APPRAISAL PRESENTED
IN A SUMMARY FORMAT

Proposed Shell Gas Station and McDonald's
97039 South Coburg Industrial Way
Coburg, Oregon 97408-9499

AMD File No.: #12-177 OR

PREPARED FOR:

Pacific Continental Bank
Appraisal Management Department
Brian Hood, MAI, Vice President
222 SW Columbia Street, Suite 1650
Portland, Oregon 97201-6648

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PREPARED BY:

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Report Date: November 16, 2012
File: OR-LAN-0153

November 16, 2012

Pacific Continental Bank
Appraisal Management Department
Brian Hood, MAI, Vice President
222 SW Columbia Street, Suite 1650
Portland, Oregon 97201-6648

RE: Pacific Continental Bank, AMD File No.: #12-177 OR
Appraisal of the Proposed Shell Gas Station and McDonald's in Coburg, Oregon

Dear Mr. Hood,

At your request we have prepared an appraisal of the proposed Shell-branded retail gas station, convenience store, and McDonald's restaurant located at 97039 South Coburg Industrial Way in Coburg, Oregon. The purpose of this appraisal is to estimate the fee-simple interest in the subject property on an as-is, land-only basis as of October 15, 2012, and to estimate the leased-fee interest in the subject property on an at-completion basis as of January 1, 2013 and an at-stabilization basis as of January 1, 2015, with the values of the real estate, personal property, and going concern estimated separately in each of the latter two valuation cases.

The enclosed appraisal consists of several distinct parts. The Appraisal Parameters section identifies all of the critical parameters that define the context, assumptions and limiting conditions, and scope of the valuation assignment. It also includes an important copyright warning. We strongly recommend that that section be your first stop in reading the report.

The addendum contains a substantial number of supporting documents. Most of them are provided for general reference purposes and do not require in-depth reading. They are useful if you should have questions about our interpretation/reading of them, or if you wish to dig more deeply into them than our report provides.

The one section in the addendum that unconditionally deserves your attention is the Subject Exhibits section. Those exhibits provide significant assistance in understanding the nature of the property we have appraised. If you are not familiar with the petroleum marketing industry, there are a couple of other sections in the addendum that you should peruse before digging further into the report. The Petroleum Industry Glossary will help you to better understand a number of industry-specific terms, while the Petroleum Industry Analysis will help you understand some key issues that are impacting the industry.

The actual appraisal report is broken down into a market/trade area analysis, property description, competing stations analysis, operations analysis/pro forma development, and the valuation analyses. The report is laid out in this manner to most efficiently describe the property, the market in which it competes on a day-to-day basis, and to understand why the property has (or possibly has not) met with historical operational success. All of this is foundational for the valuation of the property.

Thank you for the opportunity to serve your valuation needs. If there is anything we can do to be of further assistance, please call us promptly so that we may help. If you have any suggestions as to how we can improve on our service or our appraisal reports, please do not hesitate to share those ideas.

Sincerely,

Petroleum Realty Advisors, Inc.

Christopher Gaskins

Christopher Gaskins, MAI, Broker, President

Appraisal Parameters

Executive Summary

Nature of Appraised Property	Proposed Shell-branded retail gas station with an unbranded convenience store and restaurant space leased to McDonald's for a sit down/drive through fast food restaurant.
Property Address	97039 South Coburg Industrial Way Coburg, Oregon 97408-9499 *Note: the property's previous address was 32910 East Pearl Street, but the address has been officially changed as part of the reconfiguration of the surrounding streets and the redevelopment of the subject property.*
Assessor's Identification	Lane County, map 16S-3W-33-00-D01, lot 501, account 42109

Value Conclusion: As Is, As of October 15, 2012

Real Estate	$ 800,000
Personal Property	0
Business/Goodwill	0
Going Concern	*$* 800,000

Value Conclusion: At Completion, As of January 1, 2013

Real Estate	$ 2,650,000
Personal Property	0
Business/Goodwill	0
Going Concern	*$* 2,650,000

Value Conclusion: At Completion, As of January 1, 2015

Real Estate	$ 2,650,000
Personal Property	0
Business/Goodwill	0
Going Concern	*$* 2,650,000

USPAP-Required Disclosures

Client Identification

Institution

Pacific Continental Bank
Appraisal Management Department
222 SW Columbia Street, Suite 1650
Portland, Oregon 97201-6648

Engagement Contact

Brian Hood, MAI, Vice President
Phone: (503) 736-6030
Fax: (503) 350-5170

Intended Use

To assist the intended users in establishing the market value of the collateral to be pledged as support for a contemplated, federally-regulated transaction involving a security interest in the subject real property.

Intended Users

(1) Pacific Continental Bank; and,

(2) All subsidiaries or affiliates of Pacific Continental Bank; and,

(3) Any federally-insured lending institution participating in the origination of a loan secured by the collateral, but not including any subsequent buyers of that loan.

Possession of this report, in part or in toto, does not make the holder an intended user.

This report has been prepared for the exclusive benefit of the specifically identified Intended Users. It may not be used or relied upon by any other party. Any party who uses or relies upon any of the information and/or conclusions in this report without the preparer's express written consent does so at their own risk.

In accordance with the Gramm-Leach-Bliley Act of 1999 and the Ethics Rule of the Uniform Standards of Appraisal Practice, the authors will protect the confidential nature of the appraiser/client relationship and will not disclose any confidential information or assignment results to any party other than the Intended Users.

Type of Value Estimated

Market value

Definition of Value	This appraisal is based on the following definition of market value, as defined in the Code of Federal Regulations, Title 12, Part 323, Section 2 (12CFR323.2): "Market value means 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."
Interest Appraised	Fee simple and leased fee
Property Condition Appraised	As is, as found at the time of our inspection; at completion; and at stabilization
Valuation Context	Current, under present market conditions
Effective Dates of Value	
As Is	October 15, 2012
At Completion	January 1, 2013
At Stabilization	January 1, 2015
Report Format	Summary
Date of Report Publication	November 16, 2012
Data Retention	All data and analyses that support our value conclusions shall remain in our work file and will be retained for at least five years following the identified effective date of value.
Appraiser	Christopher Gaskins, MAI

FIRREA Requirements and Compliance

Requirements

On June 7, 1994, the Federal Reserve Board, Office of the Comptroller of the Currency, Office of Thrift Supervision, and the Federal Deposit Insurance Corporation (collectively, “the agencies”) published in the Federal Register amendments to their real estate appraisal regulations that were intended to reduce the regulatory burden on lending institutions. The original 14 points from Title XI that outlined minimal appraisal standards were reduced to five basic points. For federally-related transactions, all appraisals must now minimally meet the following requirements:

1. Conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice; and,

2. Be written and contain sufficient information and analyses to support the institution's decision to engage in the transaction; and,

3. Analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract development with unsold units; and,

4. Be based upon a specific definition of market value; and,

5. Be performed by state-licensed or -certified appraisers.

Compliance

1. All reasonable and practical efforts to make this appraisal fully compliant with the Uniform Standards of Professional Appraisal Practice in effect as of the date of value have been made; and,

2. This appraisal has been prepared and written with the full intention of providing the Intended Users all necessary information and analyses to support the Intended Use. Petroleum Realty Advisors, Inc. exclusively specializes in the valuation of and consulting on petroleum marketing assets in the Pacific Northwest. As such, the company is both uniquely positioned and highly qualified to provide the industry-specific market data, information, and analyses necessary for the client to render an informed business decision; and,

3. No deductions or discounts have been made in the development of this appraisal; and,

4. This appraisal is based on the FIRREA-required definition of market value, which is the same definition appearing on Page AP-3 and in the addendum under the Appraisal Definitions tab; and,

5. Christopher Gaskins, the sole signatory of this report, is a state-certified general appraiser in Oregon and Washington.

Prior Work Performed

Client

Petroleum Realty Advisors has rendered appraisal services on behalf of the Client within the three years preceding this report’s date of value. Those services have involved petroleum properties other than the subject property.

Borrower

Petroleum Realty Advisors has not provided any professional services to Coburg 5, LLC or its members/shareholders within the three years preceding this report’s date of value.

Other Parties

Petroleum Realty Advisors has not provided any professional services to any other party involving any interest in the subject property within the three years preceding this report’s date of value.

Extraordinary Assumptions and Hypothetical Conditions

Introduction

Uniform Standards of Professional Appraisal Practice defines *extraordinary assumption* as “an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions.” Uniform Standards of Professional Appraisal Practice defines a *hypothetical condition* as being “that which is contrary to what exists but is supposed for the purpose of analysis.” Assumptions and hypothetical conditions directly related to this appraisal assignment have been collected and reiterated in this section. Unless otherwise identified as a hypothetical condition, the assumptions listed in this section are extraordinary assumptions.

Unique to the Subject and This Appraisal

S1. A market-typical, branded supply contract for Shell gasoline is assumed to be executed as of the at-completion and at-stabilization dates of value.

S2. The assumed supply contract is assumed to allow unbranded diesel fuel to be sold under the branded canopy.

S3. The draft McDonald’s lease provided to us and described herein is assumed to be materially the same as the lease that will be executed by the parties.

S4. It is assumed that the McDonald’s will be executed and in full force and effect as of the at-completion and at-stabilization dates of value.

S5. The subject site’s size is assumed to be 1.84 acres.

S6. A "no further action" letter is assumed to have been issued as of the as-is date of value. *This is a hypothetical condition.*

S7. A "no further action letter" is assumed to have been issued as of the at-completion and at-stabilization dates of value.

S8. It is assumed that the subject will be hooked up to municipal sewer service by the end of 2013.

S9. It is assumed that left-turn movements for southbound Coburg Industrial Way traffic seeking to access the subject will not be impeded, restricted, or otherwise controlled.

S10. The subject is assumed to not be encumbered by any previously existing leases. *This is a hypothetical condition.*

S11. The subject's legal connections to the shared sanitary sewage system one-half mile south of the subject are assumed to be fully and completely severed. *This is a hypothetical condition.*

S12. It is assumed that an easement has been recorded on lot 500, encumbering lot 500 and benefitting the subject lot 501, which provides the subject property with the legal right to have a septic drainfield on the adjacent lot 500. *This is a hypothetical condition.*

S13. The southern 27.5 feet of the subject property is assumed to be encumbered by an access easement benefitting lot 500 to the south. *This is a hypothetical condition.*

S14. The northern 17.5 feet of lot 500 to the south is assumed to be encumbered by an access easement benefitting the subject lot 501. *This is a hypothetical condition.*

S15. It is assumed that the access easement referenced under S13 and S14 above will include a maintenance agreement that will not impose atypical or unreasonable cost obligations or liability exposure upon the subject property.

Unique to Petroleum Facilities

P1. All storage tanks and related fueling equipment are assumed to be in operational condition, free from defect, and in full compliance with all local, state, and federal governmental regulations.

P2. Gas stations, especially those with convenience stores, typically include furniture, fixtures, and equipment ("FF&E") such as cash registers, coffee makers, microwaves, ovens, beverage dispensers, free-standing coolers, etc. These items are transferred in the sale of a going-concern and are included in the reported going-concern values herein, but are not included in the real estate-only values.

P3. No fuel, merchandise, or other inventory is included in the reported value conclusions. Inventories typically transfer between the buyer and seller outside of the real estate transaction via a bill of sale, with the transfer price determined by the wholesale cost of the transferred goods.

P4. The reported value conclusions assume zero loan obligations. If the subject facility is encumbered by an imaging/amortization loan, any outstanding loan balances may need to be deducted from the concluded values, depending on whether or not such loans are self-amortizing based on fuel volumes sold through the subject facility.

P5. All agreements and supply contracts with Shell and related franchisors are assumed to be in place and transferable to a potential buyer.

P6. All aspects of the subject facility are assumed to be in full compliance with Shell's current imaging requirements.

P7. The subject is assumed to have been, is being, and will continue to be operated in a manner consistent with Shell's requirements.

P8. Except as noted, all signage, imaging, and machinery and equipment ("M&E") associated with the fueling improvements is assumed to be owned free and clear by the same owner as the land and building.

General

G1. All operating data, income statements, and other economic information related to the subject facility and relied upon in the course of this assignment is assumed to be reliable and accurate. None of that data has been audited or verified. The signatories to this report are neither Certified Public Accountants nor qualified to conduct forensic analyses of the subject's economic data. If the client has questions or concerns about such data, it is the client's responsibility to seek whatever independent verification is deemed necessary.

G2. It is assumed no easements or encumbrances are present, beyond those specifically addressed in the attached appraisal, that could impact the functionality and/or usability of the subject property as vacant and/or as developed as of the date of value.

G3. Except as specifically addressed in the attached appraisal, it is assumed there are no pending, scheduled, or contemplated eminent domain actions against the subject property by any governmental or other agency that holds the power of eminent domain.

G4. Except as noted herein, clear title to the land, improvements, and trade fixtures is assumed.

G5. All value conclusions are predicated on responsible and market-typical ownership and management of the subject's real estate and business operations.

G6. None of the improvements described in this report, including the subject and the comparable sales, have been measured. All improvement area information has been sourced from public records, consistent with market behavior. All such information is assumed to be accurate.

Appraisal Methodology

Three basic approaches are typically used to estimate the market value of a developed property: a cost approach, a sales comparison approach, and an income approach. However, not all approaches are necessarily applicable to each and every valuation assignment.

Cost Approach

The cost approach first involves estimating the value of the site as if it was vacant and available for development to its highest and best use. This is done by analyzing sales of similar sites. Next, the cost to replace or reproduce the subject’s structural and site improvements is estimated using a national cost estimating service, costs from the actual construction of the subject property, and/or costs from similar, recently-completed projects.

Soft, or indirect, expenses such as interest, loan and appraisal fees, etc. must be added to the hard cost estimate. Entrepreneurial profit, which is the difference between the market value of the completed project and its total development cost, must also be added to the cost estimate to account for the expected entrepreneurial reward necessary to motivate a developer to build the project.

Accrued depreciation is then estimated and deducted from the cost new of the improvements. Depreciation is estimated either by analyzing specific disadvantages or deficiencies of the subject’s improvements, or by analyzing depreciation rates extracted from sales of similar properties. The cost approach is most useful when a property is relatively new and it does not yet have an established operating history.

With respect to gas stations, the cost approach is most relevant in the first one to three years of a facility’s life. During this period, many market participants will equate cost with value, especially if there are positive factors external to the property that would cause a buyer to believe the facility’s future cash flows can support the cost-driven value. However, as a station reaches a stable level of operations, the income approach begins to carry far more weight.

Sales Comparison Approach

The sales comparison approach involves gathering data on sales of comparable properties and analyzing the nature of, and conditions and circumstances surrounding, each sale. Adjustments or comparisons are then made for characteristics that are different between the comparables and the subject. Typically, a common denominator is found. For vacant parcels of land, this is usually price per square foot or price per acre. For improved properties, it may be price per square foot, price per dwelling unit, price per cubic foot, etc. The sales comparison approach develops a good indication of value when sales of similar properties are available and the differences between the sales and the subject can be identified and quantified.

Physically-similar gas stations can and often do sell for very different prices due to the relative success of the business that operates within the real estate. Because gas stations primarily sell on an income basis, the sales comparison approach is very subjective; there is no means of correlating income performance with physical features that can be directly compared and analyzed. Gas stations simply do not sell on a price per square foot of building area, price per nozzle, price per fueling position, or any other unit-based basis.

Because of this, the primary value of the sales comparison approach is the introduction of sales that yield multipliers, rates, and ratios for use in the income approach. Secondarily, the sales comparison approach can provide general support for the value indications from the other approaches via a gross price analysis, although this process is inherently subjective.

Income Approach

The income approach assumes that a property's value and the income it will earn are related. Because a gas station's real estate and business operations are inextricably entwined, the income approach is the most reliable means of estimating the value of such properties. However, due to the complicated structure of the petroleum marketing business, as well as the industry's volatility, great care must be taken in developing any income approach to value.

With accounting methods varying from business to business, significant experience is needed to properly analyze a gas station's profit and loss statement to properly and consistently compare it with other stations. Otherwise, it is very easy to prepare an income approach using an apples-to-oranges analysis that yields inaccurate and unreliable results.

The two most reliable means of estimating a station's value using the income approach are the gross profit multiplier and overall rate. The gross profit multiplier is calculated from comparable sales by dividing the total selling price, or the allocated portion of the price for the value component being appraised, by the total annual gross profit generated by the comparable station. Once a market-based multiplier is selected for the subject, it can be applied to the stable gross profits expected to be generated by the subject property. Similarly, overall rates are derived from comparable sales by dividing the comparable's annual net operating income by its selling price, or the allocated portion of the price for the value component being appraised. After concluding a market-based rate for the subject, its stable annual net operating income can be divided by the concluded rate, thereby yielding a value indication.

Valuation Approaches Used to Value the Subject

We have used all three approaches to estimate the property's market value. However, the cost approach is the least relevant approach. Because there was a previous gas station and convenience store on the subject property, there is highly relevant operating data that serves as the foundation for projecting the income to be generated by the proposed subject improvements. The most relevant approach is the income approach, which is the primary valuation tool used by the market. The only value that matters is the one at which the property will cash flow given its historical operating levels and the future outlook given current market conditions. This is the primary concern not only of most buyers of the facility, but also any lender that would accept the property as loan collateral. Further, with current economic conditions creating substantial external obsolescence, the cost approach's overall reliability has been greatly diminished. While we have developed a cost approach, the income approach is most applicable.

Scope of Appraisal

The research and analyses necessary to prepare this appraisal break down into five major phases: defining and understanding the subject property and its physical attributes; investigating and analyzing the overall marketplace in which the property competes on a day-to-day basis as an operating entity; analyzing historical operating data to understand past operating successes and predict future income flows from operations; analyzing recent trends in the lending and commercial real estate markets; and investigating and analyzing the overall marketplace in which the property would compete if it was offered for sale.

Defining and Understanding the Property's Physical Attributes

Christopher Gaskins, MAI conducted a physically-non-invasive inspection of the subject property on October 15, 2012. Physical attributes such as site shape, topography, traffic flows adjacent to the property, ingress/egress, fueling island configuration, site design, interior building configuration, building condition, inventory/stocking levels, etc. were noted.

To understand the subject property from the assessor's perspective, the local assessor's office was contacted to collect plat maps, copies of computer records, and copies of assessor's appraisal records. The county clerk's office was contacted to obtain copies of recorded documents related to prior transfers of the subject property, as well as any easements and encumbrances that may be present. At the minimum, the subject's sale history for the last five years was investigated. Where possible, all recorded easements and encumbrances, irrespective of age, were collected. Appropriate planning agencies were contacted to determine the subject's zoning, availability of utility services, and flood hazard status. Traffic count data was collected as well.

Competitive Market Research

Regional, county, and city data was assembled from proprietary sources, Site to Do Business, the internet, local chambers of commerce, and various public agencies. The market/trade area analysis is based on our inspection of it. A competing station survey was conducted on October 25, 2012 to ascertain the competitive dynamics of the local market in which the subject station competes. Product offerings, fuel prices, facility condition, facility quality, and other features of the competing stations were noted. The competing stations were mapped to ascertain supply and demand trends at different geographic scales, delineate brand representations across various geographic areas, and to understand the subject's position within the trade area/market.

Operations Analysis

Historical operating data for the gas station and convenience store that previously existed on the subject property was requested, including three years of fuel volumes by month, three years of non-fuel sales by month, three years of profit and loss statements, and other data. That data was entered into Microsoft Excel spreadsheets and cross-checked against the hardcopy data to ensure no errors were introduced during data entry. Tables and charts were prepared to illustrate historical trends and, in the context of competitive issues in the present-day market, develop a normalized operating statement that reflects a market-typical projection of the subject's income-generating potential.

Market Conditions Analysis

The availability of debt capital has a substantial effect on property values. To ascertain its availability, data on mortgage originations, loan terms, and bank health were collected and studied. Data on government-guaranteed lending was also analyzed. Banking statistics and analyses published by the FDIC are reviewed on an on-going basis. All of this data was reconciled with our own mortgage brokerage experience dealing with gas stations in the Pacific Northwest.

An analysis of broad market conditions in commercial real estate was developed by studying default rate data on commercial mortgage backed securities, long-term value trending statistics published by Massachusetts Institute of Technology and Moody's, and ongoing review of such specialized publications as PriceWaterHouseCoopers' *Korpacz Real Estate Investor Survey*, Mortgage Banker's Association *Quarterly Data Book*, Grubb & Ellis's *Net Leased Investment Market Update*, Marcus & Millichap's *The Outlook*, CoStar's *Advisor Newsletter*, etc. Market conditions specifically relating to gas stations were analyzed based on proprietary research.

Valuation Research

Sales data were collected from proprietary databases, LoopNet, CoStar Comps, brokers, other appraisers, and people in the petroleum marketing industry. Initial research on potential comparables was conducted and, if a sale was determine to be comparable and arm's-length, it was investigated further, with plat maps, assessor records, and county recordings collected for each such sale. Comparable sales were photographed and an exterior, off-site inspection was made.

Sales Verifications

Land Sales

Because of the cost approach's lack of relevancy, the inherent subjectivity of the entrepreneurial profit and depreciation estimates, and the large quantity of land sales data reviewed but not presented, none of the land sales have been verified with parties to the transactions. Publicly available data about the land sales was relied upon.

Improved Sales

All improved sales presented in this appraisal were directly verified with at least one direct party to the transaction (seller, buyer, or broker). If a sale could not be verified with a direct party, it was excluded from the report.

Copyright Notification

Notice

Petroleum Realty Advisors exclusively specializes in providing valuation and brokerage services of petroleum marketing assets in the Pacific Northwest. We have invested substantial professional resources to provide our clients with the highest quality valuation and consulting services possible.

Because of this, the attached appraisal is a fully copyrighted document, with all copyrights held exclusively by Petroleum Realty Advisors, Inc. No part of the appraisal may be copied, nor may the entire report be copied, without the express written consent of the report's signatories. Violation of the copyrights held by Petroleum Realty Advisors will be prosecuted aggressively in a court of law.

Licensing Basis

This report is provided for use on a limited-use licensing basis, for the purpose identified in the report, and is not a work for hire.

Delivery to Third Parties

If this appraisal should be delivered to a third party for review purposes, the client must notify Petroleum Realty Advisors of such immediately. Any person or company reviewing this appraisal is expressly forbidden from copying, plagiarizing, or otherwise using the contents of this appraisal to harm the business interests of Petroleum Realty Advisors in any manner.

Report and Service Limitations

Disclosure of the contents of this appraisal report is governed by the bylaws and regulations of The Appraisal Institute. Neither the entire appraisal report nor portions of this report are to be released to any third parties, including the general public, without the express written consent of the signatories of this report.

The preparation of this appraisal neither requires nor compels the authors to provide testimony or attendance in court. Should any party require such services, contractual arrangements outside the scope of this appraisal assignment must be made.

Liability Disclaimers

Third-Party Documents

In the course of this assignment, Petroleum Realty Advisors has collected and reviewed various public and private documents that create rights, obligations, and duties for various parties. Key components of those documents may be addressed in the enclosed report. Petroleum Realty Advisors accepts no liability for its summaries or reporting of such documents, and no party should rely on such summaries to determine their legal rights, obligations, or duties, or to guide or inform their decision making processes. Only original source documents should be relied upon with the guidance of qualified legal counsel.

Third-Party Data

Appraisal reports are aggregations of data and information provided by third parties. Reasonable efforts have been made to verify the accuracy of the information presented in this appraisal. The information furnished by third parties is believed to be true, but no responsibility for its accuracy is assumed.

Property Condition

No responsibility for the property's condition or the correction of existing or potential future defects is assumed. Our inspection of the subject property was a non-invasive, visual evaluation of items that were readily observable on a walk-through basis. Building areas that were inaccessible or not readily accessible such as crawl spaces, roofs, or below-ground areas/enclosures related to the subject’s fuel storage and distribution system have not been inspected. The signatories to this report are not qualified building inspectors, seismologists, environmental engineers, or building engineers. If the client has concerns about the condition or quality of the subject property's construction, a certified inspector/ engineer should be contacted.

This appraisal was prepared for internal credit-decision making purposes and does not constitute an expert inspection of the property. It should not be relied upon to disclose conditions of the property.

Hazardous Materials

The signatories to this report are not qualified to detect the presence of toxic or hazardous substances or materials that may influence or be associated with the subject property or adjacent properties. No specific investigation or analysis has been made as to the presence of such materials. Petroleum Realty Advisors, Inc. shall not be liable for any costs, expenses, damages, assessments, penalties, diminution in value, property damage or personal injury resulting from or otherwise attributable to toxic or hazardous substances.

Title Condition

No responsibility for matters legal in character is assumed, nor is any opinion rendered as to the title, which is assumed to be good. No property surveys have been conducted and no liability for such matters is assumed.

