward adjustment for proximity to Highway 99, the sale would be a good indication of the value of the subject frontage on Airport Road, if the subject was in the UGB, and divided into two-acre parcels. Obviously the current value of the subject property is much less.

Land Sale Data Number 2

This is another sale of industrial land in the subject vicinity. The lower value compared to sale number one is probably due to lack of sewer and lack of frontage comparable to Airport Road. This sale is indication that there is demand for industrial land in the subject's vicinity without sewer service.

Land Sale Data Number 3

This is the sale of a somewhat larger industrial site. The property is more centrally located, but this is offset by the subject's proximity to the airport. Again this is a good indication of the subject's value as if rezoned and subdivided.

Land Sale Data Number 4

This industrial land sale is included due to its large size, although it is still much smaller than the subject tract. In comparing this property to the subject, consideration must be made for the fact that this property is in an industrial park where roads and utilities have been prepared.

Market Value for Industrial Use

Based on analysis of these sales, it is our conclusion that if, hypothetically, the subject had not been included in the airport expansion plan, and had instead been to rezoned for light industrial use it would have had a market value of about \$60,000 per acre in 2005. If divided into smaller parcels more similar to comparable sales, the value of the smaller parcels would probably range between \$70,000 to \$100,000 per acre.

Land Sale Data Number 5

This is the sale of a property that is located fairly near the subject and, like the subject it is zoned E-40. However, this property is essentially different than the subject because it is located far from the UGB and far from urban services. Furthermore it is not on the approach to the airport, or in relatively close proximity to Highway 99. Unlike the subject, this property is no reasonable prospect for urban development.

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Land Sale Data Number 6

This is the sale of another farm tract with comparable zoning. Again, this property is far from the Urban Growth Boundary and has no apparent prospect for urban development in the foreseeable future.

Market Value for Farm Use

Based on sales number five and six, it is our conclusion that if, hypothetically, the subject is located a substantial distance from the Urban Growth Boundary and surrounded by farmland, it would have a market value of about \$4,000 per acre.

Correlation

From our analysis of only the local sales, we can only conclude that the site's value is probably much more than \$4,000 per acre and much less than \$60,000 per acre.

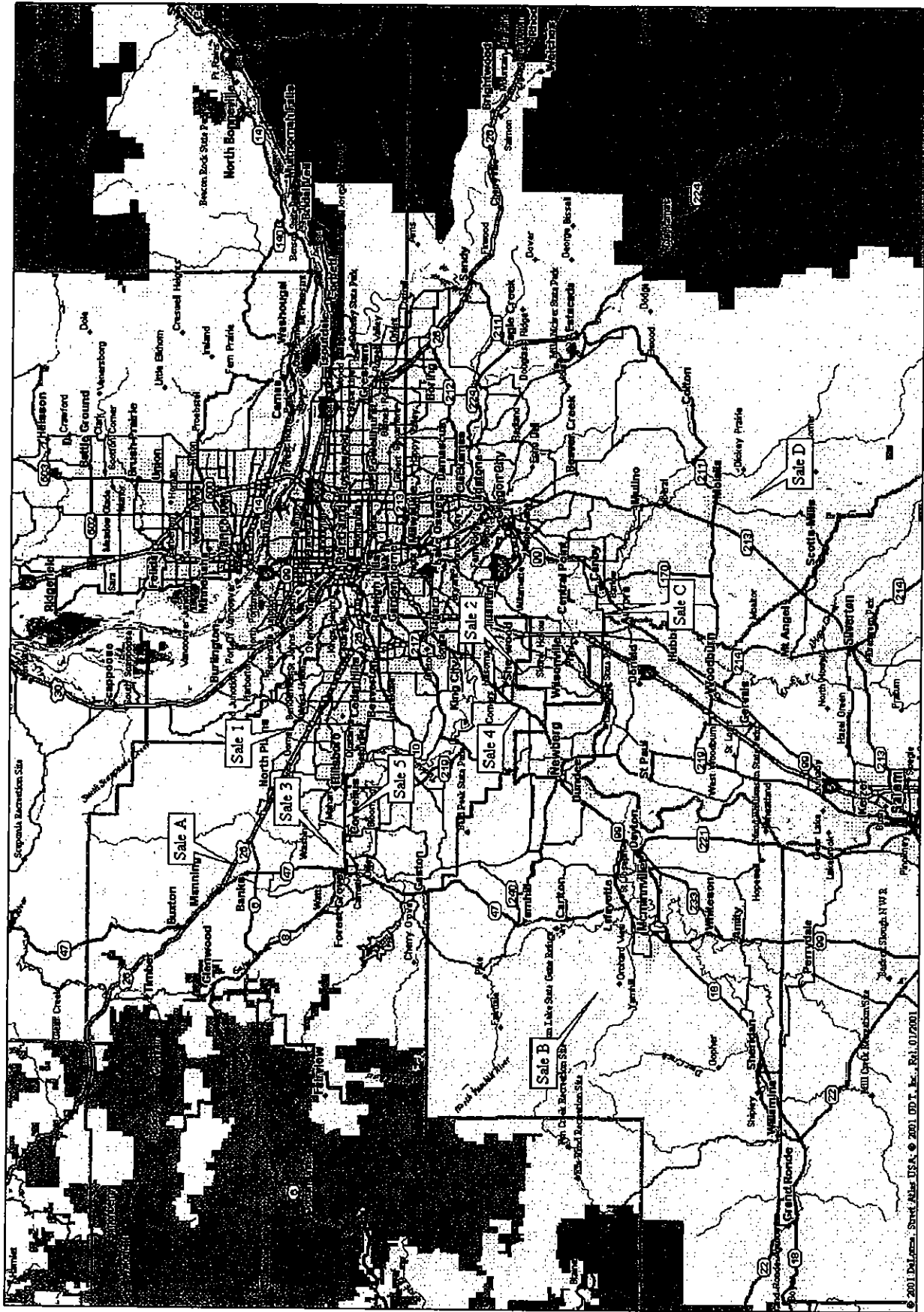
Supporting Data from the Portland Market