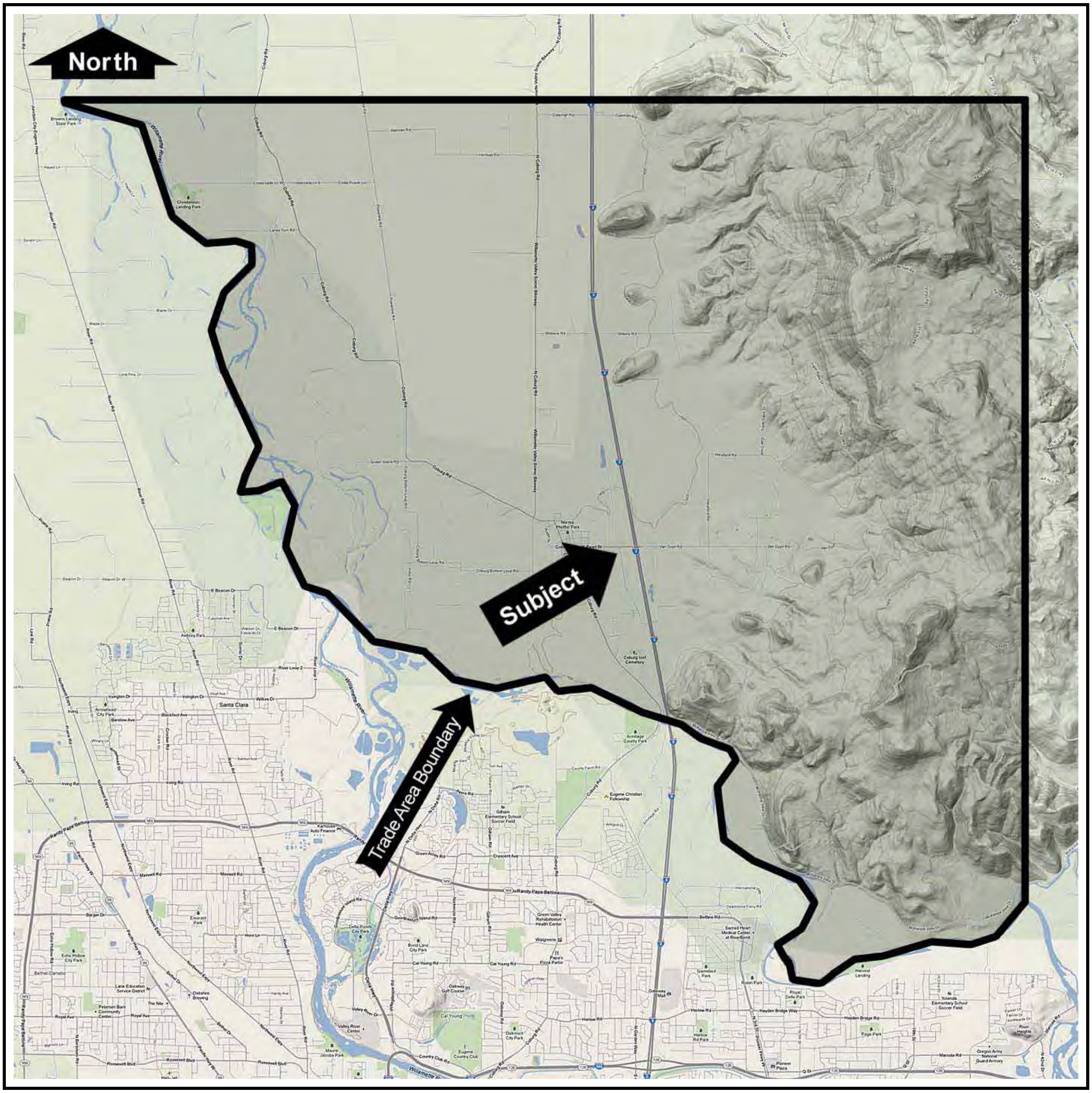
Certification

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Uniform Standards of Professional Practice of the Appraisal Institute.
8. I have personally inspected the property that is the subject of this report. I have inspected all comparables used in this report.
9. Nobody provided professional assistance to the persons signing the report.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, I, Christopher Gaskins, have completed the requirements under the continuing education program of the Appraisal Institute.

Christopher Gaskins MAI

Oregon Appraisal License #: C000486
Washington Appraisal License #: 1100583



Geography The trade area lies at the southern tip of the Willamette Valley, which is bordered on the west by the Coast Range mountains and on the east by the Cascade Mountains. Eugene's central business district ("CBD") is about six miles south/southwest of the subject, while Springfield's CBD is about six miles to the south/southeast. Other important CBDs in the region include Salem, which is 70 miles to the north, and Portland, which is 115 miles to the north as well. The trade area's boundaries roughly consist of the McKenzie River on the south, the Willamette River on the west, and the Lane/Linn County border on the north. The eastern boundary is roughly mid-way over the hills that separate the Willamette Valley on the west from the much smaller Mohawk Valley on the east. Interstate 5 runs north/south across the trade area, bisecting it east/west.

Climate

* The climate of the Valley is relatively mild throughout the year, characterized by cool, wet winters and warm, dry summers. The climatic conditions closely resemble the Mediterranean climates which occur in California, although Oregon's winters are somewhat wetter and cooler. The area has a predominant winter rainfall climate, with about 50 percent of the annual precipitation falling between December and February. Although snow falls nearly every year, amounts are generally quite low. Winters are likely to be cloudy. Average cloud cover during the coldest months exceeds 80 percent, with an average of about 26 cloudy days in January. However, during the summer, sunshine is much more abundant, with average cloud cover of less than 40 percent; more than half of the days in July are clear.

Transportation Linkages

* Interstate 5 is the only north/south interstate on the West Coast, running from Canada to Mexico. As such, it plays a significant role in overland freight movement. In addition, it serves as a major arterial for commuter traffic where the interstate runs through major population centers, as it does in Eugene, Portland, and Vancouver
* There are only two other significant roads in the trade area: Coburg Road and North Coburg Road, both of which converge on the northwest side of Coburg before running south through the city, across the McKenzie River, and into the east side of Eugene.

General Comments

Coburg Area

* The only city within the trade area is Coburg. The city grew by 2.42 percent per year between 1990 and 2000, going from 763 people to 969 people. Although the city’s population grew to 1,085 people by 2010, the annual growth rate dropped by more than half between 2000 and 2010, going to 1.14 percent.
* Between 2010 and 2011, the city’s population actually declined by 40 people, yielding a growth rate of -3.69 percent. Of the 242 incorporated cities in Oregon, 144 of them, or 59.5 percent of the total, had zero or negative growth between 2010 and 2011. Population growth across the state during that time was a nominal 0.53 percent.
* West of the Cascade foothills that run along the east side of the trade area, land uses are almost entirely agriculture, with 95+ percent of the lands being zoned Exclusive Farm Use. Outside of Coburg’s city limits, there are limited pockets where the zoning is Rural Residential, with either two- or five-acre minimum lot sizes.
* Inside of Coburg, the east side of the city is zoned either Highway Commercial or Light Industrial, while the west side of the city is largely zoned Residential.

Wastewater System

* Coburg is one of the last Oregon cities that does not have a municipal sewer system. With a daytime population that increases by 3,000 people and over 200 recreational vehicle spaces in town, replacing the many septic systems in the town with a central wastewater collection and treatment system is a high priority.
* Due to the area’s many septic systems, high levels of nitrates have been detected in the groundwater that serves the area’s domestic water wells.
* After analyzing the costs of building and operating a standard sewage treatment plant, City officials opted to install a hybrid municipal sewer system known as a Septic Tank

Effluent Pump ("STEP") system. Coburg's STEP system is modeled after a similar, existing system in Yelm, Washington, a town with a population of about 10,000 people.

* While solids in a sewage stream account for a very minor share of the stream's volume, separating those solids from the fluids is the most time consuming, odorous, and expensive part of treating sewage.

* Rather than building a large-scale solid waste separating facility, the STEP system essentially uses an area's *existing* solid waste separating infrastructure, creating a distributed network. The STEP system relies on the individual property owners' existing septic tanks to separate the solids from the fluids, as those systems were designed to do.

* The individual property owners' septic tanks will be disconnected from their drain fields and connected to a pressurized municipal collector system. The collector system--which is simply a standard configuration of underground piping--will channel the fluid effluent to the treatment plant.

* At the treatment plant, a membrane bioreactor system will treat the wastewater before it is released back into the environment. This system will produce "Class A" effluent, the highest-level water quality possible under the Oregon Department of Environmental Quality's rating system. Much of this effluent will then be used for irrigation of landscaping, parks, and school grounds within the city.

* The City of Coburg will be acquiring easements over each privately owned property in the city whose owner has elected to connect to the new system. The easement will allow City personnel to access, maintain, and pump the individual property owners' septic tanks when and as needed, at no cost to the property owners.

* The City is forming a Local Improvement District ("LID") for all of the benefiting property owners to share in the cost of the public improvements. The owners will be charged a one-time LID assessment that is currently estimated at 17¢ to 18¢ per square foot of land area. However, the actual LID charge has yet to be set since construction of the treatment plant has not yet been completed. The final LID levy rate is not expected to be set until January of 2014.

* All user rates will be based on an Economic Development Unit ("EDU") charge, where one EDU is 835 cubic feet of water. The operating rate is projected to be $85 per EDU, with no discount for high-volume users. Property owners that opt out of the current project but decide to connect to the system in the future will be charged a System Development Charge to cover their pro rata share of their system usage.

* The wastewater project is expected to be completed by January of 2014, with individual properties being hooked up in spring and summer of 2013.

Interchange Redevelopment

* The existing Coburg-Interstate 5 interchange facility was not adequate to accommodate employment and population growth projected under Coburg's comprehensive plan and consistent with Regional Transportation Plan employment and population forecasts.

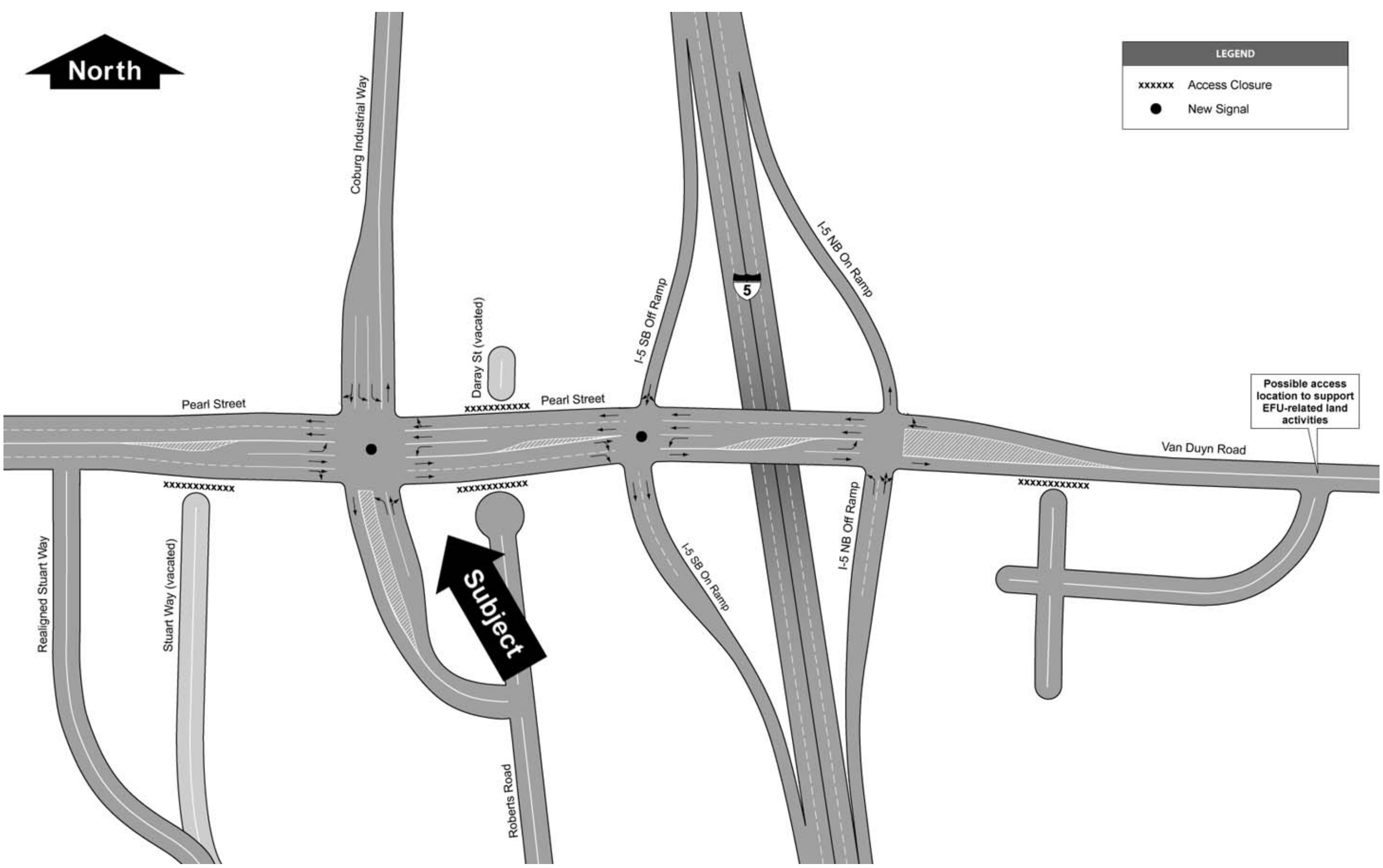
* Reconstruction of the Coburg interchange was proposed in the 1999 Coburg-Interstate 5 Interchange Refinement Plan ("Refinement Plan"), which was adopted as part of the City of Coburg's Transportation System Plan ("Coburg TSP"). Based on a 20-year projection of traffic growth through the interchange, the Refinement Plan and TSP

General Comments

(Continued)

identified the need to completely replace the interchange bridge over the interstate, as well as make modifications to the interchange ramps.

* In January of 2010, CH2MHill prepared an Interchange Area Management Plan ("IAMP") for the Oregon Department of Transportation. The IAMP considered various alternatives for redevelopment of the interchange, all of which included the following components:
  - Bicycle and pedestrian facilities on the interstate overpass; and,
  - Access management around the interchange that supports interchange functions; and,
  - Access management that supports land uses on Pearl Street/Van Duyn Road east and west of the interchange; and,
  - Realignment of the Roberts Road right of way to a new a signalized intersection at Pearl Street and Coburg Industrial Way; and,
  - Closure of the existing Roberts Road intersection at Pearl Street; and,
  - A new signal at the intersection of Pearl Street and the southbound interstate on/offramps; and,
  - The eventual development of a local street system west of the interstate using Coburg Industrial Way as the collector road in order to reduce demand for direct access to Pearl Street.
* The alternative that was selected included the reconstruction of a standard diamond interchange and the realignment of Roberts Road to intersect with Coburg Industrial Way at a signalized intersection. The following exhibit shows the redevelopment plan:



General Comments

(Continued)

* Work began on the interchange redevelopment in July of 2012 and is expected to be completed by 2013.

Monaco Coach

* The largest employer in Coburg was Monaco Coach Corporation ("Monaco"), which employed about 2,500 people in the mid-2000s. The company manufactured recreational vehicles at its 69-acre, headquarters campus in Coburg, which has nearly one million square feet among nine buildings.
* The market for recreational vehicles ("RV") was hit hard by the substantial rise in gas prices in 2008 and the recession that followed. After five years of steady growth, RV shipments peaked in 2006 at 390,500 units but that quickly fell to just 237,000 units in 2008, a 33 percent drop from 2007.
* In April of 2008, Monaco announced it would cut 300 jobs in Oregon in response to the declining market conditions.
* Monaco filed Chapter 11 bankruptcy protection in March of 2009 and subsequently laid off 1,396 employes that worked at its facilities in Coburg and Hines, Oregon.
* In mid-2009, Navistar International Corporation purchased Monaco out of bankruptcy. At the time, 600 people were employed at the Coburg facility. Navistar subsequently announced plans to consolidate all of Monaco's motor coach manufacturing at its Wakarusa, Indiana plant and to significantly downsize Monaco's operations in Coburg, resulting in the loss of another 450 jobs.
* In March of 2012, Navistar announced it would cease production of recreational vehicles at the Coburg facility, resulting in a further loss of 255 jobs.
* The former Monaco Coach facilities were sold in June of 2012 to Steve Lee, a longtime Monaco employee who oversaw the construction of their Coburg facility in the mid-1990s. He plans to reposition the Monaco campus as a diversified business park, although he hopes to attract another RV manufacturer into "Coburg North Industrial Park".
* Navistar continues to employ about 150 people in Oregon, with half of those in the RV service center that remains at the Coburg facility on a leaseback basis.

Weyerhaeuser

* Weyerhaeuser had a veneer mill just north of Coburg that produced 308 million board feet of finished product per year and employed 42 people. Based on its 2006 production volume, the facility was the seventh largest softwood mill in the United States.
* Due to the economic downturn and the decline in demand for wood products from the housing market, Weyerhaeuser shuttered and decommissioned their Coburg plant in late 2007/early 2008.

Population Counts

Table 3.1

Geography	1990	2000	%Δ 1990-00	2010	%Δ 2000-10	Rate Δ 2000-10
Trade Area	2,161	2,359	*0.9%*	2,722	*1.4%*	*63.7%*
Lane County	282,912	322,959	*1.3%*	349,631	*0.8%*	*-40.2%*
Oregon (MM)	2.84	3.42	*1.9%*	3.87	*1.2%*	*-34.3%*

Average Household Size

Table 3.2

Geography	1990	2000	2010	Trend Is Toward...
Trade Area	2.63	2.64	2.64	Larger households
Lane County	2.49	2.42	2.40	Smaller households
Oregon	2.52	2.51	2.51	Smaller households

Sex Ratio, % Male

Table 3.3

Geography	1990	2000	2010	Current Bias	Trend is Toward...
Trade Area	50.6%	50.5%	50.3%	Males	Increasing % of females
Lane County	48.7%	49.2%	49.2%	Females	Increasing % of males
Oregon	49.2%	49.6%	49.6%	Females	Increasing % of males

Relationships In Households

Table 3.4

Type of Household	Trade Area	Lane County	Oregon
Married without children	37.5%	28.4%	28.7%
Married with children	28.7%	20.5%	23.2%
Family cohabitation, no spouse	9.5%	14.1%	13.9%
Living alone	18.1%	26.6%	26.1%
Non-family cohabitation	6.2%	10.4%	8.1%

Median Age

Table 3.5

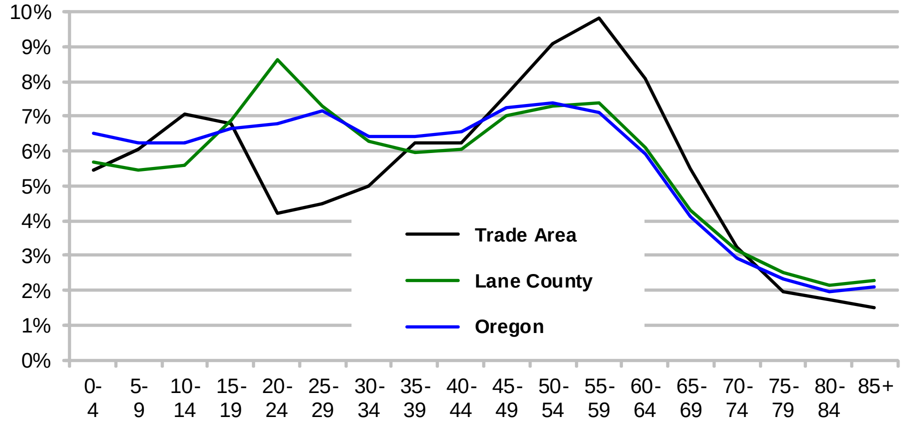
Geography	1990	2000	%Δ 1990-00	2010	%Δ 2000-10	Trend...
Trade Area	37.7	41.2	*0.9%*	43.8	*0.6%*	Increasing
Lane County	33.9	36.6	*0.8%*	38.5	*0.5%*	Increasing
Oregon	34.5	36.3	*0.5%*	38.2	*0.5%*	Increasing

Noteworthy Trade Area Characteristics

* Population growth was significantly lower than the county and state during the 1990s. However, during the 2000s population growth actually increased by more than 60%, contrary to the lower rate of population growth seen at the county and state levels.
* Average household size is stable and 5% to 10% larger than the state and county.
* Household relationships are heavily skewed toward married, both with and without children.
* Median age is 14% to 15% higher than the county and state.

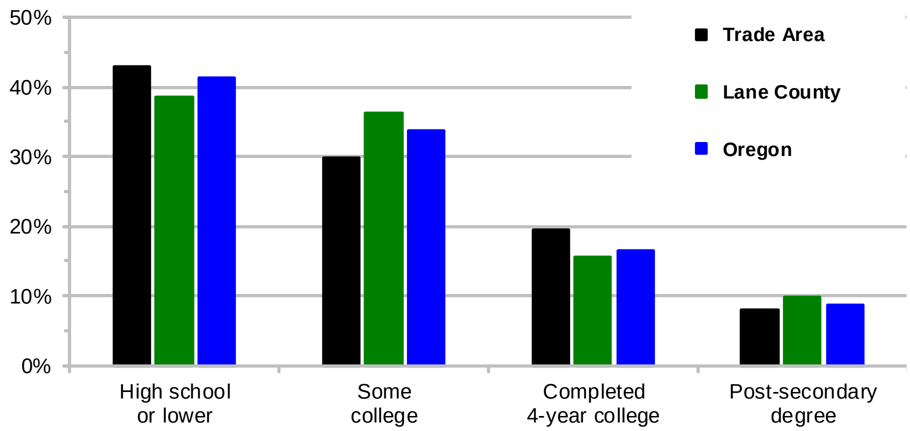
Age Distribution, 2010

Chart 4.1



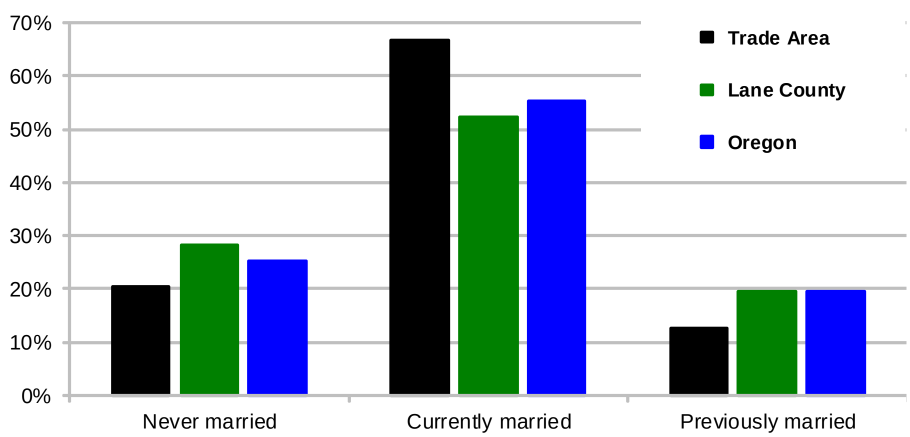
Education Attainment, *2000*

Chart 4.2



Marital Status, *2000*

Chart 4.3

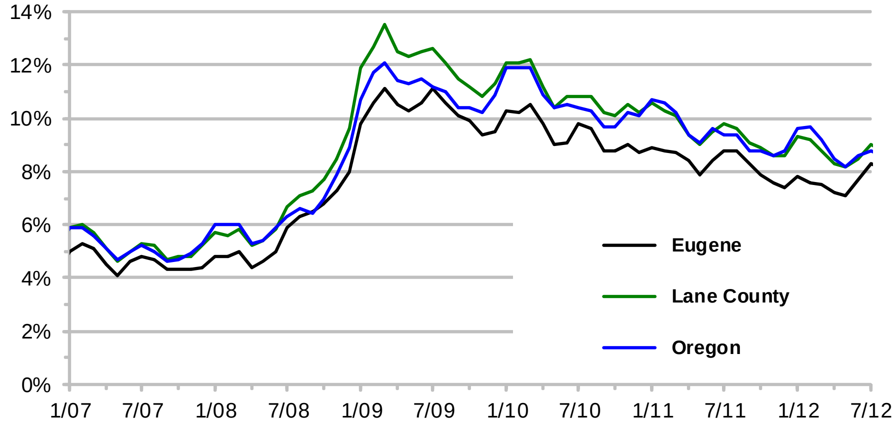


Noteworthy Trade Area Characteristics

* The age distribution is dominated by mid- and late-life adults. Young adults constitute an unusually small share of the population.
* Education levels are slightly higher than the county and state. The share of population that has a four-year degree or higher is 7% to 9% higher than the county and state.
* Martial status is heavily skewed toward currently married.

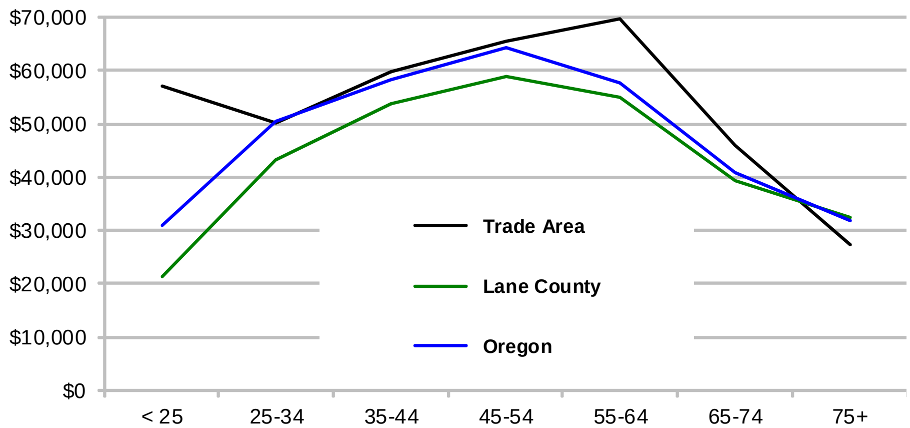
Unemployment Rates

Chart 5.1



Household Income By Age, 2010

Chart 5.2



Median Household Income

Table 5.3

Geography	1990	2000	%Δ 1990-00	2010	%Δ 2000-10
Trade Area	$29,444	$51,710	*5.8%*	$59,482	*1.4%*
Lane County	$25,268	$36,990	*3.9%*	$47,548	*2.5%*
Oregon (MM)	$27,250	$40,947	*4.2%*	$53,104	*2.6%*

Poverty Rates, 2010

Table 5.4

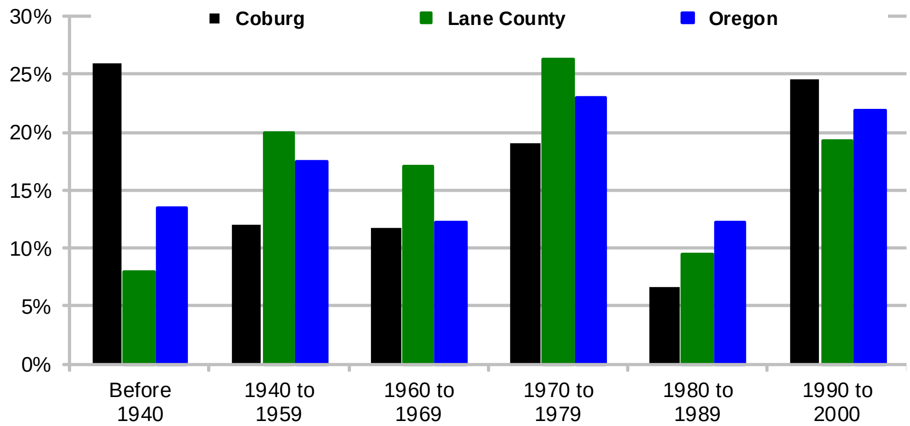
Geography	Married Couples	Single-Parent Household	Non-family Households
Trade Area	2.5%	2.3%	3.4%
Lane County	2.9%	3.3%	8.4%
Oregon	2.8%	3.1%	6.2%

Noteworthy Trade Area Characteristics

* The county's unemployment rate has tended to be higher than the state's, while Eugene's rate has tended to be lower than the state's.
* The trade area's income distribution curve is slightly higher than the county's across most age brackets and higher than the state for all age groups under 75 years old.
* Median household income is 12% and 25% higher than the state and county, respectively.
* Among all demographic groups, poverty rates are lowest in the trade area.

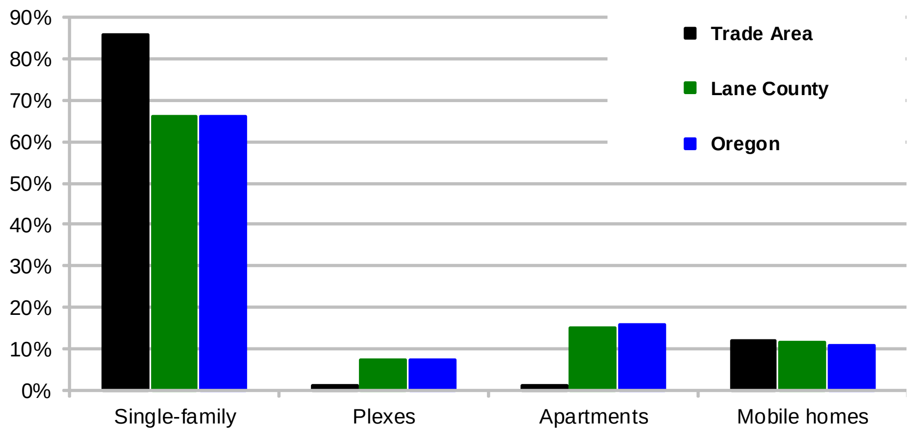
Age Distribution of Housing Stocks

Chart 6.1



Housing Units By Type, 2000

Chart 6.2



Home Ownership Rates

Table 6.3

Geography	1990	2000	%Δ 1990-00	2010	%Δ 2000-10
Trade Area	76.6%	81.5%	*0.6%*	80.4%	*-0.1%*
Lane County	60.8%	62.3%	*0.2%*	62.3%	*0.0%*
Oregon (MM)	63.1%	64.3%	*0.2%*	64.3%	*0.0%*

Median Home Values

Table 6.4

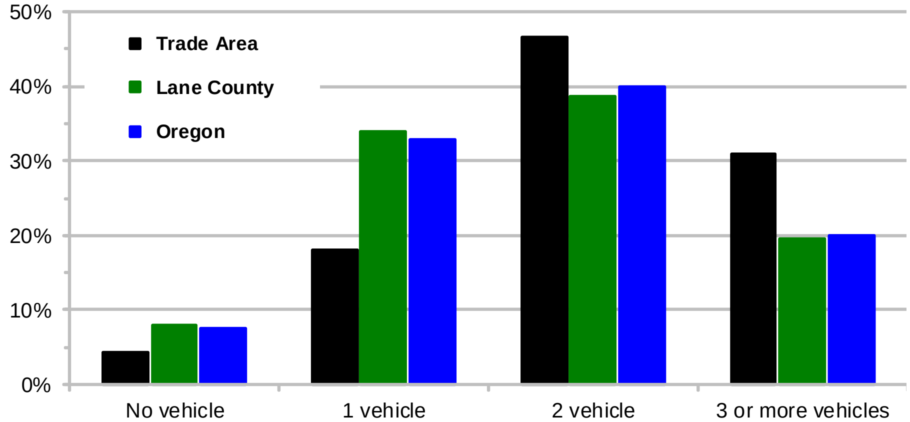
Geography	1990	2000	%Δ 1990-00	2010	%Δ 2000-10
Trade Area	$68,116	$171,519	*9.7%*	$278,333	*5.0%*
Lane County	$65,849	$141,037	*7.9%*	$223,711	*4.7%*
Oregon	$67,063	$152,064	*8.5%*	$234,253	*4.4%*

Noteworthy Trade Area Characteristics

* Half of the city's housing stocks were either built before 1940 or after 1990.
* Housing units in the trade area are more heavily skewed toward single-family residences. There are very few plexes and apartments.
* Home ownership rates are 25% to 29% higher than the county and state.
* Median home values are 19% to 24% higher than the county and state.

Vehicles Per Household, 2000

Chart 7.1



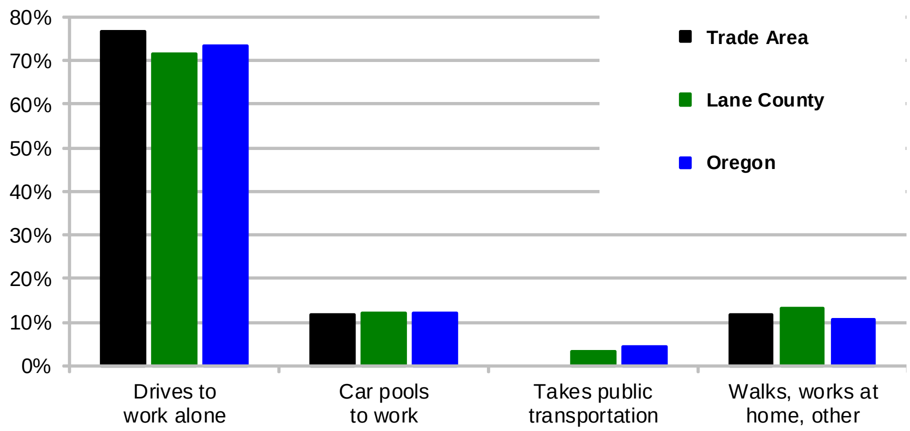
Avg. Vehicles Per Household and Commute Time, 2000

Table 7.2

	Trade Area	Lane County	Oregon
Avg. vehicles/HH	2.19 veh	1.77 veh	1.79 veh
Avg. commute time	21.2 mins	19.9 mins	22.2 mins

Transportation To Work, 2000

Chart 7.3



Noteworthy Trade Area Characteristics

* The number of vehicles per household is significantly skewed toward having two or more vehicles, with the number of households having two vehicles being 17% to 20% higher than the county and state and the number of households with three or more vehicles being 55% to 57% higher than the county and state.
* The number of households without a vehicle is 41% to 44% lower than the county and state, while the number of households with only one vehicle is 45% to 47% lower than the county and state.
* The average commute time is 5% shorter than the state average but 7% longer than the county average.
* A larger share of trade area residents drive to work alone: 7% more than across the county and 5% percent more than across the state.
* Public transportation usage is zero.

Property Identification

Location	94039 South Coburg Industrial Way Coburg, Oregon 97408-9499 *Note: the property's previous address was 32910 East Pearl Street, but has officially been changed as part of the redevelopment of the subject property. Documentation of such was issued by the City of Coburg on October 20, 2012 and is included in the addendum.*
Geographic Coordinates	Latitude: 44.137512, longitude: -123.056029
Map, Tax Lot	Lane County, 16S-3W-33-00-D01, lot 501
Real Property Account	42109
Personal Property Accounts	No accounts showing in Lane County

Assessed Values and Taxes, 2011-2012

Note: the following tax and assessment information is based on the subject's land and improvement configuration prior to the demolition of the previously existing improvements, the eminent domain acquisitions by the Oregon Department of Transportation, and the construction of the proposed improvements. Because of the assessor's valuation and tax year cycles, the assessed values for the upcoming 2012-2013 tax year will again be based on the same historical property configuration as the 2011-2012 tax year. The assessment records will not reflect the subject's current and proposed configuration until the 2013-2014 tax year. The assessed value of the new improvements will very likely be cost-based.

Assessed Market Value	Land	=	$522,971	(~$6.52 per sq ft)
	Improvements	=	$408,830	
	Total	=	$931,801	

Measure 50 Assessment	$486,911, about 47.7% lower than the assessed market value
Tax Code Area and Rate	Code area 00459 has a rate of $15.3639 per $1,000 of assessed value
Current-Year Levied Taxes	$7,480.85
Unpaid Taxes	No outstanding tax liabilities found

Ownership and Development History

Development

Tax lot 501, the sole focus of this appraisal, underwent substantial reconfiguring in 2012 due to the interchange reconstruction. Four tax lots--lots 300, 500, 501, and 502--were merged/combined and then partitioned into two new tax lots that are identified as lots 500 and 501. The Oregon Department of Transportation ("ODOT") acquired substantial lands from the west side of the property for the new Coburg Industrial Way right way, from the north side of the property to support the widening of Pearl Street, and from the northeast corner of the property to support the conversion of the Roberts Street right of way into a cul-de-sac where it previously connected to Pearl Street.

The old tax lot 501 supported a 1950-vintage, 1,806-square foot residence that was entirely destroyed by fire on May 6, 1989. A gas station was then built on old tax lot 501 in late 1989/early 1990. The station included three underground storage tanks, a 1,496-square foot canopy over two fueling islands, and a 1,344-square foot convenience store. The following photograph of the previous facility was taken in August of 2005.

The previous gas station improvements were impacted by ODOT's eminent domain action, resulting in the complete loss of the prior fueling facility and convenience store. There were no previously existing structural improvements on the subject site at the time of our inspection on September 9, 2012, but the below-grade work on the proposed improvements was largely completed.

Current Branding

The prior station on the subject site was branded Shell. The proposed station will most likely also be branded Shell.

Current Ownership

Ownership of the subject property appears to currently be vested under Coburg 5, LLC ("Coburg 5") an Oregon limited liability corporation.

Recorded Transfers of Ownership

The most recent recording appears in the county clerk's records at warranty deeds 2002-42311 and 2002-42314, which show that James and Greta Anderson transferred their rights to the subject's parent lots to Coburg 5, LLC on May 10, 2002. There was no consideration shown since it was not an arm's-length transfer. Tax lot 501 was transferred under document 2002-42311, while tax lots 500 and 502 were transferred under document 2002-42314.

Lane County acquired part of the north edge of the subject's parent lots on November 15, 2002. As shown under document 2012-25867, ODOT acquired extensive lands from the subject's parent lots, as well as the two lots west of the new Coburg Industrial Way right of way that are also owned by Coburg 5, on March 9, 2012.

The creation of the new Coburg Industrial Way right-of-way severed the 6.36-acre lot 300 that was adjacent to the subject on the east and south, which is owned by Pape Properties, Inc. On September 11, 2012, Coburg 5 and Pape Properties, Inc. executed a property line adjustment deed that transferred the 0.88-acre, remainder portion of the Pape property to Coburg 5. As shown at document 2012-46241, the total consideration paid was $200,000, which equals a unit price of $5.22 per square foot. That remainder was subsequently merged into the old parent tax lots 500, 501, and 502 before the new/current tax lots 500 and 501 were partitioned/created.

Listing/Marketing History

The subject has reportedly not been listed for sale in the three years prior to the date of value.

Offers to Purchase

No unsolicited purchase offers for the subject were reportedly received by Coburg 5 within the three years prior to the date of value.

Contracts Appurtenant to the Real Estate

Supply Contracts	The prior station was supplied by Carson Oil Company, a large, regional jobber. There was only one year left under the previous supply contract between Coburg 5 and Carson Oil Company. Any early termination costs associated with the previous supply contract have reportedly been resolved as part of ODOT's eminent domain acquisition. Currently there is no supply contract proposed, or in draft form, for the new station. Reportedly, Coburg 5 and Carson Oil Company will continue the prior supply relationship on an undocumented basis until Coburg 5 makes their final branding decisions/commitment. However, according to John Anderson, an owner of Coburg 5, it is most likely that the new station will be branded Shell and Carson Oil Company will be the facility's long-term supplier. *Note: it is assumed for purposes of this report that a market-typical, branded supply contract for Shell gasoline will be executed as of the at-completion and at-stabilization dates of value. It is further assumed that the supply contract will allow unbranded diesel fuel to be sold under the Shell-branded canopy.*
Imaging Loans: Fuel	Neither Shell Oil Products US nor Carson Oil Company have reportedly contributed any funds to the reconstruction of the subject facility. As a result, there are no imaging loans associated with the new project.
Imaging Loans: Convenience Store	The new convenience store will be owned and operated by Coburg 5 and will be privately branded.
Franchise Agreements	The restaurant space will be leased to McDonald’s USA, LLC, so there will be no franchise agreements that will encumber the fee-simple portion of the subject property. However, McDonald’s USA will very likely sublease the space to a franchise operator. There will therefore be a franchise agreement on the property but it will be junior to the lease between Coburg 5 and McDonald’s USA.
Leases	McDonald's USA, LLC will be leasing 3,165 square feet of the new convenience store/restaurant building from Coburg 5. The lease has not yet been executed, but a draft copy of the lease has been provided. The lease will grant to McDonald's the following:

- The exclusive right to operate a quick-serve restaurant on the subject property; and,
- A non-exclusive easement over the parking and driveway portions of the subject property; and,
- An exclusive easement for the operation of a drive-through; and,
- A non-exclusive easement for pedestrian ingress/egress to the premises leased to McDonald's; and,
- An exclusive easement for a McDonald's pole sign; and,
- The right to use the trash dumpster that will be shared with the convenience store; and,
- The right for McDonald's customers and employees to use the restrooms in the convenience store.

The lease will have a base term of 10 years and will automatically renew upon the same lease terms for six successive periods of five years each. McDonald's is not required to give notice of their intent to exercise the renewal options. The lease commencement date will be the date that McDonald’s opens for business. McDonald’s has the right to sublease the premises to a franchisee without notice to or prior approval by the landlord.

The minimum rent will be $1,500 per month, with an additional percentage rent of 6.0 percent of annual gross sales in excess of $300,000. However, the additional percentage rent will only be paid on gross sales up to $1.0 million in any 12-month period. Total annual rent is capped at $60,000 per lease year, which consists of the $18,000 minimum rent plus the maximum percentage rent of $42,000, which is generated based on 6.0 percent of $700,0000 in sales (the $1.0 million sales ceiling less the $300,000 sales floor). After the initial 10-year base term, the cap on sales subject to percentage rent calculations is removed and the maximum annual rent--the minimum rent plus the percentage rent--increases by 12.0 percent to $67,200 per year. For each successive five-year option period, the maximum annual rent increases by an additional 12.0 percent.

The landlord is responsible for casualty insurance for the entire property; structural maintenance; cleaning, maintenance, and supplying of the common areas, including the shared restrooms in the convenience store, the parking lot, driveways, sidewalks, and trash dumpster/corral; landscaping maintenance; and water/sewer service for the entire property. The landlord must keep the convenience store portion of the building and the restrooms in it open while McDonald's is open for business. The landlord must pay the first $400 of the trash disposal costs, with any trash removal cost above $400 split equally between the landlord and tenant.

The landlord can only use the non-leased portion of the subject property for "the operation of a fuel facility and convenience store." However, landlord may not sell the following products out of the convenience store, as the right to sell the products is exclusively granted to McDonald's:

- Hamburgers
- Ground meat products served in sandwich form
- Milk shakes
- Hot and cold sandwiches prepared on the premises
- Soups
- Salads
- Chicken and chicken products
- Pizza that is cooked on the premises
- Soft-serve ice cream
- Hand-packed ice cream
- Frozen yogurt that is dispensed as soft-serve
- French fries

In addition, landlord may not sell or permit to be sold on the subject property "any products of any national, regional, or local restaurant or food service facility brand-names" such as Arby's, Domino's, Taco Bell, Starbuck's, etc. The landlord may not sell anywhere on the property pornographic materials, drug paraphernalia, firearms, ammunition, fireworks, live bait, or any items that are illegal. Further, landlord may not sell any prepared coffee, flavored coffees, espresso, latte, or cappuccino drinks through a manned operation, but may sell those drinks if they are sold via self-service. No products that are marketed directly to adults, including cigarettes, liquor, beer, wine, prophylactics, or birth control devices, may be advertised or promoted anywhere on the premises within three feet of the McDonald's name or trademarks.

The tenant is responsible for maintenance of the interior of the leased premises and electricity and natural gas used by tenant. All leasehold improvements made by the tenant remain the property of the tenant. The tenant is required to be open for business a minimum of 16 hours per day, seven days a week. The tenant has the right to use 50 percent of the “pump topper” signs on the landlord’s fuel dispensers, or “equivalent advertising space under its fuel canopy.”

McDonald’s may not sell the following products out of their leased space, as the right to sell the products is exclusively granted to landlord:

- Deli sandwiches prepared off-site, with the merchandising space limited to 100 cubic feet for such products
- Fresh donuts and pastries, but not fresh baked cookies, with the merchandising space limited to 50 cubic feet
- Pretzels
- Popcorn
- Nachos
- Frozen pizza
- Prepackaged ice cream and frozen yogurt
- Roller-grilled hot dogs

McDonald’s has the right to terminate the lease after the base term or any option period provided they give written notice to Coburg 5 at least 60 days before the end of the term. McDonald’s may terminate the lease after the second lease year if, during any consecutive 12-month period after they open for business, gross sales do not equal or exceed $400,000. Similarly, McDonald’s may terminate the lease after the fifth lease year if, during any consecutive 12-month period, gross sales exceed $900,000. The landlord may terminate the lease after the second lease year if, during any consecutive 12-month period, McDonald’s gross sales do not equal or exceed $400,000. If either party elects to terminate the lease, they will pay the other party a termination fee of $60,000 if the termination falls within years three through five, $45,000 if the termination falls within years six through 10, or $30,000 if the termination falls within the option periods.

The tenant is responsible for interior finish work inside the leased space. This is largely limited to paint, wallpaper, wall tile, divider walls, countertops, and dining room tables and chairs. The landlord and tenant shall split the cost of all exterior signage. The landlord is responsible for nearly all other construction costs. However, the tenant will reimburse the landlord for $95,000 of those costs.

Note: it is assumed for purposes of this report that the draft lease provided to us and described herein is materially the same as the lease that will be executed by the parties. It is assumed this lease will be executed and in full force and effect as of the at-completion and at-stabilization dates of value.

Site Description

Size	1.84 acres, or about 80,151 square feet *Note: publicly available records reflect inconsistent size estimates of the subject property. For purposes of this report, it is assumed the subject is 1.84 acres, which is our best estimate given the information available to us.*
Shape	Irregular, but roughly rectangular, lying in a north/south orientation parallel to the new Coburg Industrial Way right of way and perpendicular to the existing Pearl Street right of way.
Average Dimensions	About 231 feet wide east/west along the north side of the property, 262 feet wide on the south side, 377 feet tall on the west side, and 318 feet tall on the east side.
Topography	Mostly level
Abutting Properties	*North:* Pearl Street right of way, followed by vacant land and a former gas station to the northeast. *East:* Roberts Street right of way, followed by light industrial development and then Interstate 5. *South:* Vacant land that is owned by Coburg 5, followed by the new Coburg Industrial Way right of way. *West:* The new Coburg Industrial Way right of way, followed by the Truck 'n Travel truck stop, motel, convenience store, restaurant, and service facility, which is owned by Coburg 5.
Flood Hazard	Zone X, FIRM 41039C-0643F dated June 2, 1999 (no flood hazards).
Environmental Hazards	We were provided a groundwater monitoring report and no further action request that was prepared on September 21, 2012 by Broadbent, an environmental firm out of Chico, California. The report notes that ODOT initiated a Phase II environmental investigation of the subject property in August of 2009 as part of their expected eminent domain actions. Initial sampling

suggested contamination may have been present. However, when the previous underground fueling improvements were decommissioned, soil and groundwater samples indicated that the subject was not a contamination source. Groundwater monitoring wells were installed and quarterly monitoring of those wells reinforced this conclusion. Broadbent has therefore initiated the process of securing a no further action letter from the Oregon Department of Environmental Quality.

Note: it is assumed for purposes of this report that a no further action letter was issued as of the as-is date of value. This is a hypothetical condition. It is also assumed for purposes of this report that a no further action letter will have been issued as of the at-completion and at-stabilization dates of value. This is an extraordinary assumption.

Utilities

The subject is connected to Coburg's municipal water system and is served by the normal array of utilities available in urban areas, with one exception: municipal sewer. As discussed in the Market/Trade Area Analysis, the City of Coburg is building a hybrid municipal sewage collection and treatment system known as a STEP system. The STEP system relies on the property owners' existing septic tanks to separate the solids from the effluent before the effluent stream enters the pressurized collection system that leads to the municipal treatment facility.

In cases where new development occurs, property owners must install a septic tank that is then connected to the municipal system. However, since the municipal treatment facility is not yet built, the property owner must install a septic drainfield to handle effluent disposal onsite on an interim basis. The proposed subject improvements therefore include a septic drainfield on the vacant parcel adjacent to the south that is also owned by Coburg 5. The septic tank will be on the subject site and should be hooked up to the municipal system in mid-2013. Until then, sewage disposal for the proposed improvements will be handled via the onsite system.

Note: it is assumed for purposes of this report that the subject will be hooked up to municipal sewer service by the end of 2013.

General Access

Excellent, due to the site's location at the southwest quadrant of an interchange along Interstate 5, just north of Eugene and Springfield.

Direct Access

Average, since the subject has no access points onto Pearl Street, Coburg Industrial Way, or Roberts Street, but two access points onto the unnamed access road adjacent to the south.

Streets

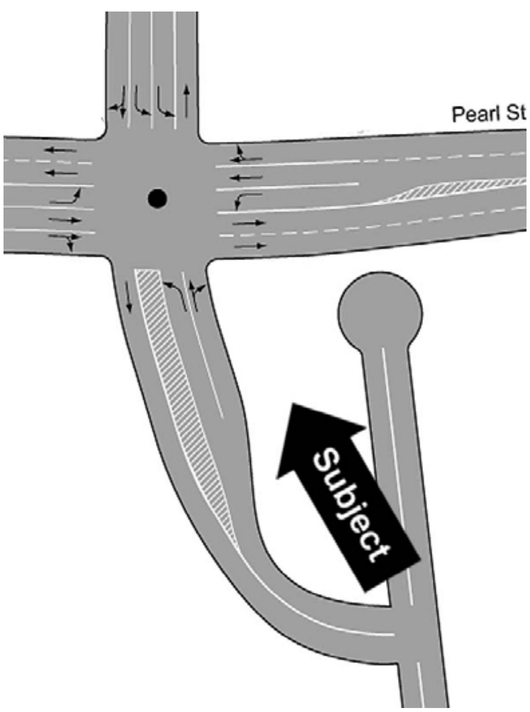
Pearl Street

Pearl Street fronts the subject's north side for 237 feet. It is currently in the process of being rebuilt as part of the interchange redevelopment. It generally carries two lanes each of east/west traffic with no center refuge lane and has a speed limit of 35mph. However, the right of way widens around its intersection with Coburg Industrial Way to accommodate dedicated left-turn lanes for east and westbound traffic flows in addition to the two lanes each of directional traffic.

ODOT has closed, and will not allow to be reestablished, all access points onto Pearl Street between its intersection with Coburg Industrial Way and the interstate to the east. Left-turn movements off of Pearl Street are only allowed at controlled locations. Sidestreet improvements include concrete curbing and sidewalks. Power and communication lines are aboveground on the south side of the street.

Coburg Industrial Way

The new Coburg Industrial Way fronts the subject's west side for 375 feet. It will carry one lane each of north/south traffic, running south from its signalized intersection at Pearl Street before turning east about 300 feet south of the subject and connecting to the old Roberts Street right of way.



As shown in the adjacent exhibit, the right of way widens considerably near its intersection with Pearl Street to accommodate one lane of southbound traffic, a full lane-width of striped area intended to control left-turn movements onto the subject for southbound traffic, a dedicated left-turn lane for northbound traffic, and a straight/right-turn lane for northbound traffic. Concrete curbing and sidewalks will be built along the subject's frontage as part of the proposed improvements.