The absence of further data in the Eugene market, the appraiser has considered paired-sales analysis using data from the Portland market. This data was used to determine how much a typical investor will pay for property adjacent to the Urban Growth Boundary, and in the path of development, yet still zoned for exclusive farm use. The appraiser is familiar with the Portland market and has prepared several appraisal assignments in the various areas from which comparable data is derived.

The appraiser found the following data to be relevant.

Comparable Land Sales - Summary of Data and Adjustments

Sale Number	General Description	Land Far From UGB			Land Zoned for Farm Use, but Just Outside the UGB					
		A	B	C	D	1	2	3	4	5
	Farm Land	Farm Land	Farm Land	Farm Land	Farm Land	Farm /Hold for Development	Farm /Hold for Development	Farm /Hold for Development	Farm /Hold for Development	School Site
Location	Courting Hill Road (just south of Highway 26)	16800 NW Willis Road	Arndt Road at the Pudding River	Sawtell Road at Teasel Creek	West Union Road, west of Dick Road	SW Baker Rd., at McConnell Rd.	SE Corner of new Highway 47 and Porter Rd.	SE Corner of Highway 99W and Brookman Rd.	305 SW 345th Avenue	
City	Banks	McMinnville	Aurora	Molalla	Hillsboro	Sherwood	Forest Grove	Sherwood	Hillsboro	
Sale Date	9-04	12-04	3-05	9-04	1-05	6-05	5-03	12-04	1-02	
Zoning	AF20, Farm	EFU, Farm	EFU, Farm	EFU, Farm	EFU, Farm	EFU, Farm	FD 10 Fut.Dev	AF 5, Farm	EFU	
Urban Growth Boundary	Far away	Far away	Far away	Far away	Across street	Adjacent	Just inside	Across street	Adjacent	
Shape	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	
Topography	Mod. slopes	Mod. slopes	Mixed	Mod. slopes	Mostly level	Mostly level	Mostly level	Level	Level	
Sewer / Septic	None	Septic	None	None	None	None	Near	Septic	Septic	
Other Utilities	None (no well)	Well, other	None (no well)	None (no well)	None (no well)	None (no well)	All near	Well, other	Well, other	
Frontage	Gravel Road	Gravel Road	Paved Hwy.	Paved Hwy.	Paved Hwy.	Paved Hwy.	Corner	Corner	Corner	
Sale Price	\$50,000	\$209,000	\$275,000	\$275,000	\$236,500	\$370,000	\$1,388,450	\$550,000	\$2,500,000	
Area in Acres	12.33	40.00	43.26	39.34	15.52	14.90	18.35	7.05	41.09	
Price per Acre	\$4,055	\$5,225	\$6,357	\$6,990	\$15,238	\$24,832	\$75,665	\$78,014	\$60,842	
Remarks	Typical farm - forest tract in Washington County, not a legal home site	Reportedly mostly cleared pasture, 1920's house of "no value", view of valley	2000+ ft. of river front, 20 acs in nursery stock, possible homesite with farm plan	39+ acres in pasture, year-round creek, possible homesite with farm plan	Not a legal homesite, used for grass farm, sold as a long-term investment	Leased crop land sold for investment value	Just inside UGB, but not yet zoned for development, buyer plans to hold	Included mobile home of "no value", sold for future development potential	EFU site, with house of no value, bought by Hillsboro school district for school	