We have spoken with ODOT's project manager and believe that the striped, full-width lane completes its tapering down to a single line right at the north edge of the access road being built across the south side of the subject, contrary to what is shown in the adjacent exhibit.

Note: it is assumed for purposes of this report that left-turn movements for southbound Coburg Industrial Way traffic seeking to access the subject will not be impeded, restricted, or otherwise controlled.

Roberts Street

Roberts Street fronts the subject's east side for 315 feet. It carries one lane each of north/south traffic with no center refuge lane and has a speed limit of 25mph. There are no turn movement restrictions. The street currently has no curbing or sidewalks, nor are any such improvements proposed as part of the subject development.

Access Road

An access road, which has yet to be named and might not be named, runs across the subject's entire 262 feet width along its south side. The access road is completely new and is designed to serve the subject and the vacant, adjacent parcel to the south. It will carry one lane each of east/west traffic without a center refuge lane. It will not have turn movement restrictions or sidestreet improvements such as curbing and sidewalks.

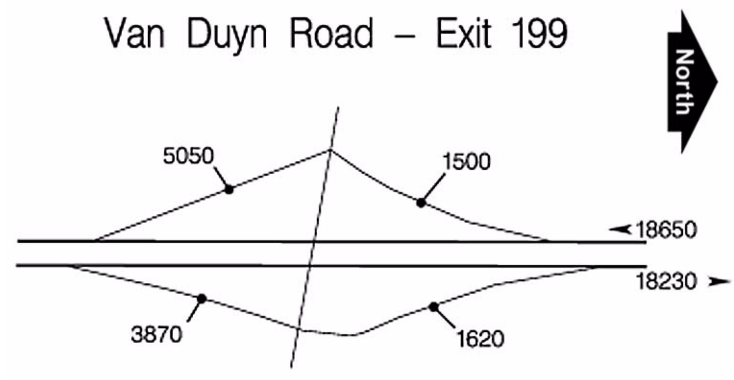
The access road will have a right of way width of 45 feet, although the right of way is offset to the north, such that 27.5 feet of the right of way falls on the subject lot and 17.5 feet falls on the vacant, adjacent lot to the south. As of the date of this report, no easement or maintenance agreement appears to have been recorded encumbering either the subject property or the adjacent parcel to the south.

Traffic Signals

The nearest traffic signal is adjacent to the subject to the northwest. The intersection includes dedicated turn lanes for all directions of traffic flows.

Traffic Counts

Traffic counts collected by Oregon Department of Transportation in 2011 on Interstate 5 just south of the Van Duyn/Exit 199 Interchange, the subject's interchange, yielded an average daily traffic estimate of 42,700 vehicles. Counts taken at the same location in 2001 were 44,600 vehicles per day. This equals annual compound growth of negative 0.4 percent, which is well below the trade area's 1.4 percent population growth between 2000 and 2010. Data collected at an automatic traffic recorder on the interstate about 16 miles north of the subject interchange shows that traffic counts increase by an average of 15.8 percent on weekends compared to weekdays. The composition of the traffic flows includes a substantial 52.9 percent that is trucks. Traffic counts are fairly seasonal, with peak volumes in August being about 39 percent higher than the volumes seen in January. The following exhibit shows the traffic counts along the interchange’s on and offramps.



As shown, traffic flows through the north side of the interchange are 60 to 70 percent lower than traffic flows through the south side. This reflects the economic influence of the Eugene/ Springfield area just south of Coburg, as well as the fact that Coburg serves as a bedroom community for employment centers in the Eugene/Springfield area.

Zoning

Land use is controlled by the City of Coburg. The site is zoned Highway Commercial (C-2).

Permissibility of Existing Land Uses

“Service and gasoline stations” and “eating establishments” are allowed outright.

Permissibility of Alternative Uses

Since the intent of the C-2 district is to provide “goods and services that primarily serve the traveling public and regional market”, hotels/motels would presumably be allowed under the “commercial retail and service businesses” category, which are allowed outright. Car washes, retail banks, and offices would also be allowed.

Easements and Encumbrances

We were provided a title report that was prepared by First American Title Company on September 19, 2012. It revealed a number of encumbrances on the property:

Exceptions 9 through 15 of the title report almost entirely consist of long-established easements for electrical and telephone utilities. The easements very likely encumbered the subject's parent lots and likely do not encumber the subject site in its new configuration.

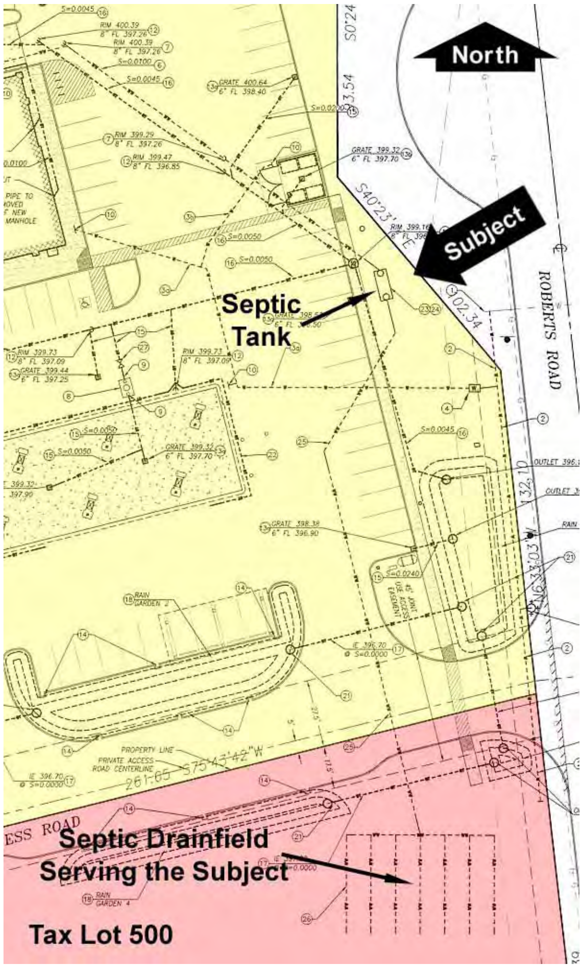
Exception 16 in the title report was created on November 4, 1993. As shown at document 1993-82682, a 10-foot wide and 20-foot long easement was granted to US West for “telecommunication facilities.” We are unable to determine the location of the encumbered land area.

Exception 17 in the title report references a memorandum of lease that was executed on November 16, 1999 and recorded at document 2000-9003. The lease is for “all common laundry facilities on the property…described as encompassing approximately 100 square feet, for its use as a laundry facility(ies).” Since the subject property did not, to the best of our knowledge, have any laundry facilities on it at that time; the adjacent Truck 'n Travel truck stop likely does/did have laundry facilities; and the legal description of the encumbered properties identified in the memorandum of lease includes the Truck 'n Travel property (as well as the subject), we believe the lease is not an active encumbrance on the subject property. We recommend that documentation be recorded to release the subject from this encumbrance.

Note: it is assumed for purposes of this report that the subject is not encumbered by any existing leases.

Exception 18 in the title report is for an “Agreement for Exclusive and Shared Use of Easements” that relates to a shared septic tank and drainfield installation that is about one-half mile south of the subject property. The system sits on the west side of Roberts Road and straddles Roberts Court. The shared system, which has a capacity of 13,500 gallons per day of effluent, appears to have been built in 1999/2000, largely for the benefit of the industrially zoned properties in the Roberts Industrial Center subdivision. We believe this encumbrance appeared on the subject's title report since the Pape property was a beneficiary of the shared septic system use and the subject property's current configuration includes a 0.88-acre remainder of that Pape property. Since the subject's sanitary sewer needs are being met on an interim basis via a septic field on the adjacent lot to the south and will be met on a long-term basis by connecting to the City's new municipal system in the near future, this encumbrance (in which the subject is actually the dominant estate/beneficiary) appears to effectively be unnecessary. If our analysis is correct, we recommend that documentation be recorded to release the subject's interest in the shared system in order to insulate the subject from potential capital/operating costs and potential liabilities associated with the shared septic system. The recorded documents referenced in the title report include 2001-44521, 2003-68537, and 2011-7835. We have included those documents under a separate tab in the addendum for ease of reference.

Note: it is assumed for purposes of this report that the subject’s legal connections to the shared sanitary sewage system one-half mile south of the subject are fully and completely severed. This is a hypothetical condition.



Exception 19 in the title report is a perpetual, non-exclusive easement over the subject and the adjacent lot 500 to the south that was granted to the City of Coburg as part of the development of their hybrid municipal sewer system. The easement grants the City the right to “enter and inspect, including by excavation, the on-site sewage disposal system.” The easement terminates when usage of the on-site septic system ends because the properties become connected to the new municipal sewer system. The easement does not encumber a specific area of the the subject or the adjacent lot 500 and is a “blanket” easement. Since the subject and the adjacent lot 500 are owned by the same entity, the easement requires that, in the event the common ownership is severed, the deed used to transfer ownership must include a utility easement that allows “the benefitting property (to) use the burdened property for purposes of installing, operating and maintaining a drainfield and related facilities for an individual on-site wastewater treatment system.” The easement shall be in “a form acceptable to the City.”

Note: it is assumed for purposes of this report that an easement has been recorded on lot 500, encumbering lot 500 and benefitting the subject lot 501, which provides the subject property with the legal right to have a septic drainfield on the adjacent lot 500, as shown in the adjacent exhibit. This is a hypothetical condition. In the absence of this assumption, the adjacent lot 500 would likely have to be taken as loan collateral to ensure the subject’s sanitary sewage disposal needs are met until the property can be hooked up to the future municipal sewage system.

Exception 20 in the title report references a relinquishment of access to Pearl Street for the subject's parent lots (and by extension the subject property). It was recorded under document 2012-25867 as part of ODOT's acquisition of part of the subject's parent lots and part of the adjacent Truck 'n Travel property.

Exception 21 in the title report references a relinquishment of access to Pearl Street for the property owned by Pape Properties, Inc. It was recorded under document 2012-31732 as part of

ODOT's eminent domain acquisitions. This encumbrance indirectly attached to the subject property since part of the subject consists of the Pape Properties remainder.

During our research of county records we discovered an easement that encumbered the subject's parent tax lot 501. Before the new Coburg Industrial Way right of way was created, the subject's parent lot 501 extended westward, and was adjacent to, the Truck 'n Travel parcel to the west. There is an irrigation channel that runs north/south along the old western property line of parent lot 501. On June 23, 2009, Coburg 5, LLC granted to Muddy Creek Irrigation District a 33-foot wide easement along the entire north/south length of the west side of parent lot 501, as shown at document 2009-36313. That easement appears to fall within the new Coburg Industrial Way right of way and therefore should not be an ongoing encumbrance of the subject lot in its new/current configuration. The omission of this easement from the title report may be confirmation of this conclusion, or it may be an oversight.

Note: no encumbrance documentation for the access road that straddles the subject and the vacant, adjacent lot to the south was discovered in the course of this appraisal. It is assumed for purposes of this report that the southern 27.5 feet of the subject property will be encumbered by an access easement benefitting lot 500 to the south. It is further assumed that the northern 17.5 feet of lot 500 to the south will be encumbered by an access easement benefitting the subject lot 501. Further, it is assumed that the access easement will include a maintenance agreement that will not impose atypical or unreasonable cost obligations or liability exposure upon the subject property.

Improvement Description

Retail Fueling

Canopy

108- by 43-feet, covering an area of 4,644 square feet. It will be supported by six, 16-inch diameter, steel columns set in seven-foot diameter concrete footings. The canopy will have a clear height of 17 feet. The canopy will no doubt be well illuminated by canopy lights and the ends of the fuel islands dispensers will be protected by steel bollards. However, the number and type of canopy lights, as well as the size and construction nature of the bollards, is not discernible at this time given the information in our possession.

Pumps	Six blending, multi-product dispensers that will be Gilbarco Encore 500S units. The dispensers will be arranged in a three-by-two, angled "starting gate" configuration that will channel fueling traffic in a clockwise cross-site flow. Four dispensers will have one hose per side and will dispense the standard three grades of gasoline. Two dispensers will have two hoses per side and will also dispense diesel in addition to the three grades of gasoline. The dispensers will have OPW nozzles, Goodyear hoses, and Husky breakaway joints.
Tanks	Two 10-foot diameter, double-wall-fiberglass, underground storage tanks manufactured by Xerxes. One tank will hold 25,000 gallons of regular gasoline. The second tank will be divided into two compartments, one of which will hold 10,000 gallons of diesel fuel while the other will hold 15,000 gallons of premium gasoline. The tanks will have 22-inch diameter manways; 42-inch, flat-sided containment sumps; and 30-inch, watertight manway lids. Due to the high water table, the tanks will have hold-down straps and anchors.
Other Equipment	Five-gallon overfill containment will be provided at the tank fills. Two 1.5hp and one 2hp, FE Petro, submersible turbine pumps will deliver fuel through 2-inch diameter, Smith fiberglass product piping. The primary piping will be inside 3-inch diameter, Smith fiberglass containment piping, making it a double-wall installation. The dispensers will sit atop Phil-Tite fiberglass containment sumps. A VeederRoot TLS350 tank monitoring system will provide tank gauging, tightness testing, line leak detection, interstitial monitoring, and sump container liquid detection. The fueling improvements do not include a Stage II vapor recovery system since the subject is outside of an EPA-designated air quality management area.

Building

Rough Dimensions and Area	About 72 feet north/south and 84 feet east/west, with various extensions and setbacks around the building's envelope. It has a gross area of 5,978 square feet. The space that will be leased to McDonald's is 3,165 square feet, accounting for 52.9 percent of the total building area. The convenience store portion of the building totals 2,813 square feet. However, of that area, 1,188 square feet consists of the oversized restrooms which are shared with McDonald's. The net usable convenience store area is therefore 1,625 square feet, which is just 27.2 percent of the gross building area. The following table summarizes the various

building areas and their relative share of both the gross building area and the convenience store area.

	Sq Ft	% of Total Building Area	% of C-Store Area
Gross building area	5,978	100.0%	-
McDonald's area	3,165	52.9%	-
Convenience store area	2,813	47.1%	100.0%
Shared, oversized restroom area	1,188	19.9%	42.2%
Net usable convenience store area	1,625	27.2%	57.8%

Main Building Sections/Uses

Convenience Store

Retail floor area; cashier's counter; hot-dispensed beverages island; cold-dispensed beverages counter; nine-door walk-in cooler; storage/utility/manager's office area; utility room; a four-stall women's restroom that includes three hand sinks, an area for electric hand dryers, baby changing station, and an entry foyer; and a men's restroom with two stalls, three urinals, three hand sinks, an area for electric hand dryers, baby changing station, and an entry foyer.

Restaurant

Dining room area with built-in seating for 64, including eight double-bench booths that each seat five people, three tables that are one-half bench and one-half individual seating, and eight tables that have individual seating; self-serve fountain drink counter; cashier/customer service counter; kitchen/food preparation area; 68-square foot walk-in cooler; 152-square foot walk-in freezer; manager's office; and drive-through order window.

The drive-through lane wraps around the north side of the site, where the menu board, intercom, and ordering equipment sits, and then runs south, adjacent to the building. The drive-through cashier window sits on the north end of the west building face, while a customer service/food delivery window sits just south of the middle of the west building face.

Entryways

The building includes a single man-door that opens into the McDonald's restaurant space and is on the west side of the south building face, which faces the fueling center. A pair of double man-doors sits in the middle of the convenience store's storefront, facing the fueling center. Inside the convenience store, a seven-foot wide passageway that is just north of the cashier's counter connects the convenience store space to the restaurant space. The McDonald's space includes two hollow-core, metal entry doors on the west side of the north building face, once of which leads into the storage/utility area and one of which leads into the walk-in freezer. The convenience store space includes a single, hollow-core, metal door on the north side of the east building face that leads into the storage/utility/manager's office area.

Main Structural Components

Poured concrete perimeter foundation with a six-inch thick, concrete slab-on-grade over a vapor barrier and R-10 perimeter insulation. The exterior wall construction is wood-framed with 2- by 6-inch studs set on 16-inch centers and R-21 batt insulation. Exterior wall finishes on the south face are dominated by cultured stone stone veneer, with horizontal, fiber-cement (HardiPlank-style) lap siding accent/infill. On the east, north, and west building faces the exterior finishes are dominated by horizontal, fiber-cement (HardiPlank-style) lap siding with brick and cultured stone veneer accent/infill.

The roof system consists of plywood sheathing atop open-webbed, wood/metal joists set on 32-inch centers. The roof covering is a single-ply, elastometric covering. The roof line has several parapets, as well as McDonald's-specific imaging accents. Windows and entry doors are double-pane glass in aluminum frames.

Interior Finishes

Restaurant

Most of the interior finishes will be installed by McDonald's and are not called out on the blueprints provided to us. However, the ceilings throughout the entire leased space will be suspended T-bar with acoustic tiles. In the dining room and customer service area, the lighting is recessed, incandescent can fixtures. In the kitchen and utility areas the lighting is recessed, fluorescent-tube fixtures.

Presumably the walls will be fiberglass-reinforced plastic over drywall in the food preparation areas and painted or wallpapered drywall in the customer service and dining areas. Presumably the floor finishes will be ceramic tile throughout.

Convenience Store

Ceilings throughout will be suspended T-bar with acoustic tiles, except in the restrooms which will have painted drywall ceilings. Floor finishes will be sealed, colored concrete throughout, except in the restrooms which will have ceramic tile flooring. Wall finishes will largely be painted drywall, although the restrooms will have ceramic tile wainscot.

Windows will be aluminum-framed with Corian sills. Lighting in the kitchen, utility, and hallway areas consists of recessed fluorescent fixtures, while in the retail floor area, lighting is incandescent pendant lights.

Other Improvements

A 17-foot wide, delivery driveway is adjacent to the north side of the building. It is a dead-end drive intended to provide a dedicated area for trucks to unload as close as possible to the storage areas inside the building. A double-wide driveway starts about 25 feet north of the northeast corner of the building, providing a dedicated drive-through lane and a bypass lane. The double-wide drive heads west and then curves around to the south before heading south, adjacent to the west side of the building before exiting near the west side of the retail fueling center.

A 17- by 19-foot, 322-square foot concrete block trash enclosure will sit in the middle of the east property line, roughly aligned with the south wall of the building. There will be seven parking spaces along the east side of the building and eight parking spaces inside the east property line and north of the trash enclosure.

The two aisles of parking stalls east of the building--the aisle adjacent to the building and the aisle along the property line--will be separated by 63 feet of asphalt paving to allow for an adequate turning radius for semi-trucks accessing the delivery driveway on the north side of the building. There will be five standard parking spaces and three handicap parking spaces along the south side of the building.

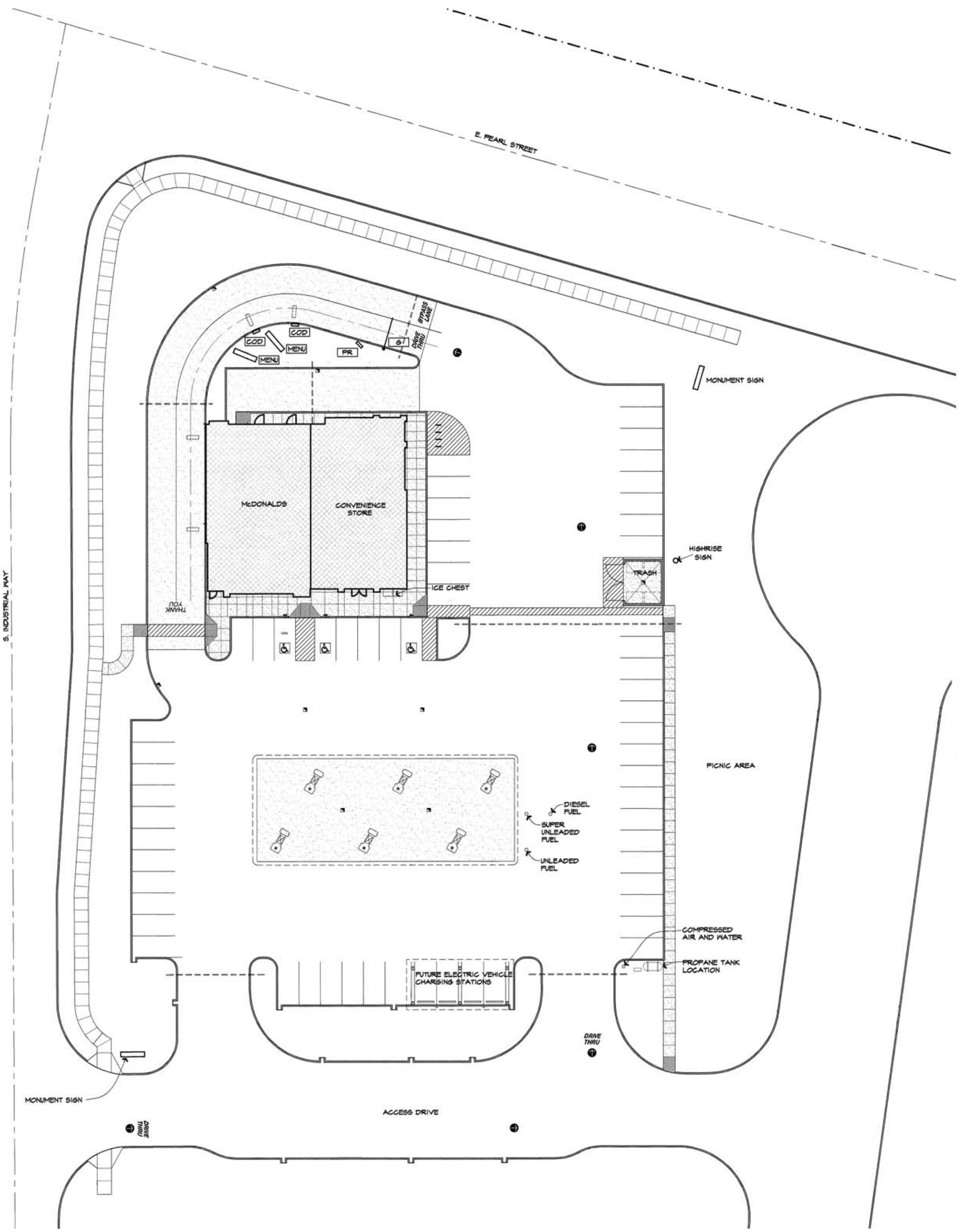
West of the fueling center and inside the west property line, there will be 11 standard parking spaces. East of the fueling center and inside the east property line, there will be 16 standard parking spaces. South of the fueling center will be 10 standard parking spaces, with the eastern four spaces earmarked as "future electric vehicle charging stations."

A monument sign at the northeast corner of the site will advertise the subject's fuel prices, fuel brand, and McDonald's restaurant. A single-pole, high-rise sign will sit just east of the trash enclosure advertising the fuel brand and McDonald's brand to interstate traffic flows.

The perimeter of the entire property will be landscaped with lawn, low bushes, and trees. The east side of the property will have a large lawn area with two built-in picnic table/benches. The south side of the site will have "rain gardens", which will be recessed and landscaped on-site storm detention areas.

Design Concerns - Site Layout

The following exhibit shows the subject’s site layout. We have presented this exhibit here to assist the reader in understanding the subsequent narrative addressing design concerns.



Parking

Only 15 of the site’s 60 total parking spaces, just 25 percent of the total, are conveniently located adjacent to the building. Three of those 15 spaces, or 20 percent of them, are handicap spaces leaving only 12 spaces conveniently located for non-handicapped customers.

The remainder of the parking spaces have an average distance of between 117 and 163 feet from the middle of the south building face, which has the only customer entrances to the building. Fully 75 percent of the facility’s parking space sit at a weighted average distance of 147 feet from the customer entrances to the building. This is disconcerting given that the nature of the improvements is inherently convenience oriented.

Truck Access

As noted previously, the two aisles of parking spaces at the northeast corner of the development are separated by 63 feet of asphalt in order to provide an adequate turning area for semi-trucks to access the delivery driveway adjacent to the north side of the building. We believe a site design that incorporated a truck access/drive-through entrance off the Roberts Street cul-de-sac would have been a better use of the various land areas. This would have allowed trucks to use an extremely low-use, public right of way for turning around before backing onto the subject property and into the delivery drive lane adjacent to the north of the building. There would very likely have been adequate on-site stacking room for drive-through customers.

All of this would have allowed the convenience store to be expanded to the east by 10 to 20 feet and/or for there to be a higher density of parking spaces at the northeast side of the property, where it is most convenient. Drive-through traffic could have been directed around the property, along the adjacent right-of-ways, via signage.

Cross-Site Traffic Flows

The fueling islands are angled to the northeast in a “starting gate” configuration that encourages a clockwise cross-site traffic flow for fuel customers. Customers would enter the site at the southwest driveway, head in to the fueling islands, and then turn right and leave the site at its southeast driveway. This traffic flow will force customers to make a left turn off of Coburg Industrial Way and then a quick left turn once they get onto the access road. However, traffic leaving the site will be heading west on the access road and may stack up at the intersection of Coburg Industrial Way and the access road, possibly impeding access to the southwest driveway.

The McDonald's drive-through lane and drive-through bypass lane heads south across the west side of the north half of the property. It will be a straight shot from the ends of those lanes to the subject's southwest driveway, making it a travel path that most drive-through customers will use to leave the site.

Since the McDonald's drive-through cross-site traffic flows are counterclockwise, the fueling islands have a clockwise traffic flow, and those two flows conflict at the southwest driveway, there will likely be traffic congestion there. A site design that forced the southeast driveway to be entrance only, that had all major cross-site traffic flows forced into a counterclockwise pattern, and that forced the southwest driveway to be exit only, would have avoided potential traffic flow conflicts.

Overall Site Layout

We believe the site layout could have been made more efficient and customer friendly if the pedestrian-oriented components of the facility--namely, the parking stalls and the building entrances --and the cross-site traffic flows had been better separated from each other and concentrated. For example, one idea would have been to eliminate the landscaping island and 10 parking stalls in the middle of the south property line. This could have allowed the fueling center to be pushed farther southward and allowed for direct access to the fueling center from the access road. It would have freed up site area on the north side of the property that could have been used more effectively for parking, parking that would have been closer to the building and more customer friendly.

Trash Enclosure

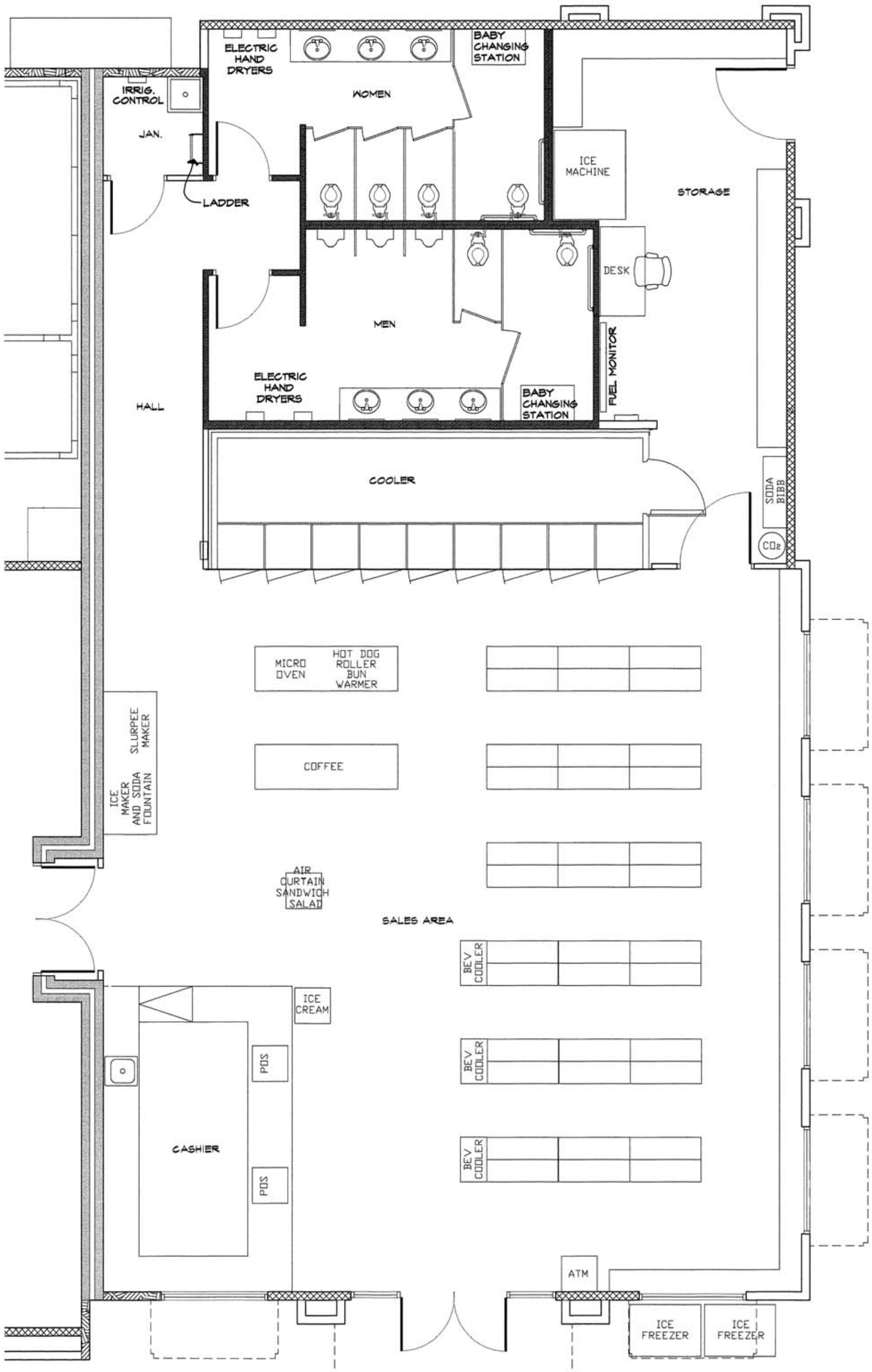
The trash enclosure is located on the east side of the property, about 175 feet away from the utility doors at the rear of the McDonald's building envelope. This will force employees to haul trash a significant distance across areas that will be highly visible to customers. More disturbing, the trash enclosure occupies an area equivalent to two parking spaces in an area of relative close proximity to the building. The trash enclosure could have been located on the north edge of the property, relatively protected from customer sight, and in an area that would not have impacted on-site parking.

Customer Entrance

The McDonald's space only has a single-door customer entrance on the far west side of the south building face. It is fairly distant relative to the majority of the parking stalls on the property. The convenience store has a double-door entrance on the east side of the south building face. It will likely be the primary entrance used by customers to access the building, whether they intend to access the convenience store or McDonald's.

Design Concerns - Convenience Store

The following exhibit shows the subject convenience store's layout. We have presented this exhibit here to assist the reader in understanding the subsequent narrative addressing design concerns.



Restrooms

Size

As discussed previously, the new convenience store will have a gross area of 2,813 square feet, but 1,188 square feet of that area (42.2 percent of the total) is taken up by the restrooms that have to be shared with McDonald's. Because of the customer load generated by McDonald's, the restrooms are substantially oversized relative to the typical gas station restroom. We estimate the typical, oversized uni-sex restroom at a modern gas station is about 100 square feet, which is about the same area that two smaller, single-sex restrooms would total.

For purposes of comparing the new convenience store to other facilities, an effective building area equal to the net usable convenience store area of 1,625 square feet plus the 100 square feet of market-typical restroom area should be used. This yields an effective convenience store size of 1,725 square feet.

Location Within Store

The restrooms are located at the rear of the building envelope and are oriented east/west, requiring a north/south hallway to access them. This is an inefficient use of floor space inside the convenience store envelope that could have been avoided using a different interior layout.

Walk-In Cooler Size

The convenience store only has a nine-door walk-in cooler. In speaking with station owners/operators over the years, we have consistently heard that they wished they had more doors on their walk-in coolers; most operators wish they had a 20- to 30-door walk-in cooler. Indeed, the new store designs that have been cited in various industry publications as being successful often have more than 30 doors on the walk-in coolers.

The packaged beverages category has seen an explosion of SKUs over the last 10 years with the addition of energy drink, bottled water, and flavored-water subcategories, and the expansion of the variety of beers that are carried, especially in the Pacific Northwest where microbrews are popular. The extreme fragmentation of the packaged beverages category requires additional cooler shelves to carry the variety of SKUs that customers seek and desire.

Store Layout

Cashier Counter

The cashier counter is located at the southwest corner of the convenience store envelope, taking up sales area that could be better used to market products to customers passing through the store to access McDonald's. The cashier counter could have been located in a lower-pedestrian-traffic area such as the southeast corner of the interior. This would have afforded the cashier the same sight-lines across the store, providing necessary surveillance/security controls while maximizing the effectiveness of the floor area available to market products to customers.

Prepared Foods Coolers

There will be a free-standing ice cream freezer adjacent to the northeast corner of the cashier counter and a free-standing, open-face cooler four feet north of the cashier counter for prepackaged sandwiches and salads. Both coolers are directly in the travel lane customers will use to access the McDonald's space via the convenience store. This is an inefficient use of sales floor space given that the McDonald's customers are patronizing the restaurant specifically to buy food prepared on-site.

Cold-Dispensed Beverages Counter

The cold- and frozen-dispensed beverages counter is only eight feet long. Typically, new stores allocate about 12 feet of counter space to display and dispense such products. Further, the cold-dispensed beverages counter sits on the south end of the pedestrian pathway that leads back to the restrooms, just inside the passageway that connects the McDonald's and convenience store spaces. There will be pedestrian traffic congestion/conflict between store customers using the cold-dispensed beverages counter and McDonald's customers trying to quickly access the restrooms. In addition, this is an inefficient use of sales floor space since the McDonald's customers are highly unlikely to purchase fountain drinks inside the convenience store.

Hot-Dispensed Beverages Island

As with the cold-dispensed beverages counter, the hot-dispensed beverages island is only eight feet long. Again, new store construction typically includes about 12 feet of counter space to display and dispense such products.

Gondola Racking

All of the retail racking is arranged in an east/west orientation, perpendicular to the entrance and the main aisle leading back to the walk-in coolers. The hot-dispensed beverages island and the hot-food service (hot dogs and microwave) island are both arranged east/west as well. This is a highly inefficient layout for product marketing purposes, as it minimizes the amount of products to which convenience store customers are exposed. Equally concerning, it minimizes the amount of products to which McDonald's patrons are exposed if they use the convenience store to access the McDonald's space. Unfortunately, this layout is relatively fixed since the two islands are built-in and immovable, and the three rows of racks closest to the entrance are capped on the west end by free-standing beverage coolers that have dedicated electrical circuits wired at the ends of the racks.

Counters

There is a total of 50 feet of built-in counters along the east wall of the retail floor area and the east side of the south wall of the retail floor area. This is a substantial amount of counter space relative to what is typically found within a convenience store. Counters are most often and effectively used for dispensed beverages, displaying breakfast items that would typically be purchased in conjunction with hot-dispensed beverages, displaying other pre-packaged and hot-displayed foods, and supporting appliances that customers can use for warming the pre-packaged foods.

The ability to repurpose the counter space is limited by the power and plumbing plan. There is no plumbing infrastructure under the counter space that could support a drain (as might be used by an ice machine atop a fountain drink dispenser). There are only five 110-volt outlets set about 9.5 feet apart along the counter length. In contrast, the cold-dispensed beverages island discussed previously has three outlets within a five-foot space, the hot-dispensed beverages island has three outlets within a four-foot space, and the hot dog roller/microwave island has four outlets within a six-foot space.

Design Concerns - Conclusion

It appears that McDonald’s was the driving force behind the overall site design and the location/design of the restrooms inside the convenience store. It appears that the integration of the fueling facility and convenience store was a junior priority to McDonald’s. We are concerned that the design concerns addressed above will have a material impact on the facility’s overall success as a multi-profit-center facility.

Format Explanation/Key to Symbols

The remainder of this appraisal is presented in a bullet point format. We have employed four types of symbols to alert the reader to the nature of the condensed commentary:

☞ Comments that are preceded by this symbol are neutral and provide general information.

✗ A red "X" symbol is indicative of a condition or information that is negative relative to the subject property's interests or operations.

✓ A green check mark indicates a condition or information that is positive for the subject property.

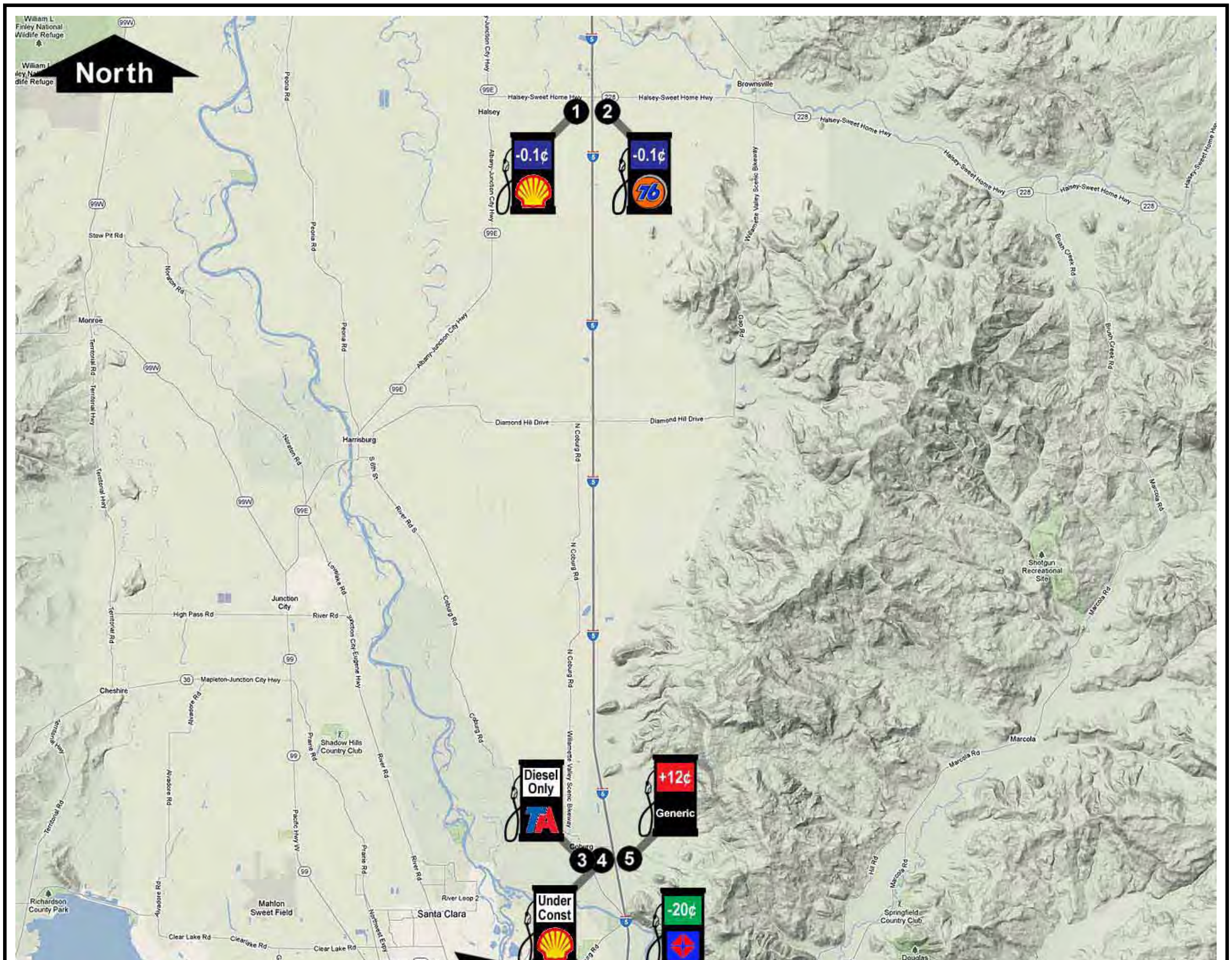
⇨ A blue arrow indicates that a conclusion is being drawn.

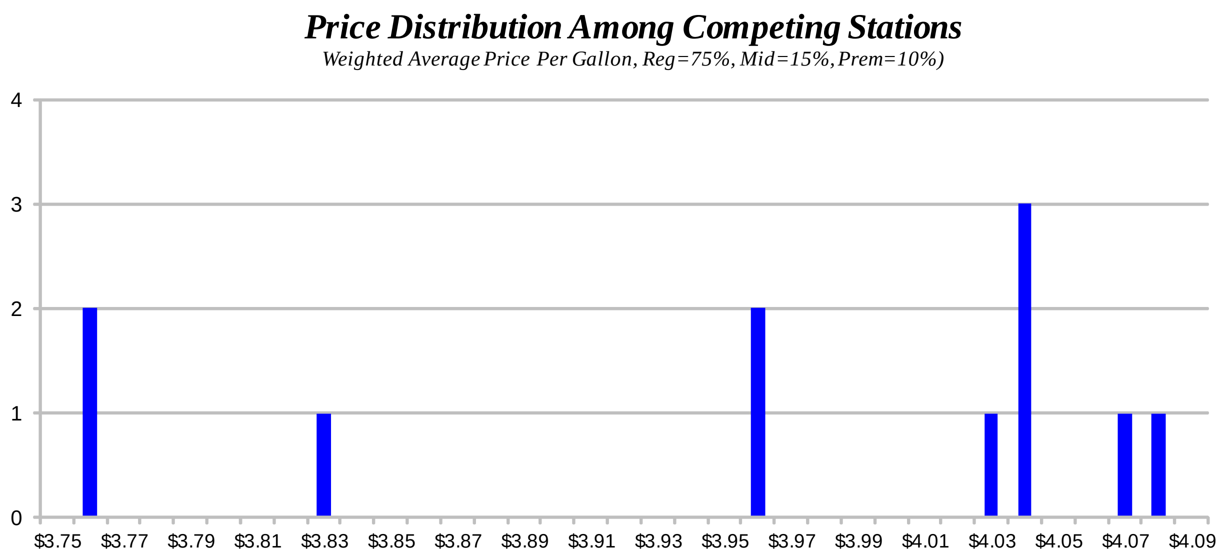
Competing Stations Analysis

Introduction

✓ We surveyed all of the competing stations within the trade area as well as those stations within the Interstate 5 corridor that could reasonably be considered competition for the transient demand arising from the interstate traffic flows.

⇨ The exhibit on the following page shows the location of the subject's competitors, their branding, and their price variances relative to the surveyed average.


North
Subject
-0.1¢
-0.1¢
Diesel Only
+12¢
Generic
Under Const
-20¢
+7.9¢
Chevron
+7.9¢
Closed
+11¢
+7.9¢
+6.9¢
Generic
$ Not Posted
-13¢
-20¢
Key To Pump Icon Colors
= price is lower than 1.0¢ below the surveyed average
= price is within +/- 1.0¢ of the surveyed average
= price is greater than 1.0¢ above the surveyed average



		Product Pricing						Features	
#	**Brand**	**Reg.**	**Plus**	**Super**	**Diesel**	**Wtd Avg**	**Spread**	**C-store**	**Other Profit Centers / Notes**
1	Shell	$3.89	$4.09	$4.29	$4.09	$3.96	-0.1¢	X	Diesel fueling center
2	Unocal 76	3.89	4.09	4.29	4.09	3.96	-0.1¢	X	Blimpie QSR, diesel fueling center, hotel, truck service, sit-down restaurant
3	T/A	-	-	-	4.13	-	-	X	12-unit, unbranded motel
4	Shell	-	-	-	-	-	-	X	Under construction; McDonald's QSR
5	Fuel'n Go	3.89	-	4.99	4.08	4.08	11.9¢	-	Pumper only
6	ARCO	3.73	3.83	3.93	-	3.76	-20.1¢	X	-
7	Chevron	3.99	4.13	4.23	4.29	4.04	7.9¢	X	-
8	Shell (subject)	3.99	4.13	4.23	4.31	4.04	7.9¢	X	-
9	Unocal 76	-	-	-	-	-	-	X	-
10	Unocal 76	4.03	4.15	4.27	-	4.07	10.9¢	X	-
11	SeQuential	3.99	-	-	4.28	4.03	6.9¢	X	-
12	Shell	3.99	4.13	4.31	-	4.04	7.9¢	X	-
13	Pacific Pride	-	-	-	-	-	-	-	-
14	Unocal 76	3.79	3.89	4.01	3.95	3.83	-13.1¢	X	-
15	ARCO	3.73	3.83	3.93	-	3.76	-20.1¢	X	-
	Avg price	***$3.90***	***$4.03***	***$4.25***	***$4.15***	***$3.96***		***13***	
	Hi-Low range	***30¢***	***32¢***	***106¢***	***36¢***				

Supply/Demand Ratios

☞ The State of Oregon shows there are 1,591 locations with licensed fuel dispensers in the state. Based on the state's 2011 population, there are 2,425 people per station.

✗ The population within the city of Coburg is 1,045 people and there are three stations within the city, including the subject. This yields a ratio of 348 people per station. The demand ratio is therefore 85 percent lower than the state average.

✗ The trade area has a permanent population of 2,722 people and three stations, for a ratio of 907 people per station. The demand ratio is therefore 65 percent lower than the state average.

✓ Across Lane County there are 132 fueling locations and 353,155 people, yielding a ratio of 2,675 people per station. This is about 10 percent higher than the state average.

⇨ The supply/demand ratio within the city and trade area is substantially lower than the statewide average, while across the county there is a modest undersupplied condition.

✓ The oversupplied conditions within the city and trade area is tempered by the nature of the three competing stations.

✓ One competitor is the T/A Travel Center adjacent to the west of the subject. That facility only sells diesel fuel and almost exclusively attracts truck traffic off the interstate. It is not a competitor for consumer demand for gasoline.

✓ The other facility is the Fuel'n Go station on the opposite side of the interchange. That facility has an unusual configuration, with aboveground tanks, an atypical canopy that has angled solar panels, no convenience store, and co-branding as a Pacific Pride cardlock. It is also located at the second-weakest quadrant of the Coburg interchange.

✓ Of the three stations within the city and the trade area, only the subject station is a market-typical retail fueling facility and only the subject includes a convenience store.

☞ Another factor that mitigates the oversupplied condition across the city and trade area is transient demand. As part of their explanation for the need for the new municipal sewer system, the City of Coburg states that the city has "a daytime influx of 3,000 employees in various commercial and industrial facilities." That statement was certainly true five to seven years ago, when the sewer system project was gaining traction. However, with a peak employment of about 2,500 people, Monaco Coach was the primary driver for the vast majority of the daytime population influx into the city.

☞ Monaco Coach is nearly gone from Coburg; most of the production and service functions that were performed in Coburg have either been eliminated or consolidated at other locations around the country. Current Monaco employment in Coburg only stands at about 75 people at a service center, leaving a million square feet of industrial space vacant.

⇨ Substantial and structural changes in the trade area's employment base have reduced transient demand for fuel. This amplifies the concern about the oversupplied conditions in the city and trade area.

☞ There were 1.486 billion gallons of gasoline and diesel fuel sold in Oregon in 2011. This equals 385.3 gallons per person per year and 77,851 gallons per station per month.

☞ Based on the average statewide, per capita consumption and the trade area's population/station ratio, the average gas station in the city should see about 11,000 gallons per month, while the average gas station in the trade area should see about 29,000 gallons per month. The average gas station across Lane County should see about 86,000 gallons per month.

⇨ Given the supply/demand conditions across the city trade area, the implied average volume per station is about 11,000 to 29,000 gallons per month.

Distribution

☞ In general, the trade area's residential/agricultural neighborhoods are not dense enough to yield sufficient demand to support a neighborhood-oriented station.

☞ Given the agricultural nature of the area and the relatively small population base, it is not surprising that the area's gas stations are found entirely along the highways or at interchanges, where demand is most heavily concentrated.

☞ Of the 15 stations surveyed, all of them are located along Interstate 5; there are no competing stations within the trade area other than the three stations at the Coburg interchange.

⇨ The subject's location along Interstate 5 is not unusual.

Brand Representation

- Only two of the three brands most commonly found in the Pacific Northwest--Chevron, Shell, and Unocal 76--have a substantial presence in the surveyed area. Together, Shell and Unocal 76 account for more than one-half of all of the fueling centers in the surveyed area.

Brand	# of Stations	Market Share
Shell	4	26.7%
Unocal 76	4	26.7%
Unbranded	3	20.0%
ARCO	2	13.3%
Chevron	1	6.7%
Cardlock	1	6.7%
Total	***15***	***100.0%***

- There is just one Chevron-branded station and just one cardlock facility.

- While Texaco is making a slow resurgence as a brand, none of the stations in the trade area fly that flag.

- There are no other major oil companies represented in the trade area.

- Together, the three major brands typically found in the Pacific Northwest account for 60 percent of the stations in the surveyed area. This is lower than we typically find.

- ARCO has a material presence among the competing stations, accounting for 13 percent of the surveyed facilities. Given ARCO's low price/high volume competitive philosophy, their impact on the competition is greater than their market share would suggest.

- Unbranded stations account for a relatively large, 20 percent share of the surveyed facilities.

⇨ The limited variety of major oil brands, combined with the large number of unbranded facilities and cardlocks, is due to demand limitations stemming from the low population densities outside the Eugene/Springfield area.

Hypermarketers

✓ There are no hypermarketers in the surveyed area.

- Although not included in the surveyed facilities due to their removed location relative to Interstate 5, there is a Costco fueling facility 3.3 miles south of the subject and one mile west of the interstate, and there is an Albertson's fueling facility 4.9 miles south of the subject and 1.3 miles west of the interstate.

- Those two hypermarketer facilities, especially the Costco, impact pricing at Competing Stations 6 and 7.

- While there is no direct hypermarketer competition among the surveyed facilities, such competition does have a direct impact on the closest competing facilities south of the subject.

Supply Models

- There are three primary supply models in the fuel retailing industry: jobber supplied, direct serve, and company operated.

- The cost of fuel to jobber-supplied stations is directly tied to the wholesale prices at the nearest bulk distribution location, which is generally known as the "rack."

- Direct-served stations are supplied directly by a major oil company. The oil company sets the price of fuel to each of their dealers based on prices within each station's submarket. The prices are not related to rack prices in any manner.

- Company operated stations are owned and operated by a major oil company. There is no third party dealer involved in the business model. As a result, the major oil company can charge retail prices as they see fit.

- The adjacent table shows the breakdown of the forms of ownership/operation among the surveyed stations. As shown, the competition is dominated by dealers, with equal presences of major oil companies and jobbers.