Comparable Land Sales Map- Portland

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Farm Land Sales

To establish a base for the value of farmland in the greater Portland metropolitan area, we have selected four sales of tracts that clearly were sold for future farm use. The appraiser is aware that the value of farmland within commuting distance of Portland is affected by the demand for homesites. This appears to be a greater influence in the Portland area than in the Eugene area, but it is true for both.

Considering the attributes and the location of each of the farm land sales, it is clear that land near Portland is more valuable than land in Eugene. A parcel very much like the subject, but located a few miles past the Urban Growth Boundary near any one of Portland's major suburbs might have the value of \$6,000 to \$10,000 per acre. This conclusion is not relevant to our appraisal of the subject, because we have only used the Portland area sales to show evidence that the proximity of the Urban Growth Boundary has a significant effect on value.

Land Sale Data Number 1

This property is located across the street from the Urban Growth Boundary north of the suburb of Hillsboro. This property was advertised as a long-term investment, and it's only legal use for at least the next several years will be farming. It has no homesite, nor does it have the right to be developed. It is the appraiser's understanding that the UGB has been expanded this vicinity recently, that there is no evidence that this property is likely to be included in a new expansion anytime soon. It appears that sale "A" is a good indication of the probable value of this site, if not for the influence of the UGB. In other words, comparing sale "A" to sale "1" shows the influence of the proximity of the UGB.

Land Sale Data Number 2

This is another sale of property adjacent to the UGB but currently zoned for farm use. Due to locational factors, this property seems to have better prospects of becoming buildable than does sale number one. Like sale number one, probable future use of this property is residential development.

Land Sale Data Number 3

This sale was given less weight, because it is in the Urban Growth Boundary, although it is not yet zoned for development. It was reported that the buyer expects his property to be rezoned for residential use and the buyer will hold the property to develop housing at that time. This property is located in the small, satellite city of Forest Grove.

Land Sale Data Number 4

Except for its small size, this property is the most comparable to the subject because it is on a major thoroughfare and it has prospective value for commercial development. It was reported that this property is located just outside the UGB and there are no prospects for development in the near future.

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Land Sale Data Number 5

It was reported that this the voluntary sale of a farm tract that is very similar to the subject in many ways. It is about half the subject size, but very similar to the subject's north half. This property is on a busy road and adjacent to the Urban Growth Boundary. The buyer is the school district, but there is no evidence school district paid more than market value for this property; however, it does not appear to been offered in the open market.

Except that is located in Hillsboro rather than Eugene, and that this property was not offered in the open market, this sale meets most of the criteria that we have identified for a perfect comparable sale. Compared directly to the subject, upward adjustment for time and downward adjustment for location is applicable.

Correlation and Conclusion

In an appraisal assignment such as this, the appraiser must rely as much on experience and common sense as on numerical adjustments.

Looking at all the data available, the value of the subject larger parcel is substantially more than that of remote farmland and substantially less than that of ready to build industrial land.