Brand	# of Stations	Market Share
Dealer	9	60.0%
Major oil company	3	20.0%
Jobber	3	20.0%
Hypermarketer	0	0.0%
Total	***15***	***100.0%***

- In markets that have a high degree of supply model homogeneity, there tends to be greater pricing consistency among the competing stations. Conversely, markets with a large variety of supply models tend to see larger price variations at the retail level.

- Another factor that accounts for pricing variations in a market is the competition between branded and unbranded facilities.

- ✓ The relative supply model homogeneity in the surveyed area means that most of the competing stations are effectively working off similar wholesale prices at any given time.

Facility Conditions and Offerings

Condition	# of Stations	Market Share
Excellent	2	13.3%
Good	5	33.3%
Average	8	53.3%
Fair	0	0.0%
Poor	0	0.0%
Total	***15***	***100.0%***

☞ Of the 13 operating stations we surveyed, eight were in average condition, with all of them having the typical configuration of a retail fueling center and a convenience store.

☞ Five of the stations were in good condition, mostly because they were built within the last ten years or they were recently re-imaged.

☞ Of the stations surveyed, two were in excellent condition. It should be noted that the subject *will be* in excellent condition when it is completed and was included in the figures as an "excellent" condition facility.

☞ Fully 13 of the 15 stations include a convenience store, even if it is only a small-format store. It is important to realize that the two stations that don't have a convenience store are cardlock facilities.

⇨ The pervasiveness of convenience stores as a secondary profit center shows just how important they have become to the retail petroleum marketing industry.

☞ There is very little diversity among the competing stations with respect to secondary offerings. The only diversity among profit center configurations is found at the truck stop west of the subject and the truck stop 17 miles north of the subject.

⇨ Given these observations, we believe that the size and nature of the surveyed market can only support "average" stations; that is, there is insufficient market volume to support atypical or unusual profit center configurations. The clear exception to this conclusion are truck stops, where fuel-specific demand concentration is large enough to support additional profit centers.

Pricing

☞ Since cardlocks do not post their prices, the subject was under construction, Station 9 was closed, and the truck stop west of the subject only sells diesel, we were able to gather pricing information for gasoline from 11 of the 15 surveyed stations.

☞ Excluding the prices from the two ARCO stations and the Unocal 76 station in Creswell that directly competes with an ARCO, prices among the surveyed facilities fall across an 11¢ per gallon range.

☞ Including the two ARCO stations and the Unocal 76 station, the range of prices is much larger, falling 12¢ per gallon above the surveyed average to 20¢ per gallon below the surveyed average, a range of 32¢ per gallon.

✓ Prices are lowest in Creswell, on the south end of the surveyed facilities. The ARCO station there dominates the limited competition and forces the competing Unocal 76 station to have aggressive prices. Prices among those two stations are 13¢ to 20¢ per gallon below the surveyed average.

✓ Prices are highest from the south side of Eugene up to Coburg, typically falling between 7¢ and 12¢ per gallon above the surveyed average.

✗ The sole exception to this is the ARCO station at the Interstate 5/ Beltline interchange, about 3.7 miles south/southeast of the subject. Prices at that station were 20¢ per gallon below the surveyed average.

✗ Prices at the closest stations north of the subject, albeit 17 miles to the north, fall between the aggressive stations in Creswell and the high-priced stations in Eugene/Springfield. Prices at those stations, which are owned and operated by the same person, were just 0.1¢ per gallon below the surveyed average.

✓ The subject sits on the northern edge of a nine-mile stretch of the interstate that has 10 of the 15 surveyed facilities and prices are highest among those facilities.

✓ While prices at the Highway 228 exit 17 miles north of the subject are more aggressive than to the south, the significant distance between the subject and that competition makes it less likely that it would capture transient demand along the interstate.

✗ The most aggressive, direct competition comes from the ARCO station at the Interstate 5/Beltline Road interchange.

⇨ The subject is well positioned to pursue a pricing philosophy at the upper end of the market.

Operations Analysis and Pro Forma Development

Data From Prior On-Site Operations

Background

☞ The subject site was previously developed with a four-dispenser, Shell-branded gas station under a 1,496-square foot canopy that included a 1,344-square foot convenience store.

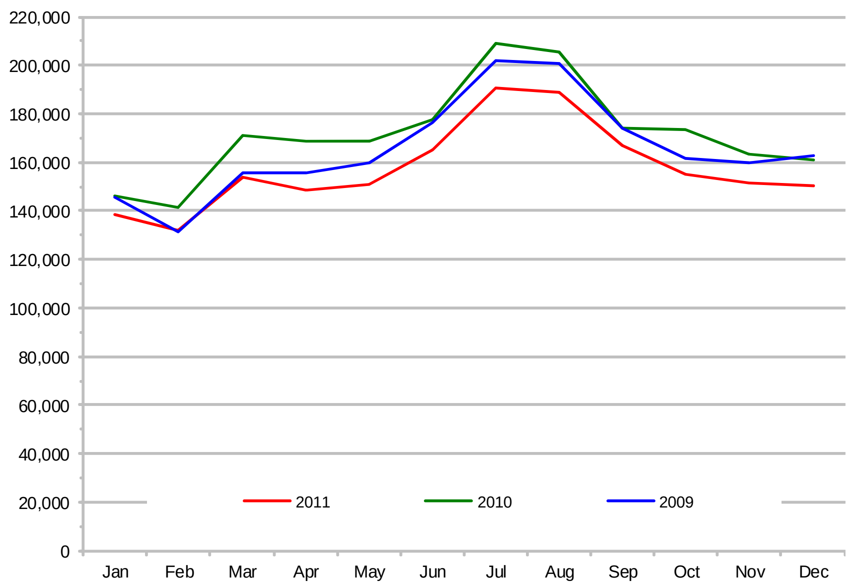
☞ The prior fueling facility closed for business in March of 2012 as part of ODOT's eminent domain acquisition.

✓ We have fuel volume, store sales, and limited income statements from the previous fueling facility that should serve as a baseline for what the proposed subject station should achieve.

Fuel Income

Volumes

☞ The following chart graphically illustrates the prior station's monthly fuel volumes from 2009 through 2011, while the adjacent table shows the actual monthly volume figures.



	2009	2010	2011
Jan	145,507	146,288	138,351
Feb	131,135	141,734	131,892
Mar	155,902	171,317	153,917
Apr	155,701	168,975	148,844
May	159,718	168,617	150,987
Jun	176,418	177,523	165,093
Jul	202,061	208,842	190,607
Aug	200,577	205,425	188,904
Sep	174,108	174,019	166,994
Oct	161,473	173,254	154,862
Nov	159,952	163,263	151,722
Dec	162,826	161,039	150,296
Total	1,985,378	2,060,296	1,892,469
Avg	*165,448*	*171,691*	*157,706*
% Chg	**1.7%**	**3.8%**	**(8.1%)**

✓ The prior station averaged a strong 165,000 gallons per month in 2009, which was an increase of 1.7 percent over levels achieved in 2008. This is consistent with the 1.6 percent increase in total, statewide fuel demand between 2008 and 2009.

✓ The prior station's volumes increased a strong 3.8 percent in 2010, jumping to about 172,000 gallons per month. In contrast, statewide fuel demand only increased by 0.1 percent in 2010, compared to 2009.

✗ The prior station's volumes dropped by 8.1 percent in 2011, declining to an average of about 158,000 gallons per month. The drop in volumes is materially greater than the 3.1 percent decline seen on a statewide basis in 2011.

☞ In two of the three past years, the changes in the subject's volumes were 10 to 160 percent greater than was seen across the state. In the third year, the change was so much larger--5,070 percent--that it renders the data point meaningless beyond the fact that it was in the same direction as the statewide change.

⇨ Changes in the prior station's volumes followed the direction (increase/decrease) of the year-over-year changes in statewide demand for fuel. The changes in the station's volumes have been to a greater extent (amplitude) than was seen at the statewide level.

✗ Statewide fuel demand over the first nine months of 2012 has declined by 1.3 percent compared to the same period in 2011.

⇨ If we were appraising the prior gas station on the subject property, we would rely on a volume projection of 158,000 gallons per year, adjusted down by 1.3 percent to about 156,000 gallons per year.

Margins

☞ The adjacent table summarizes the prior station's average fuel margin over the last three calendar years.

	Avg Volume	% Chg	Avg Margin	% Chg
2009	165,448	1.7%	28.7¢ / gal.	-
2010	171,691	3.8%	27.0¢ / gal.	(5.9%)
2011	157,706	(8.1%)	28.1¢ / gal.	4.1%

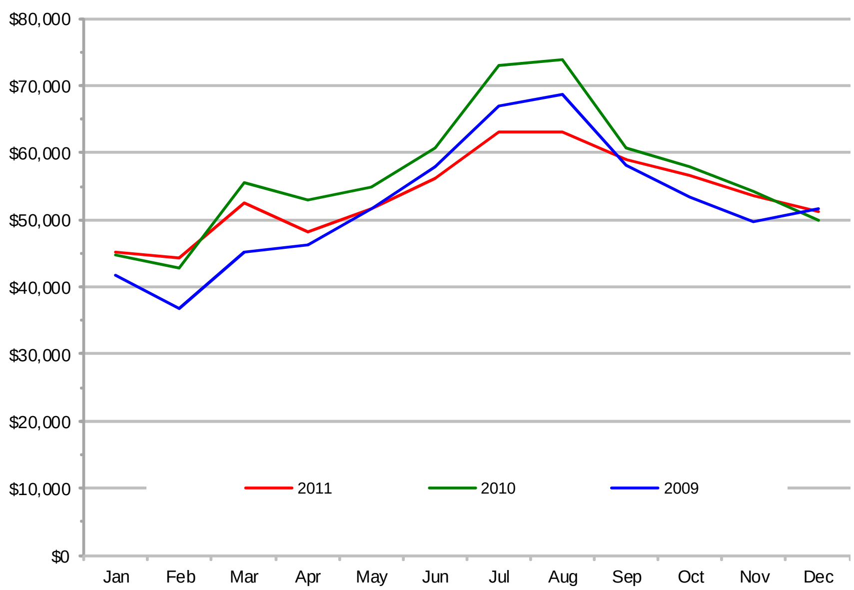
☞ The station's margins have been quite consistent, varying by just six percent.

⇨ If we were appraising the prior gas station on the subject property, we would rely on a margin projection of 28.0¢ per gallon.

Non-Fuel Income

Sales

☞ The following chart graphically illustrates the prior station's monthly convenience store sales from 2009 through 2011, while the adjacent table shows the actual monthly sales figures.



	2009	2010	2011
Jan	$41,817	$44,854	$45,244
Feb	36,879	42,728	44,436
Mar	45,212	55,449	52,605
Apr	46,187	53,030	48,146
May	51,710	54,845	51,571
Jun	57,999	60,648	56,244
Jul	66,982	72,971	63,116
Aug	68,721	73,870	63,152
Sep	58,033	60,709	58,900
Oct	53,299	57,812	56,534
Nov	49,760	54,154	53,595
Dec	51,762	49,988	51,160
Total	$628,361	$681,058	$644,703
Avg	*$52,363*	*$56,755*	*$53,725*
% Chg	**-**	**8.4%**	**(5.3%)**

☞ The prior station's non-fuel sales consisted entirely of convenience store and propane sales. There were no other profit centers or sources of income on the property.

✓ Store sales averaged about $52,000 per month in 2009 and increased a substantial 8.4 percent in 2010, increasing to about $57,000 per month.

✓ The year-over-year increase of 8.4 percent in store sales was more than twice as large as the 3.8 percent increase in fuel volumes.

✗ Store sales decreased in 2011 by 5.3 percent, falling to an average of about $54,000 per month.

✓ The 5.3 percent decline in store sales seen in 2011 was only two-thirds of the 8.1 percent decline seen in fuel volumes that year.

⇨ If we were appraising the prior gas station on the subject property, we would rely on a store sales projection of $54,000 per month.

Margins

☞ The adjacent table summarizes the prior station's average margin on convenience store sales over the last three calendar years.

	Avg Sales	% Chg	Avg Margin	% Chg
2009	$52,363	-	27.0%	-
2010	$56,755	8.4%	25.0%	(7.3%)
2011	$53,725	(5.3%)	24.3%	(2.8%)

✖ The prior station's store margins peaked in 2009 at 27.0 percent and declined in each of the subsequent years, first to 25.0 percent and then 24.3 percent.

⇨ If we were appraising the prior gas station on the subject property, we would rely on a store sales margin projection of 24.5 percent.

Operating Expenses

☞ The extent of the operating expenses appearing under the prior station's profit and loss statements is quite limited since many of the expenses were aggregated and booked under the truck stop adjacent to the west. The following table shows the site-specific expenses that were broken out for the prior station.

	2009	2010	2011
Financial: credit card fees	$82,765	$99,198	$112,275
Insurance: worker's comp	6,393	2,264	3,478
Payroll: wages	215,341	217,247	219,078
Payroll: burden	21,433	21,608	24,321
Payroll: benefits	16,075	17,848	16,301
Supplies	3,825	1,928	4,196
Total expenses	*$345,831*	*$360,093*	*$379,649*

☞ The two expense items that are relevant to the proposed subject improvements is labor, which varies from about $215,000 to $219,000 per year and supplies, which ranges from about $1,900 to $4,200 per year and has significant weight around $4,000 per year.

☞ The following table shows figures that can be calculated from the prior station's expenses that are relevant to the proposed subject station.

	2009	2010	2011
Credit card fees as % of revenue	1.52%	1.52%	1.55%
Payroll burden as % of wages	10.0%	9.9%	11.1%

Pro Forma Projections For Proposed Subject Improvements

Comparison: Prior Vs. Proposed Facility

☞ It is helpful to summarize key differences between the prior fueling and convenience store facility that was on the subject site and the proposed fueling and convenience store improvements. The following table summarizes the key differences, as well the likely operational impacts from the differences.

Difference	Prior Facility	Proposed Facility	Potential Impact On: Fuel and C-Store Sales	Potential Impact On: Operating Expenses
# of dispensers	4 MPDs	6 MPDs	None	Higher maintenance
Canopy size	1,496 sq ft	4,644 sq ft	None	Higher electricity consumption
C-store size	1,344 sq ft	1,725 sq ft *	Potential increase	Higher maintenance and utilities
Year built	1989	2012	Potential increase	Lower maintenance
Access	Direct	Circuitous	Potential decrease	-
Other profit centers	None	McDonald's	Potential increase	-

** Effective store size after adjusting for the oversized restrooms*

✓ Net-net, the proposed improvements should see an increase in fuel and convenience store sales. The likelihood of increased convenience store sales is greater than increased fuel sales though.

✗ The proposed facility will see higher operating expenses.

Fuel Income

Volumes

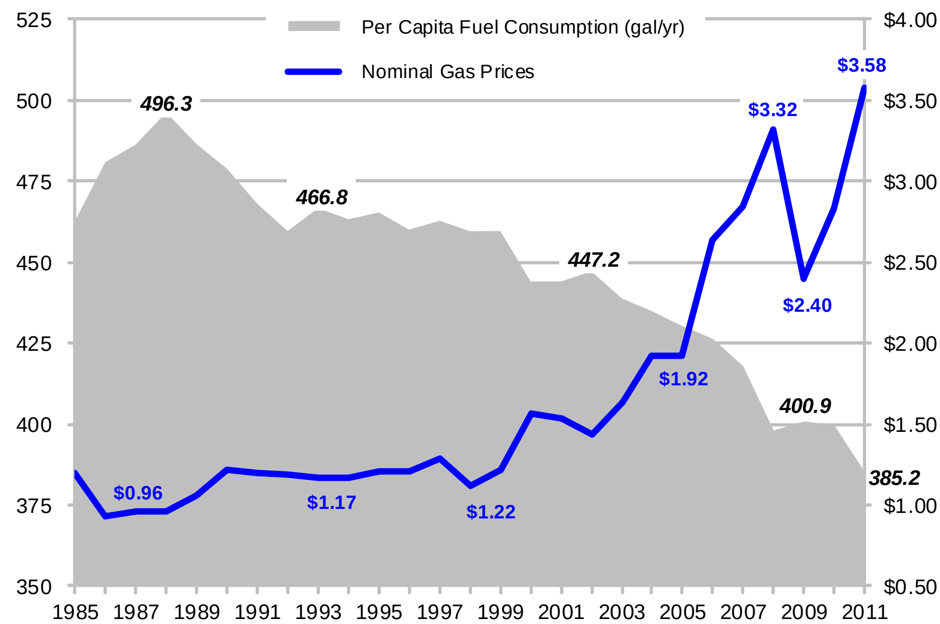
☞ The baseline projection based on the prior facility's volume history is 156,000 gallons per month.

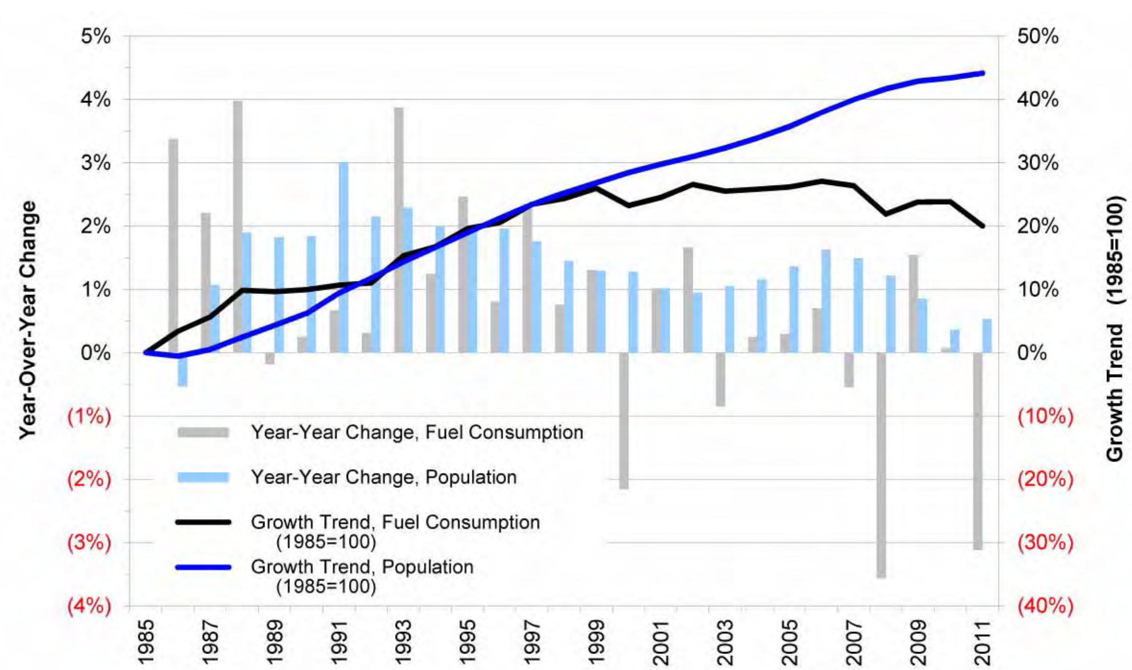
☞ The adjacent table summarizes the owner's pro forma volume projections. Note that the 2013 projections are literally based on a 15.0 percent increase over the prior facility's actual 2011

	2013	2014	2015
Jan	159,104	182,969	210,415
Feb	151,676	174,427	200,591
Mar	177,005	203,555	234,089
Apr	171,171	196,846	226,373
May	173,635	199,680	229,632
Jun	189,857	218,335	251,086
Jul	219,198	252,078	289,889
Aug	217,240	249,826	287,299
Sep	192,043	220,850	253,977
Oct	178,091	204,805	235,526
Nov	174,480	200,652	230,750
Dec	172,840	198,766	228,581
Total	2,176,340	2,502,789	2,878,208
Avg	*181,362*	*208,566*	*239,851*
% Chg	**15.0%**	**15.0%**	**15.0%**

monthly volumes, with subsequent years based on a projection of additional 15 percent year-over-year increases.

☞ The following chart shows the per capita fuel consumption in the state of Oregon since 1985 and compares it to the average annual, inflation-adjusted retail price of gasoline, while the subsequent chart shows the annual changes in population and fuel consumption and the relative changes in population and fuel consumption, with 1985 as the baseline.





Year	Total Fuel	% Chg
2000	1,526,267,204	(2.2%)
2001	1,541,744,259	1.0%
2002	1,567,358,725	1.7%
2003	1,554,147,346	(0.8%)
2004	1,558,036,212	0.3%
2005	1,562,643,752	0.3%
2006	1,573,655,681	0.7%
2007	1,565,085,021	(0.5%)
2008	1,509,387,708	(3.6%)
2009	1,532,725,934	1.5%
2010	1,533,844,634	0.1%
2011	1,486,068,893	(3.1%)
Average		***(0.4%)***

- Since peaking at 496.3 gallons per person per year in 1988, per capita fuel consumption across Oregon has declined a total of 22.4 percent, dropping to 385.2 gallons per person per year in 2011. This is an annually compounded rate of growth of negative 1.1 percent per year.

- The adjacent chart shows the total annual fuel sold in Oregon since 2000, along with the year-over-year changes.

- In five of the last 12 years, there have been year-over-year declines that average negative 2.0 percent. Among the seven years where there was year-over-year growth in fuel sales, the average increase was just 0.8 percent. The average year-over-year change in total fuel sales across the state over the last 12 years has been negative 0.4 percent.

- There are structural reasons for the declining per capita fuel consumption and the declining aggregate fuel consumption across the state. These include increasing vehicle fuel efficiency, declining vehicle miles traveled, demand destruction due to high fuel prices, and distressed macroeconomic conditions since 2007/2008.

- None of these structural issues are likely to materially change for the better in the foreseeable future.

- The owner's projection of a 52.1 percent, total volume increase over three years (15 percent annual growth compounded annually) appears unrealistic.

- Any increase in fuel volumes for the proposed subject improvements relative to the historical volumes achieved by the prior fueling facility will have to be a direct result of the project.

- The reconstruction of the Coburg interchange will not, in and of itself, increase the traffic flows through the interchange or cause demand for fuel at the interchange to increase.

- ✗ Increasing the size of the fueling canopy or the number of fuel dispensers, both relative to the prior fueling facility, will not cause fuel volumes at the new station to increase.

- ✗ The change in access to the site, going from direct access onto Pearl Street to a more circuitous route through a signalized intersection and requiring three left turns, may negatively impact demand capture at the new facility.

- ✓ The excellent condition of the new facility may cause a marginal increase in demand capture for the new facility.

- ✓ The addition of a McDonald's restaurant will increase the volume of traffic patronizing the new facility.

- ☞ The question is: what share of the McDonald's customer base will also choose to purchase fuel at the subject, and how much of that fuel demand was already being captured by the previous fueling facility on the subject? In other words, what will the marginal increase in demand for fuel at the subject be due to the addition of the McDonald's restaurant?

- ✗ The McDonald's restaurant is unlikely to influence demand capture from local traffic flows. Whether those traffic flows originate from within Coburg and are traveling to employment centers outside the city, or they originate from residents who live outside Coburg and are traveling to employment centers inside the city, that demand segment has already been exposed to the previous fueling facility that was on the subject. Their patronage patterns have already been established.

- ✓ The McDonald's restaurant is likely to pull customers off the interstate who would have otherwise passed by the Coburg interchange when McDonald's was not present.

- ☞ Even this positive conclusion is tempered by the fact that McDonald's has a full service restaurant at the Beltline Road/Interstate 5 interchange, which is just 3.3 miles south of the subject interchange. It is further tempered by the interstate's traffic volume/composition.

- ☞ As discussed in the Site Description section of this report, traffic counts along the interstate over the last 10 years have been flat to slightly declining. The adjacent table summarizes the traffic composition of the traffic flows past the Coburg

Vehicle Class	% of Traffic	Traffic Counts
Cars	46.4%	19,796
Trucks	52.9%	22,588
Buses	0.2%	94
Motorcycles	0.5%	222

interchange, based on traffic count data collected at the interchange and the composition data collected at the permanent traffic recorder 16 miles to the north.

☞ If the new McDonald's restaurant on the subject site pulls five percent of the automobile traffic off the interstate and onto the subject property, that would be a marginal increase in cross-site traffic flows of 990 vehicles per day. If 10 percent of those McDonald's patrons also purchase fuel, that would be 99 customers that otherwise would not have patronized the subject's fueling facility. If the average fuel fill up is 12 gallons, then that results in a total volume increase attributable solely to the draw of McDonald's of about 35,600 gallons per month.

☞ If the conversion rate estimates are accurate, then the subject's volumes would be equal to the 156,000-gallon-per-month pro forma estimate based on the previous facility's volumes, plus the 35,600-gallon-per-month marginal increase due to the draw of McDonald's. This yields a total volume estimate of 191,600 gallons per month, which is 22.8 percent higher than the 156,000 gallon per month baseline.

✕ We believe the five percent interstate-traffic-draw rate is high and the 10 percent McDonald's-patrons-to-fuel-customer conversion rate is high. In other words, a fuel volume increase of 22.8 percent attributable solely to the addition of the McDonald's restaurant is high.

☞ We believe the proposed subject station will see a stabilized level of fuel volumes that will be between 10 and 20 percent higher than shown by the historical volumes, and the most likely outcome will fall somewhere in the middle of that range.

☞ Based on a volume increase of 15 percent, the new facility should see an average of 179,400 gallons per month, which is 15 percent higher than the 156,000-gallon-per-month baseline estimate that is supported by the historical volume data.

⇨ A volume projection of 179,000 gallons per month is reasonable.

Margins

☞ It is reasonable to assume that the owner sought to maximize the fuel margin at the prior fueling facility and will employ a similar pricing strategy at the new facility.

☞ More importantly, the historical fuel volumes were based on the competitive/pricing philosophy used at the prior station and those historical volumes are an integral part of our volume projection for the new station. If a higher margin/pricing strategy were used, then the historical volumes would very likely have been lower than the figures analyzed in this report and the baseline volume projection for the new station would therefore be lower.

☞ We do not see any reason why the fuel margins generated by the new fueling facility should be materially different than the prior fueling facility.

⇨ A fuel margin projection equal to the 28¢ per gallon margin supported by the historical operations is reasonable.

Fuel Gross Profit Conclusion

⇨ The subject should generate $601,440 per year of gross profits on fuel volumes of 179,000 gallons per month at an average margin of 28.0¢ per gallon.

Non-Fuel Income

Sales

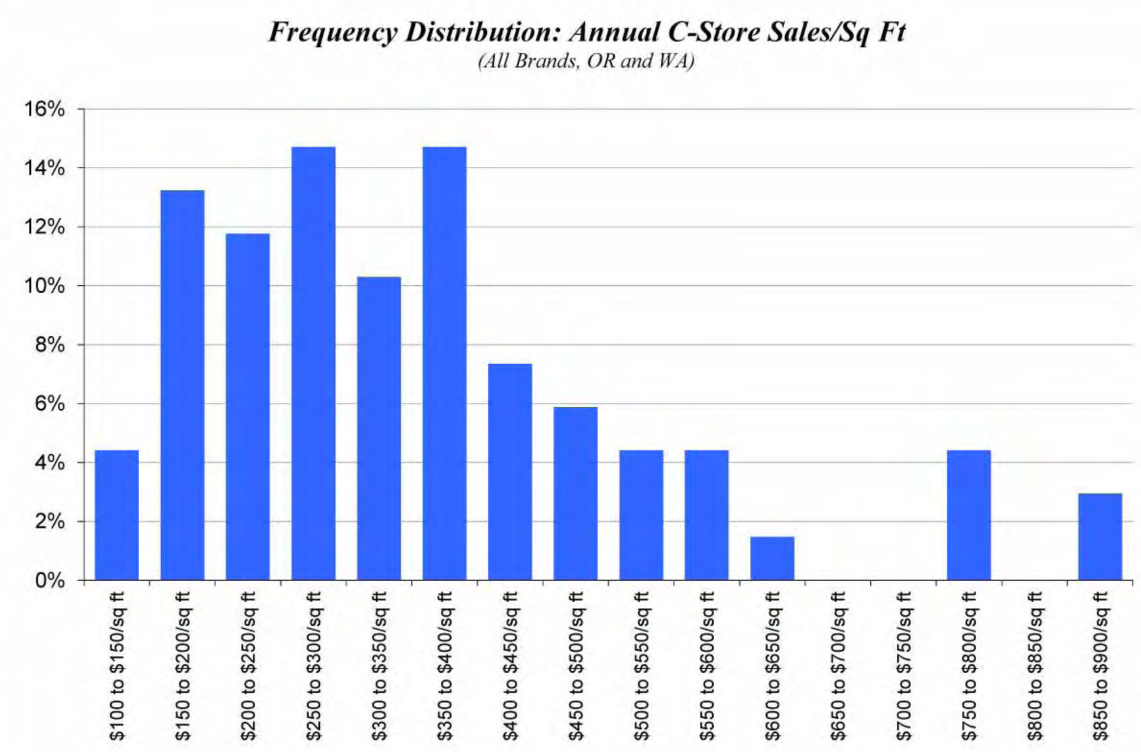
☞ The baseline projection based on the prior facility's convenience store sales history is $54,000 per month.

☞ The adjacent table summarizes the owner's pro forma convenience store sales projections. Note that the 2013 projections are literally based on a 15.0 percent increase over the prior facility's actual 2011 monthly sales, with subsequent years based on a projection of additional 15 percent year-over-year increases.

	2013	2014	2015
Jan	$52,031	$59,835	$68,810
Feb	51,101	58,767	67,582
Mar	60,496	69,570	80,006
Apr	55,368	63,673	73,224
May	59,307	68,203	78,433
Jun	64,681	74,383	85,540
Jul	72,583	83,471	95,992
Aug	72,625	83,519	96,046
Sep	67,735	77,895	89,580
Oct	65,014	74,766	85,981
Nov	61,634	70,879	81,511
Dec	58,834	67,659	77,808
Total	$741,409	$852,620	$980,513
Avg	*$61,784*	*$71,052*	*$81,709*
% Chg	**15.0%**	**15.0%**	**15.0%**

☞ The prior facility's convenience store sales of $54,000 per month equals annual sales of $648,000. Over the 1,344 square foot building, this equals $482 per square foot per year.

☞ The following chart shows the distribution of annual convenience store sales per square foot based on the operations comparables in our proprietary database of fueling facilities in Oregon and Washington.



- The average of the data set is $363 per square foot per year, while the median is $338 per square foot per year.

- The prior facility's sales of $482 per square foot per year is 32.8 percent higher than the regional average and 42.6 percent higher than the regional median.

- When a convenience store has a below average annual-sales-per-square-foot metric, it suggests the store is oversized relative to the demand that is present. Conversely, when a convenience store has an above average annual-sales-per-square-foot metric, it suggests that heightened demand is present that might support a larger store with a greater variety of products (more SKUs). The higher the metric relative to the average, the stronger the indication is that a larger store could be supported.

- If a convenience store with a high sales-per-square-foot metric is expanded, the marginal square foot added will generate sales at an increasingly lower sales-per-square-foot rate. This will cause the store's overall sales-per-square-foot metric to steadily decline until it reaches the regional average. Once the figure drops below the regional average, then the economic feasibility of incurring the marginal capital expense drops off rapidly.

☞ If we assume the new store will generate annual sales per square foot equal to the previous store's sales of $482 per year and we apply this metric to the new store's effective store size of 1,725 square feet, then a sales projection of $69,308 results.

✗ This projection is somewhat aggressive since it is based on the assumption that the sales generated by the marginal square foot added to a store will generate sales at rate equal to the first square foot.

⇨ Based solely on the historical sales levels seen at the prior convenience store on the subject property, we believe a stabilized sales projection of $65,000 per month is reasonable.

✓ This yields an annual-sales-per-square-foot metric, based on the effective convenience store area of 1,725 square feet, of $452. This is 24.6 percent higher than regional average sales-per-square foot and 33.7 percent higher than the regional median.

✗ The addition of the McDonald's restaurant to the profit center configuration is likely to have only a nominal impact on the convenience store's sales.

☞ McDonald's customers patronize the restaurant to purchase food prepared-on-site and hot- and cold-dispensed beverages. The likelihood of those customers purchasing pre-made/pre-packaged food or beverages from the convenience store is very low. Any incidental convenience store sales made to McDonald's customers are likely to fall under the tobacco, health and beauty, and oil and automotive categories.

✗ As discussed under the Design Concerns section, we have material concerns that the interior layout of the new convenience store is not conducive to effective marketing of products to McDonald's customers or convenience store customers.

☞ The non-compete provisions of the McDonald's lease can only have a chilling effect on the new convenience store's sales. While the effect is likely to be nominal relative to the sales generated by the prior convenience store, it nevertheless will be negative.

☞ The photograph of the previous gas station on the subject property, which appears on page 12 of this report, shows a single-pole sign adjacent to the price sign that reads “Deli”. If the prior facility did indeed sell food prepared-on-site, then such sales would not be allowed at the new convenience store due to McDonald's non-compete provisions.

⇨ Any positive influence on the new convenience store's sales arising from the addition of the McDonald's restaurant is very likely to be offset by the negative influence of the non-compete provisions under the McDonald's lease.

⇨ A stabilized store sales projection of $65,000 per month reflects a reasonable balance between the historical sales generated at the prior convenience store and the new facility's various positive and negative factors.

Margins

☞ The average margin generated by any given convenience store is as much a function of the mix of products being sold as the operator's competition/pricing philosophy.

☞ A store's category mix is largely driven by its location and the demographics of the trade area. For example, sales at a neighborhood store located in an urban area with weak socio-economic demographics is likely to be dominated by sales of tobacco and lower-end beers. Conversely, sales at a store located at an interstate interchange with very few rooftops around is likely to have a large share of fountain drinks, packaged drinks, snacks, and food prepared on-site.

☞ Since the location of the subject's new convenience store is functionally the same as the old convenience store, we would expect the sales mix to effectively be the same as well.

✓ The owner has relied on a store margin of 24.3 percent for pro forma purposes. This is nearly the same as the 24.5 percent margin we would have relied upon if we were appraising the previous facility.

⇨ A margin projection of 27.0 percent, the high end of the range achieved by the previous convenience store, is a reasonable estimate of what the new store should achieve.

☞ This conclusion reasonably balances the historical data with the effect on margins from losing sales of foods prepared-on-site, which is a high-margin category, and the effect on margins from carrying a wide variety of SKUs in the new store.

Non-Fuel Gross Profit Conclusion

⇨ The subject should generate $210,600 of annual gross profits on non-fuel sales of $65,000 per month at an average margin of 27 percent.

Facility Gross Profit Conclusion

- The subject's fueling center should see annual gross profits of $601,440. The convenience store should generate gross profits of $210,600 per year. There are no other sources of income on the property.

- The new facility should see total annual gross profits of $812,040 per year.

Operating Expenses

- The operating expense data available for the prior facility that was on the subject site is extremely limited.

- The only useful expense information available from that facility includes the payroll and supplies expenses, and the credit card fees expense as a percentage of revenue and the payroll burden expense as a percentage of payroll.

- ✓ Based on the limited, actual operating expenses from the prior station, operations comparables in our proprietary database, and our estimate of how the McDonald's tenancy and the design concerns presented previously may impact operating expenses, we have prepared an expense projection for the subject, as summarized in the following table.

Category	**Total Estimate**
Financial: bank charges	$4,800
Financial: credit card fees	136,943
Insurance	15,000
Licenses and permits	2,100
Loss: cash o/s, NSF, etc.	1,800
Outside services: landscaping	4,800
Outside services: laundry/uniforms	6,000
Payroll: wages	260,000
Payroll: burden	27,300
Repairs and maintenance	13,000
Supplies	8,000
Taxes: property	34,916
Utilities: total	26,000
Expense total	***$540,658***

Financial: Bank Charges

☞ This expense is estimated at $400 per month based on operations comparables in our database and the subject's projected store sales, fuel volume levels, total facility revenue, and the percentage of total revenue likely to be cash.

✓ This expense category is not impacted by the presence of McDonald's.

Financial: Credit Card Fees

☞ Calculated based on the prior station's expense ratio of 1.55 percent of total facility revenues and the proposed facility's projected revenues. Since fuel sales constitute the vast majority of any gas station's revenues, we estimated the average price per gallon at $3.75 to develop a total revenue projection of $8.835 million.

✓ This expense category is not impacted by the presence of McDonald's.

Insurance

☞ This category includes most insurance expenses, including casualty loss, liability, and pollution/environmental insurance. The expense for the average station among the operations comparables in our database falls within a range of $9,000 to $12,000 pretty consistently.

☞ We selected a base estimate of $11,000 given the prior station's physical configuration and sales levels (which impact liability risks).

✗ This expense category is impacted by the presence of McDonald's.

☞ The base estimate was adjusted upwards by $4,000 to reflect the expected impact on insurance costs of the new facility's larger site and building size; higher volume of customers patronizing the facility due to increased fuel volumes and store sales; higher volume of customers patronizing the facility due to the presence of McDonald's; and the inclusion of a drive-through service lane that will be far more heavily used than any drive-through included at a gas station that doesn't include a quick-service restaurant.

☞ Of the $4,000 upwards adjustment, we estimate $3,000 is attributable to McDonald's-influenced factors. The marginal expense resulting from those factors is largely occupancy-independent.

Licenses And Permits

☞ The licenses and permits expense was built up using the costs of the individual licenses needed to operate a gas station, including pump licensing fees, underground storage tank licensing fees, city and county licenses, Oregon Liquor Control Commission fees, and pharmacy licensing fees (required to to sell Tylenol in the store...literally). This expense consistently falls within a pretty tight range among the operations comparables.

- ✓ This expense category is not impacted by the presence of McDonald's.

Loss: Cash Over/Short, NSF, Etc.

- ☞ Estimated at $150 per month based on total facility revenues and the percentage of those revenues likely to be cash. Facilities with higher levels of store sales and that have a higher share of revenues that are cash tend to see greater cash over/short losses.
- ✓ This expense category is not impacted by the presence of McDonald's.

Outside Services: Landscaping

- ☞ The subject has extensive landscaping that, while it will certainly make the facility more attractive, will nonetheless require either an outside service to maintain or will require additional employee labor to maintain.
- ☞ Based on landscaping expenses seen at other stations, we estimated the expense at $400 per month.
- ✓ This expense category is not impacted by the presence of McDonald's. The landscaping will need to be maintained irrespective of McDonald's occupancy on the property.

Outside Services: Laundry/Uniforms

- ☞ Branded fuel supply contracts typically require that employees wear some form of uniform to promote the brand and to create brand-image consistency across locations. Further, having an employee presentation consistent with the subject's all-new condition will be desirable and logical. This category also includes the expense associated with having an outside service clean and maintain the various floor mats throughout the convenience store. The expense was estimated at $500 per month based on expense comparables.
- ✓ This expense category is not impacted by the presence of McDonald's. It will need to be incurred irrespective of McDonald's occupancy on the property.

Payroll: Wages

- ☞ The starting point for this expense is the prior facility's $220,000 per year of payroll costs. We estimate the new facility will see higher labor costs due to the increased store sales and fuel volumes. The much larger fueling canopy and the addition of two fuel dispensers will cause fuel attendant labor costs to increase as well.
- ☞ We estimate that labor costs due to the inherent changes in the fuel and convenience store will result in an increase of $30,000 per year.
- ✗ This expense category is impacted by the presence of McDonald's.

- ☞ As long as McDonald's is occupying the property there will be a higher volume of customer traffic across the site. Litter and incidental cleaning needs will therefore be higher. Further, the subject's restrooms are substantially oversized relative to what is typically found among gas stations and the station operator is required to clean, maintain, and supply the restrooms. We estimate the marginal labor cost that will be incurred by the station operator due to the impact of McDonald's is $10,000 per year.

- ☞ The total payroll expense estimate is therefore $220,000, plus $30,000, plus $10,000, which equals $260,000.

Payroll: Burden

- ☞ This expense is calculated based on the prior station's payroll burden/payroll ratio of 10.5 percent and the projected payroll expense for the new station.

- ✕ This expense category is impacted by the presence of McDonald's.

- ☞ Based on the estimated $10,000 per year of additional labor costs associated with the presence of McDonald's, the related burden expense is $1,050.

Repairs And Maintenance

- ☞ We typically estimate this expense at $1,000 per dispenser plus $2,000 to $6,000 per year for general repairs and maintenance needs beyond the dispensers. The cost-per-dispenser estimate is the result of normal maintenance needs such as replacing fuel filters, replacing nozzles and hoses due to customer drive-offs, mechanical/computer failures, etc.

- ☞ Our base expense estimate is therefore based on six dispensers and the expense-per-dispenser figure of $1,000, yielding $6,000, plus $4,000 for other facility repairs and maintenance needs.

- ✕ This expense category is impacted by the presence of McDonald's.

- ☞ The higher volume of customer traffic across the property will result in unforeseen and unpredictable maintenance and repair needs. For example, the convenience store's doors will be getting more use than typical due to McDonald's customers using the convenience store to access the restaurant; there will be a higher volume of customers using the restrooms than is typical and there will be resulting maintenance and repairs; and the volume of drive-through customers will invariably lead to accidental damage to various parts of the site.

- ☞ We estimated the marginal repairs and maintenance expense associated with the presence of McDonald's at $3,000 per year.

Supplies

- ☞ The prior station saw an average supplies expense of about $4,000 per year, which is the baseline estimate for the new facility.
- ☞ We estimate the supplies expense will increase by $2,000 per year due to the higher volume of fuel and store sales. Higher fuel volumes will result in increased need for printer paper for the dispensers, squeegees and cleaning supplies on the islands, etc. Higher store sales will result in an increased need for store supplies as well.
- ✕ This expense category is impacted by the presence of McDonald's.
- ☞ The higher volume of customer traffic across the property, and especially in the restrooms, due to McDonald's will result in a higher supplies expense. We estimate the marginal expense at $2,000 pear year.

Taxes: Property

- ☞ Estimating the property tax expense is an interesting challenge since the assessed value of the new facility will not be known for at least another year.
- ☞ The first step is to estimate the values the county assessor will assign to the land and improvements.
- ☞ The current assessed value of the land appears to be based on the subject's current site size of 1.84 acres. It is therefore reasonable to assume the site assessment should be the same in the coming year or two, which is $522,971. Of course, this inherently assumes the land value will not be adjusted upward by the assessor due to potential value appreciation associated with the interchange redevelopment.
- ☞ The improvement assessment is problematic. When new properties are built, assessors rely heavily on the cost approach to set the market value assessment. Further, new construction does not benefit from the reduced assessments afforded under Measure 50 since there was no assessment in place as of 1996 that could have been locked in.
- ☞ As discussed in the subsequent Cost Approach, the subject's actual construction costs are about $2.759 million, but the cost estimate that results from the cost comparables is $1.75 million. If the assessor relies on Marshall and Swift, the replacement cost estimate could be lower than $1.75 million.
- ☞ If the assessor relies solely on a national cost estimating service, the improvement assessment might be relatively low. If they rely on, or are influenced by, cost comparables, then the improvement assessment

could be moderate. If they rely on, or are influenced by, the subject's actual costs, the improvement assessment could be quite high.

☞ The following table shows the total assessed values that would result at different improvement assessment levels, assuming the land assessment is $522,971. The table also shows the property tax liability that results at the different assessment levels, based on the 2011-2012 rate of $15.3639 per $1,000 of assessed value.

Improvement Assessments	Total	Property Tax Total	McD's Share At 39.3% of Total
$1,250,000	$1,772,583	$27,234	$10,703
$1,500,000	$2,022,583	$31,075	$12,212
$1,750,000	**$2,272,583**	**$34,916**	**$13,722**
$2,000,000	$2,522,583	$38,757	$15,231
$2,250,000	$2,772,583	$42,598	$16,741
$2,500,000	$3,022,583	$46,439	$18,250
$2,750,000	$3,272,583	$50,280	$19,760

☞ For purposes of this report, we have assumed an improvement assessment of $1.75 million. In our opinion, this figure represents the most probable assessment. For every $250,000 that the actual improvement assessment deviates from $1.75 million, the property tax liability changes by $3,841 per year.

☞ Based on the 13.0 percent capitalization rate used in the subsequent Income Approach, each $250,000 variation in improvement assessment results in a value impact of $29,545, rounded to $30,000. This means that the uncertainty around the assessed improvement value correlates with a $180,000 range of value impacts.

✗ This expense category is impacted by the presence of McDonald's.

☞ The subject's improvement assessment will be inflated due to the inclusion of McDonald's.

☞ As discussed in the subsequent Cost Approach, McDonald's share of the subject's actual construction costs is 39.3 percent. Based on our $1.75 million assessed improvement value estimate, McDonald's accounts for $13,722 of added property tax liability. The range of potential tax liability associated with McDonald's ranges from about $11,000 to $20,000.

Utilities: Total

☞ Total utilities expenses for gas stations tend to consistently fall within a range of $18,000 to $24,000, assuming an average-size convenience store and four dispensers on the fueling islands. We relied on a baseline estimate of $20,000.

✗ This expense category is impacted by the presence of McDonald's.

☞ McDonald's is responsible for the electricity and natural gas used within their space.

☞ However, the landlord is responsible for the first $400 per month of trash disposal costs, with the landlord and tenant splitting the monthly cost above $400 per month. Trash disposal needs generated by a typical gas station are relatively nominal, largely consisting of boxes from stocking the convenience store and trash receptacles around the site. In contrast, we would expect the trash disposal needs of a fast-food restaurant to be substantially greater.

☞ Similarly, the water/sewer services needed at a typical gas station are relatively nominal as well, largely generated by the restrooms. With the subject's restrooms being substantially oversized to accommodate McDonald's customers, we expect the subject's water/sewer costs to be much higher than normal.

☞ We estimate the marginal utilities expense associated with the McDonald's occupancy at $6,000 per year. This brings the total utilities expense estimate up to $26,000 per year.

Expense Conclusion

☞ The total expenses that result from these analyses is $540,658 per year.

⇨ This projection is solidly based on historical data available from the prior station that was on the subject property, expenses generated by similar stations, and the reasonably expected impact due to the inclusion of McDonald's restaurant and the proposed lease to McDonald's.

Pro Forma Conclusion

☞ Based on historical operating data, industry trends, and the impacts from the new facility, we have estimated the subject should see annual gross profits of $812,040 and expenses of $540,658 per year.

⇨ The subject should generate $271,382 per year of net operating income.

✓ Our analyses are consistent with how a potential buyer would evaluate the facility and develop a pro forma.

Lease Income

Gross Income

☞ As discussed previously, the income generated under the proposed McDonald's lease consists of $18,000 per year of base rent plus percentage rent equal to 6.0 percent of all McDonald's sales above $300,000 per year, up to $1.0 million. Total rent is capped at $60,000 per year.

✕ We do not have the data or experience appraising facilities leased to McDonald's to make a refined projection of the total lease income that should be generated under the proposed McDonald's lease.

✓ However, there is average-sales-per-location data available that is very useful and instructive.

☞ In 2004, the average-sales-per-McDonald's-location was $1.6 million per year. In 2006, the average had increased to $2.0 million per location, and by 2010 the average had increased further to $2.4 million per location. In 2011, the average continued to grow, increasing to $2.7 million per location.

☞ McDonald's same-store sales, a closely watched industry metric, have increased in each of the last seven years. The recession has increased McDonald's sales as customers have sought out lower-cost foods.

☞ The addition of McCafe, McDonald's beverage platform featuring coffee drinks and smoothies, has added about $125,000 in sales per store per year. It has been the company's biggest product launch in 35 years.

☞ The following table shows the rental income that would be generated at various sales levels for the McDonald's restaurant.

McDonald's Sales	Sales As A % of $2.7MM National Avg	Base Rent	Percentage Rent	Total Rent
$300,000	11.1%	$18,000	$0	$18,000
$400,000	14.8%	$18,000	$6,000	$24,000
$500,000	18.5%	$18,000	$12,000	$30,000
$600,000	22.2%	$18,000	$18,000	$36,000
$700,000	25.9%	$18,000	$24,000	$42,000
$800,000	29.6%	$18,000	$30,000	$48,000
$900,000	33.3%	$18,000	$36,000	$54,000
$1,000,000	37.0%	$18,000	$42,000	$60,000

☞ Both the landlord and the tenant have the right to terminate the lease after the first two lease years if McDonald's sales are at or below $400,000 in a 12-month period. The tenant has the right to terminate the lease after five lease years if McDonald's sales are above $900,000 in a 12-month period. The rows outside the bordered box in the previous table indicate that termination rights are triggered.

✓ While the McDonald's restaurant on the subject property clearly is not a free-standing facility, it is nevertheless difficult to believe that sales generated at this location would be lower than 37 percent of the national average.

⇨ It is reasonable to rely on a lease income projection of $60,000 per year.

✓ The upside to this conclusion is that the risk of termination rights being triggered due to weak restaurant sales is quite low.

✗ The downside to this conclusion is that it seems almost certain that McDonald's termination right will be triggered due to strong restaurant sales.

Expenses

☞ The McDonald's lease is not a triple-net or absolute-net lease. The only real estate-related operating expenses for which the tenant is responsible include electricity, natural gas, and maintenance of the interior of the leased premises.

☞ We previously analyzed the expense impact arising from the McDonald's tenancy in the context of the station and store's likely operating expenses. The following table summarizes the marginal expenses created by the McDonald's tenancy.

Category	McDonald's Expenses	Fixed/ Variable
Insurance	$3,000	Fixed
Payroll: wages	10,000	Somewhat variable
Payroll: burden	1,050	Somewhat variable
Repairs and maint.	3,000	Variable
Supplies	2,000	Variable
Taxes: property	13,722	Fixed
Utilities	6,000	Variable
Expense total	***$38,772***	

☞ The adjacent table groups the McDonald's-related operating expenses based on their variability.

Fixed/Variable	Expense	% of Total
Fixed	$16,722	43.1%
Somewhat variable	11,050	28.5%
Variable	11,000	28.4%
Total	***$38,772***	***100.0%***

☞ It is important to note that these expenses can not be readily, quantifiably differentiated on a regular basis from the station's operating expenses. Further, there is no pass-through mechanism in the proposed lease that would allow the landlord to force the tenant to cover these expenses.

☞ The McDonald's-related expenses are, by necessity, lumped into the station and store's operating expenses. Any impact this has on the valuation will be addressed subsequently.

Lease Income Conclusion

⇨ The $60,000 of gross income to be generated under the McDonald's lease can effectively be treated as net income.

Economic Concerns

☞ The following table shows the rents, the lease income after deducting the $38,772 of McDonald's-related expenses, and the rate of return on McDonald's share of the value conclusion under the subsequent Cost Approach (39.3% x $3.84MM).