It is very difficult to determine if there is a market for tract of over 80 acres, because very few such parcels near the Urban Growth Boundary become available for sale. The appraiser has finally concluded that there probably is a market for the entire subject property as an investment in speculation for future development, excluding the fact that the city has identified for expansion of the airport. The reader is advised that we would arrive at the same conclusions if we had identified only 30 or 40 acres at the north end of the subject as potentially developable in the distant future.

The appraiser recognizes that the Portland market is growing at a faster rate than Eugene market. Accordingly, it is reasonable to expect the UGB to expand more rapidly there.

Having weighed all the above, it is our conclusion that the fair market value of the subject larger parcel, for the purposes of determining just compensation, as of the date of our inspection, was about \$20,000 per acre.

$$\sim 83.25 \text{ acres} \times \$20,000 \text{ per acre} = \$1,665,000$$

Indicated Land Value Exclusive of Measure 37 - \$1,665,000

VALUATION CONSIDERING MEASURE 37

As noted, we have concluded that the current highest and best use of the subject considering the property owner's rights under Measure 37 is for mixed use with commercial or industrial use to the north and residential-farm towards the south. We have assumed partitioning, with flexible lot sizes.

To evaluate the subject under this potential use, we have used sales that have already been discussed in this report.

We have considered the four industrial use sales that we identified in our previous valuation excluding Measure 37. We have also considered the four ~5-acre rural residential lot sales. These are summarized again as follows.

Comparable Land Sales - Summary of Data

Sale Number	Industrial				Rural Residential			
	1	2	3	4	1	2	3	4
General Description	Industrial Land	Industrial Land	Industrial Land	Industrial Land	Homesite	Homesite	Homesite	Homesite
Location	South side of Airport Road, 657 feet west of Highway 99	90492 Link Road (@ Prairie Rd.)	North side of W First Ave., west of Seneca	Greenhill Technology Park Lot 11	Timber Ridge Estates, Kellmore Street	#24 Hidden Meadows Subdivision, off Dillard Road	#10 Hidden Meadows Subdivision, off Dillard Road	85989 Bailey Hill Road
City	Eugene	Eugene	Eugene	Eugene	Eugene	Eugene	Eugene	Eugene
Sale Date	9-03	12-04	9-03	10-04	7-03	8-04	8-04	3-04
Zoning	I-2 Industrial	I-2 Industrial	I-3 Industrial	I-1 Industrial	RR 5	RR 5	RR 5	RR 5
Shape	Rectangular	Irregular	Rectangular	Irregular	Local	Local	Local	Local
Topography	Basically Level	Basically Level	Basically Level	Basically Level	Some slope	Some slope	Some slope	Level / rolling
Sewer / Septic	Sewer at site	Septic	Sewer	Sewer	Septic approved	Septic approved	Septic approved	Septic possible
Other Utilities	All to site	All to site	All to site	All to site	Well in, other available	All at site (local water sys.)	All at site (local water sys.)	Well in, other available
Frontage	Mid-block	Corner	Mid-block	In industrial park	New street	New street	New street	Paved road
Sale Price	\$275,000	\$175,000	\$503,000	\$1,702,621	\$159,000	\$145,000	\$180,000	\$190,000
Area in Acres	2.02	1.73	3.99	16.18	4.80	5.00	5.00	5.00
Price per Acre	\$136,139	\$101,156	\$126,065	\$105,230	\$33,125	\$29,000	\$36,000	\$38,000
Remarks	This deep and narrow site is in a cluster of industrial properties	Included a small, old house of little value. It is a corner site in area of sparse development	Part of assemblage for an industrial development	Very large ready-to-build site in technology oriented industrial park	This is a non-view lot in this subdivision	This was the lowest price sale in the subdivision	This is an average priced sale. View lots sold for up to \$300,000	Sold as building lot with well, pasture, some treed area, some valley view

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Land Sales Analysis

The appraiser is aware that the value of the property considering Measure 37 is not the same as its value as if it was in the UGB and zoned for urban uses. On the other hand, the purpose of Measure 37 is to assure that property owners do not suffer from value loss due to land use restrictions, such as the exclusive farm use zoning, if the property is otherwise suitable for development.

The four industrial land sales indicate the upper limit of value. Sale number one would be an excellent indication of value if the subject was already partitioned and served by roads and utilities. However, we have assumed that the subject may not be eligible for sewer service and that it will still need to be partitioned.

Once partitioned, a 5-acre lot along Airport Road might have a value as high as \$100,000 per acre for an airport-related commercial or light industrial use. A 5-acre site a little further south might have a value of \$50,000 per acre or more for industrial use. Many industrial uses might be appropriate here. Near the south end of the subject, ~5-acre sites might be developed as homesites with a value of from \$30,000 to \$40,000 per acre. If the average lot value, after partitioning, is between \$60,000 to \$65,000, and partitioning costs are 20%, then the value of the property considering Measure 37 rights is about \$48,000 to \$52,000 per acre.

Considering all the market data available, all the potential uses under Measure 37, all the remaining use restrictions under Measure 37, and the probable range of costs related to development at this time, we have concluded the market value of the property is about \$50,000 per acre. This is about the same value per acre as tract land in the UGB, but without sewer service.

Correlation

Based on the data, the value of the subject land is estimated to be approximately

$$\sim 83.25 \text{ acres} \times \$50,000 \text{ per acre} = \$4,162,500$$

Indicated Land Value, Rounded \$4,160,000

COMPARISON AND CONCLUSIONS

We have concluded that, if land-use regulations enacted since 1974 are enforced, just compensation or the "reduction in the fair market value of the affected property interest" may be calculated as follows:

Valuation Premise	<u>Market Value</u>
Assuming Uses Allowable in 1974	\$4,160,000
Assuming Current Land Use Regulations	<u>\$1,665,000</u>
Indicated Reduction in Fair Market Value	\$2,495,000

CERTIFICATE OF APPRAISER

It is hereby certified that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and they are my personal, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I have made a personal inspection of the property that is the subject of this report, including an interior inspection as described in the report. I have also inspected the comparable sales identified in the report, from the exterior, unless specifically stated otherwise in the sale analysis.

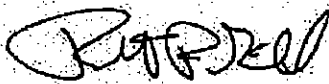
No one provided significant real property appraisal assistance to the undersigned in preparation of this report.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, Robert R. Gill has completed the requirements under the continuing education program of the Appraisal Institute.

November 11, 2005



Date

Robert R. Gill, MAI

Certified Appraiser, Oregon No. C000058,
Washington No. 27011 1100702

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

Acceptance of, reliance upon, or use of this appraisal report constitutes acceptance of the following Limiting Conditions and Underlying Assumptions.

The appraisers' duties, pursuant to the employment to make the appraisal, are complete upon delivery and acceptance of the appraisal report. In the event that the report contains typographical errors, or errors in data provided by others, we reserve the right to provide a corrected report and to revise our conclusion of value if appropriate. This report should be reviewed as soon as possible, and any errors should be called to the attention of the appraisers within 60 days of the delivery of the report.

Liability of Robert Gill & Associates and its employees for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this assignment.

Testimony or attendance in court or at any other hearing, meeting or presentation is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance, and reasonable compensation is provided.

The opinions expressed in this report pertain to conditions as of the effective date of the appraisal. Any known factor that is likely to affect the value of the subject in the near future has been disclosed. However, market and economic conditions change over time and the opinion of value expressed in this report should not be relied upon as an indication of the probable value of the property as of a future date. It should not be assumed that the market value represents the probable lesser value realizable on forced sale or liquidation.

The rights appraised are presumed to be good and marketable and no opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in the report.

The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

All files, work papers or documents developed during the course of the engagement are our property. We will retain these data for at least six years.

No guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others, which have been used in formulating this appraisal. However, the data, opinions, and estimates are presumed to be correct and reasonably accurate.

Except as stated in the report, the analyses, forecasts, and values stated in this report have not taken into account any environmental damage conditions that may exist. Therefore, should such environmental damage conditions exist or should an environmental impact study reveal detrimental factors, we accept no liability for its effect on the opinions or values set forth in this appraisal report.

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The appraiser is not qualified to detect the existence of potentially hazardous material, which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous materials be found. We reserve the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent studies, discoveries, or investigations.

No soil analyses or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights. It is assumed that the property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.

No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

Maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

The report is to be used only for the function identified therein, and no one may rely on the report for any other function. Our report may be shown only in its entirety to those third parties who need to review the information contained therein. Robert Gill & Associates shall be held harmless from any liability, including attorney's fees, damages or costs that may result from any improper use or reliance on this appraisal.

Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Out-of-context quoting from or partial reprinting of this appraisal report is not authorized. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the appraisal designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior consent and approval of the authors.

Information relating to the location of or existence of public utilities has been obtained through a verbal inquiry from the appropriate utility authority, or has been ascertained from visual evidence, such as a map. It is assumed that the data so obtained is correct. No warranty has been made regarding the exact location or capacities of public utility systems.

APPRAISER'S QUALIFICATIONS

PROFESSIONAL QUALIFICATIONS - ROBERT R. GILL, MAI

State Certified General Real Estate Appraiser

Certified Appraiser: Oregon No.C000058, Washington No. 27011 1100702

Robert R. Gill is and has been:

a full time appraiser of commercial, multi-family, and industrial real estate since 1976,

licensed or certified to appraise since 1978, and

designated **MAI** by the **Appraisal Institute** since 1986.

The **Appraisal Institute** is a nationally recognized member of the Appraisal Foundation, and Mr. Gill is in compliance with the continuing education requirements thereof. The **MAI** designation reflects proven competence in the appraisal of complex property as demonstrated by several required post-graduate appraisal courses, several required examinations, a comprehensive examination, 5 years of approved appraisal work including review of work samples, and the submission of a demonstration appraisal.

Professional Background

Business Experience

1990-Present:	Owner Robert Gill & Associates Portland, Oregon
1989-1990:	President and CEO GS2 & Associates, Inc., Portland, Oregon
1984-1989:	Manager, Real Estate Group, Northwest Region American Appraisal Associates, Inc., Portland, Oregon
1978-1984:	Vice President, Northwest Area Tait Appraisal Company / Marshall and Stevens, Inc. Portland, Oregon
1976-1978:	Appraiser Multnomah County Assessor's Office Portland, Oregon

Court Experience

Mr. Gill has qualified as an expert witness and appeared before Oregon Tax Court, and Oregon State Circuit Court. He has also appeared in various hearings at the county and state levels. He has testified on specialized appraisal for property tax and condemnation. References are available.

Robert Gill & Associates

Professional Qualifications – Robert R. Gill, MAI – Continued

Professional Education

Portland State University

Bachelor of Science 1976

Graduate classes in Real Estate Appraisal and Business 1977-78

Appraisal Institute (previously the American Institute of Real Estate Appraisers)

Standards of Professional Practice, 1985, 1987, 1991, 1993, 1997, 1998, 2002, 2003

Analyzing Operating Expenses, 2003

Introduction to GIS, 2003

Internet Search Strategies, 2001

667 Valuation of Detrimental Conditions, 1999, 2001

720 Eminent Domain, 1999

1110 Appraisal Principles, 1993

4-14 Hotel/Motel Valuation, 1992

007 Industrial Valuation, 1985

2-2 Valuation Analysis and Report Writing, 1985

2-1 Case Studies in Real Estate Valuation, 1984, and 1990

1-B-B Capitalization Theory and Techniques, Part B, 1981

1-B-2 Capitalization Theory and Techniques, Part 2, 1980

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1-A, Basic Principles, Methods & Techniques, 1978

Other Seminars and Training Classes

Investment Real Estate, The Still Group, 2001

Oregon Administrative Rules Overview, 2001

HUD Multifamily Accelerated Processing (MAP) Appraisal Class, 2000

Country Appraisals, Mount Hood Community College, 1997

Condemnation Appraising, National Association of Independent Fee Appraisers, 1995

U.S. Dept. of H.U.D., Preservation Housing Program, 1992

Oregon Department of Transportation, Appraising Real Property, 1992

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MB Valuation Services, Inc., Appraisal Seminar 1989

American Appraisal Associates, Valuation Forums, 1983-1988

Marshall and Stevens, Use of Marshall Valuation Service, 1983

State of Oregon, Industrial Appraisal Conferences, 1977, 1978

Real Estate School of Oregon, Real Estate License Prep., 1978

Multnomah County, Assessor's training and Certification, 1976

Teaching

Portland Community College, Continuing Education for Appraisers

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