McDonald's Sales	Base Rent	Percentage Rent	Total Rent	Income After Expenses	Return On $1.51MM Cost
$300,000	$18,000	$0	$18,000	($20,772)	**(1.4%)**
$400,000	$18,000	$6,000	$24,000	($14,772)	**(1.0%)**
$500,000	$18,000	$12,000	$30,000	($8,772)	**(0.6%)**
$600,000	$18,000	$18,000	$36,000	($2,772)	**(0.2%)**
$700,000	$18,000	$24,000	$42,000	$3,228	0.2%
$800,000	$18,000	$30,000	$48,000	$9,228	0.6%
$900,000	$18,000	$36,000	$54,000	$15,228	1.0%
$1,000,000	$18,000	$42,000	$60,000	$21,228	1.4%

☞ Again, the rows outside the bordered box in the table above indicate that termination rights are triggered.

☞ As shown, the net income that can be generated under the McDonald's lease without triggering termination rights by one or both of the parties falls between about negative $14,700 to about $15,200. The rates of return on McDonald's pro rata share, 39.3 percent, of the $3.84 million Cost Approach value conclusion fall between -1.0 percent and 1.0 percent.

☞ There clearly are synergistic benefits to the fueling facility and convenience store due to the co-location of McDonald's. However, those sales/volume/margin benefits are already reflected in the facility's pro forma operating statement.

☞ Nevertheless, to generate a 6.0 percent return on McDonald's $1.51 million portion of the cost value, net income after expenses of $90,600 must be generated. Adding the $38,772 of McDonald's-related expenses suggest gross lease income of $129,372 needs to be generated.

☞ Deducting the $18,000 of base rent leaves needed percentage rent of $111,372, which correlates to $1.856 million of sales subject to percentage rent. Adding the $300,000 of base sales not subject to percentage rent indicates that sales out of the McDonald's restaurant would have to be $2.156 million per year in order to generate enough net income to the landlord, under all other terms of the proposed lease, to yield a nominal six percent return on cost/value. This is 79.9 percent of the average-sales-per-location that McDonald's experienced in 2011.

✕ Obviously this is not possible given the terms of the lease.

☞ Alternatively, the presence of McDonald's has to be responsible for generating $90,600 of additional income from the fueling facility and convenience store operations.

☞ To generate $90,600 more net income than our pro forma projection, and to do so solely outside on the fueling islands, would require fuel volumes to be about 27,000 gallons per month higher at the concluded margin of 28¢ per gallon. This is 15.1 percent higher than our pro forma fuel volume projection.

☞ To generate $90,600 more net income than our pro forma projection, and to do so solely inside the convenience store, would require store sales to be about $28,000 per month higher at the concluded margin of 27 percent. This is 43.1 percent higher than our pro forma store sales projection.

☞ McDonald's USA has, more than any other entity on the planet, the information, knowledge, and market data to make an accurate-as-possible projection of restaurant sales. They also have legal representation that is well practiced in structuring legal contracts that most benefit McDonald's USA's interests. The proposed McDonald's lease appears to have been written by McDonald's USA.

- ✗ While the economics of the McDonald's lease are troubling, as reflected by the return on pro rata value figures, the termination rights in the event of the restaurant's success--a threshold set at only 33.3 percent of the national-average-sales-per-location--adds substantially to the landlord's risks.

- ⇨ We are concerned that the lease appears to be significantly disadvantageous to the property and the landlord.

- ⇨ We are further concerned that the amount of vacant land around the Coburg interchange will offer a ready, convenient, and proven location on which McDonald's can build a freestanding restaurant if, in five years, the subject lease is actually generating the maximum rent allowed.

Dates of Value

- ☞ The as-is date of value is the date of our last inspection of the subject property, which was October 15, 2012.

- ☞ We estimate construction of the facility should be complete by January 1, 2013.

- ☞ Estimating the date of stabilization is more challenging. We expect the fueling facility to achieve a stabilized level of operations inside of 12 months since the vast majority of the customers likely patronized the prior facility on the subject property.

- ☞ The fact that the McDonald's lease has a termination clause that gets triggered after the second lease year, and which is triggered by a trailing 12-month sales total, suggests McDonald's expect to know the direction the restaurant will be heading inside of 24 months.

- ☞ We expect the subject's convenience store to achieve stabilized operations in about 18 months, allowing for patronage patterns to return to prior patterns and to give the facility a six month start-up period followed by a complete seasonal cycle.

- ⇨ Given how influential McDonald's is on the subject, we believe an at-stabilization date 24 months out is appropriate and have relied on a date of January 1, 2015.

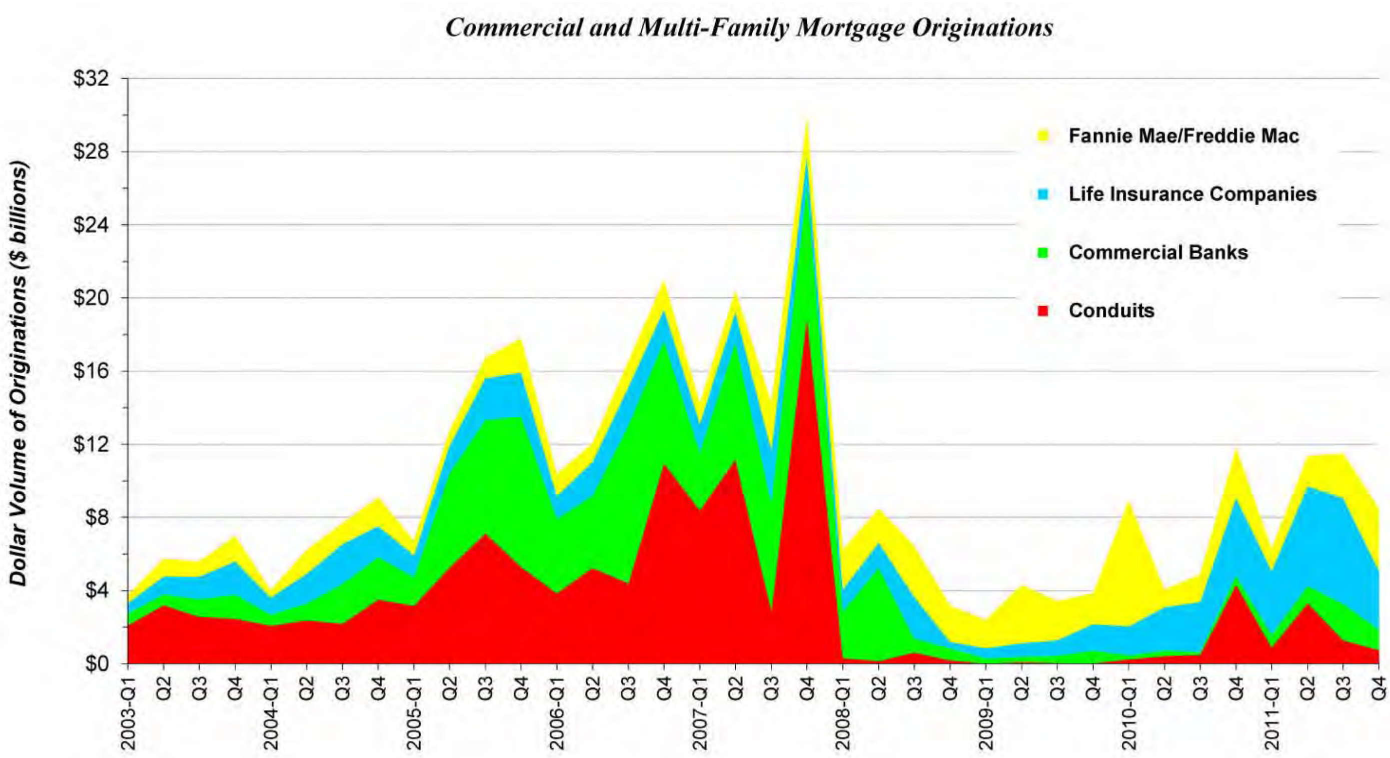
Market Conditions/Outlook

Credit Markets

Availability of Debt Capital

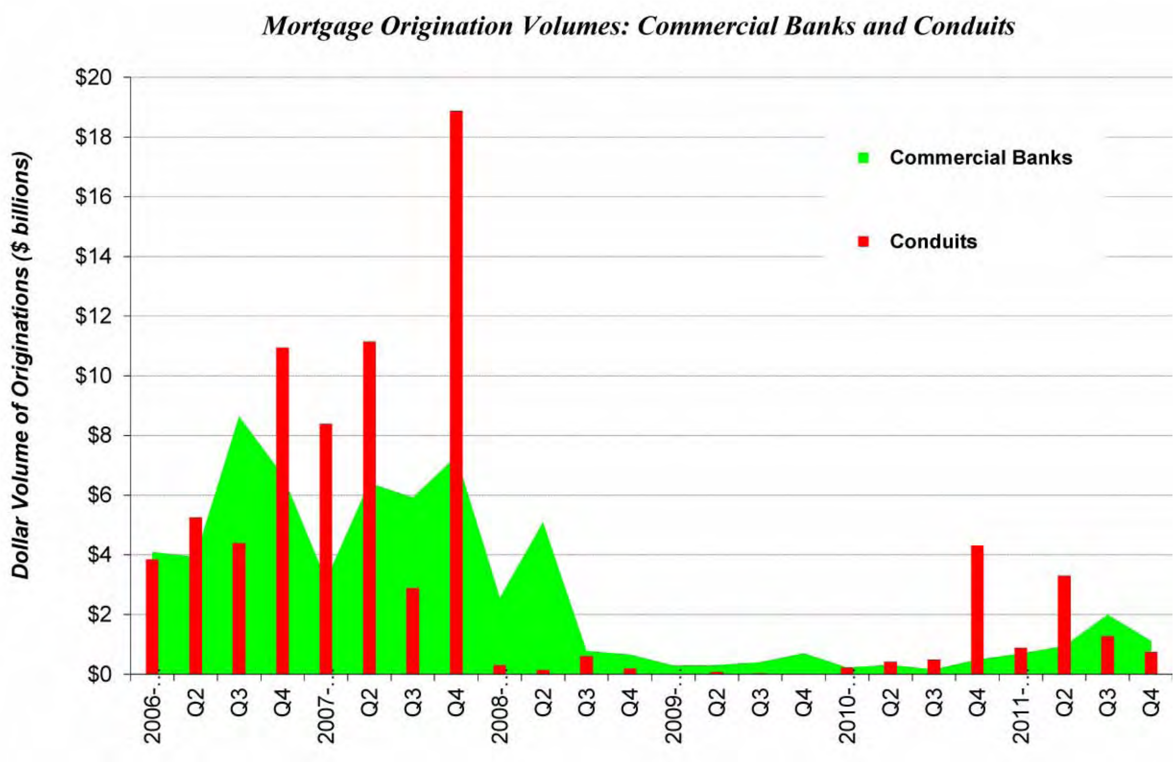
- Capital markets seized up in September/October of 2008 and credit markets followed suit shortly thereafter. While the credit freeze began on Wall Street, it spread to Main Street lenders over the closing months of 2008 and has continued through today, with a few more recent signs of material easing.

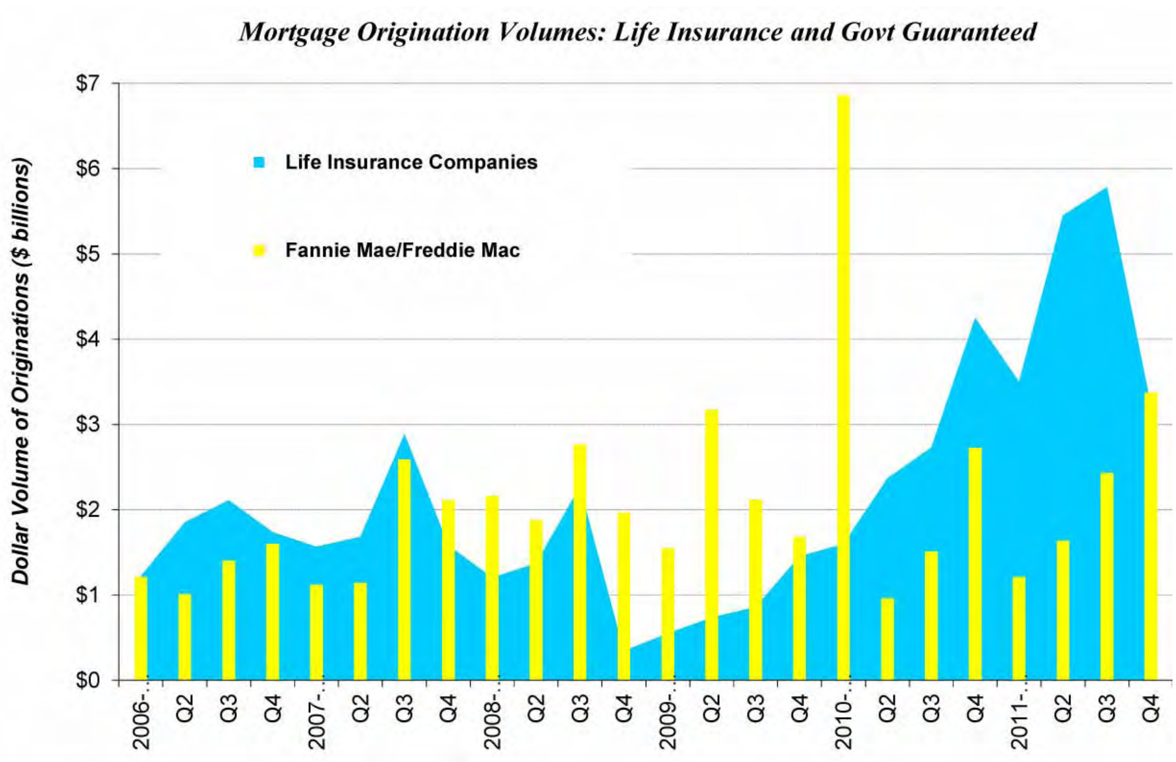
- The following chart graphically illustrates mortgage origination data, as taken from the Mortgage Bankers Association. The chart shows total origination volume by lender type since the first quarter of 2003.



- Conduit and commercial-bank lending steadily grew over the five years leading up to the end of 2007. However, conduit lending effectively went to zero in the first quarter of 2008 while commercial bank lending declined by more than 90 percent in the third quarter. Comparing mortgage origination volumes through those two channels on a trailing four-quarter basis to the eight-quarter average leading up to the closing of the spigot, conduit lending remains about 81 percent lower while commercial bank lending is down about 79 percent.

☞ The charts on the following page graphically illustrate loan volume by lender segment.


Mortgage Origination Volumes: Commercial Banks and Conduits
Dollar Volume of Originations ($ billions)
$20
$18
$16
$14
$12
$10
$8
$6
$4
$2
$0
Commercial Banks
Conduits
2006-...
Q2
Q3
Q4
2007-...
Q2
Q3
Q4
2008-...
Q2
Q3
Q4
2009-...
Q2
Q3
Q4
2010-...
Q2
Q3
Q4
2011-...
Q2
Q3
Q4


Mortgage Origination Volumes: Life Insurance and Govt Guaranteed
Dollar Volume of Originations ($ billions)
$7
$6
$5
$4
$3
$2
$1
$0
Life Insurance Companies
Fannie Mae/Freddie Mac
2006-...
Q2
Q3
Q4
2007-...
Q2
Q3
Q4
2008-...
Q2
Q3
Q4
2009-...
Q2
Q3
Q4
2010-...
Q2
Q3
Q4
2011-...
Q2
Q3
Q4

✓ The market has seen a notable increase in lending by commercial banks and conduits over the last four quarters. Given the substantial lack of lending activity from mid-2008 to late 2010, the recent activity indicates signs of an economic recovery.

✓ Mortgage originations by life insurance companies dropped by 80 percent in the fourth quarter of 2008. However, loan volumes by that segment have steadily risen, to the point that loan volumes over the last four quarters are up 145 percent compared to pre-crash levels.

☞ While lending by life insurance companies accounted for 15 to 20 percent of market loan volume before the crash, they have accounted for 48 percent of the loan volumes over the last four quarters.

✓ Government-sponsored enterprises ("GSE") significantly ramped up their lending beginning in the fourth quarter of 2007. Over the subsequent 10 quarters, GSE lending was up 83 percent compared to the prior two years. This reflects the federal government's effort to provide some liquidity to the market.

✓ GSE lending spiked in the first quarter of 2010 due to the cessation of loan subsidies that were extended under the American Recovery and Reinvestment Act. More recently, loan volumes by the GSE segment over the last four quarters are up nearly 42 percent compared to pre-crash levels.

☞ Before the market crash, the GSEs accounted for 8 to 10 percent of the market loan volume. Over the last four quarters they have accounted for about 23 percent of the loan volumes.

⇨ The liquidity life insurance companies offer are supportive of economic recovery, but the benefits tend to be narrow in scope. Insurers' conservative underwriting criteria suggests that only high-credit borrowers and Class A/trophy properties will benefit from that liquidity. This is consistent with the market's current stratification, where sidelined equity capital has been chasing Class A properties and pushing capitalization rates down, but investment interest in nearly all other asset classes/qualities remains minimal.

☞ For reasons real or imagined, gas stations have always been on the margin of lenders' risk tolerance. Difficult market conditions only exacerbate this risk sensitivity.

⇨ Credit liquidity for the petroleum sector will not return until well after credit availability becomes both more broad-based for mainstream commercial real estate assets (e.g., retail, office, industrial, etc.) and more widely available to average investors.

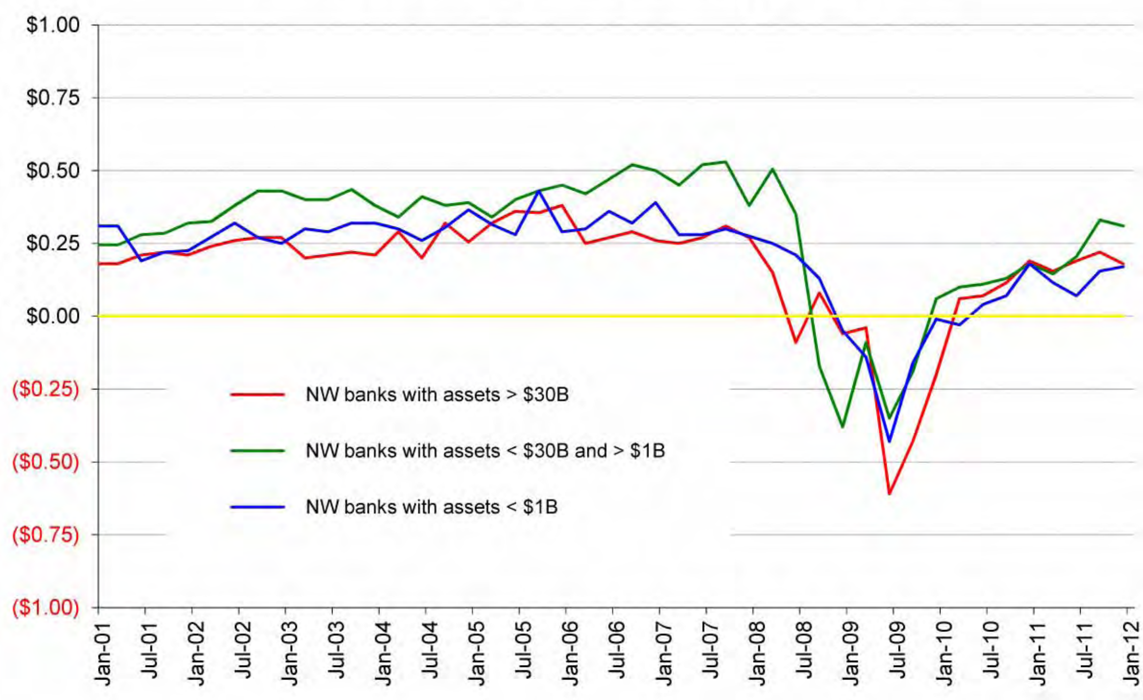
Bank Health

- In the fourth quarter of 2008, the banking industry lost a total of $26.2 billion, its first loss since 1990.

- The federal government's Troubled Asset Relief Program ("TARP") went into effect in early October of 2008 at the height of the economic crisis. The program essentially allowed the Treasury to purchase illiquid, difficult-to-value assets from banks and other financial institutions. The program freed up capital for banks to allocate to their troubled assets and non-performing loans.

- The following chart graphically illustrates the 10-year trend in median earnings per share for publicly-traded banks that have a presence in the Pacific Northwest.

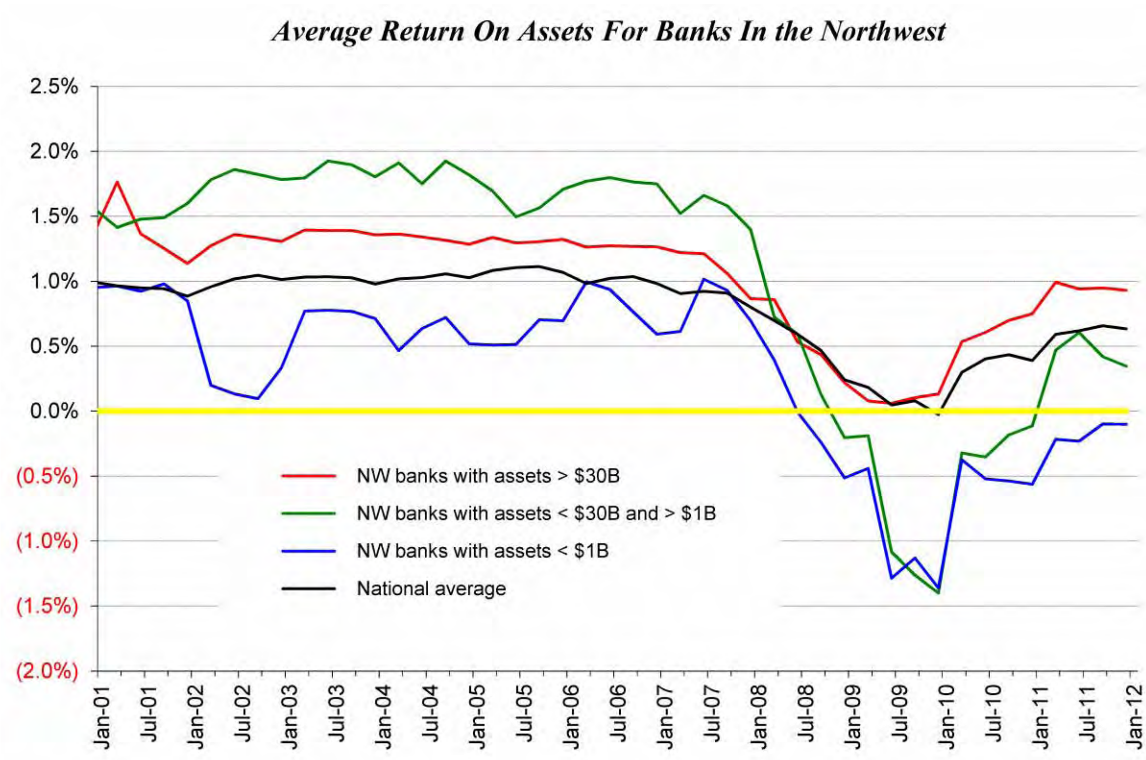
Median Earnings Per Share For Banks In the Northwest



- ✓ The chart shows that the largest institutions--most of which were TARP beneficiaries--saw only a brief period of negative earnings, in late 2008. Median earnings per share has been trending up since then and is approaching pre-recession levels.

- ✗ Very few of the Northwest's regional and community banks received TARP monies. As shown by the median earnings per share chart, they took longer to hit bottom and have been slower to recover than the too-big-to-fail banks.

- ☞ The following chart shows the average return on assets ("ROA") for all 125 banks that currently have a presence in the Pacific Northwest, compared against the average ROA for all lending institutions in the country.



- ✗ For all groups, the recession-induced decline in ROA began in the third quarter of 2007.

- ✓ The largest banks saw ROA hit a low of 0.06 percent in the second quarter of 2009. Since then, ROA has increased to a peak of 0.99 percent, and most recently.93 percent, which is nearly 70 percent of the 1.32 percent pre-recession average.

- ✗ The other three groups of banks saw ROA hit bottom in the fourth quarter of 2009. While the national average hit a low of -0.03 percent, small Northwest banks hit bottom at -1.40 percent and mid-size Northwest banks hit -1.36 percent.

- ✓ Since bottoming out, the national average ROA has increased to 0.63 percent, which is over 62 percent of the pre-recession average of 1.01 percent.

- ✓ In the first quarter of 2011, mid-size Northwest banks saw their first positive ROA in more than two years.

- ☞ Small Northwest banks continue to have negative ROA albeit just.10 percent. However the results are trending upward. The average year-end ROA in 2011 was 80 percent higher then year-end 2010.

- ☞ At the end of the first quarter of 2011, there were 888 institutions on the FDIC's "Problem List", with total assets of $397 billion. This was up markedly from the 50 institutions and $8.3 billion of assets that were on the list as of the end of 2006.

- ✗ As of the latest reported numbers for December 31, 2011, the number of problem banks had declined by 75 banks to a total of 813. Considering the fact that a total of 82 banks have failed since March 31, 2011, effectively removing them from the Problem Bank List, there has been a net addition to the Problem Bank List of 7 banks over the past year.

- ☞ The total number of FDIC-insured institutions has been steadily declining since 1990, when there were 15,158 banks. As of March, 2011, there were just 7,574 insured institutions. Since 1990, the population of institutions has contracted by an average of 3.2 percent per year. There was significant consolidation during the 1990s, when the population declined at an average rate of 4.3 percent per year. The rate of decline was lowest between 2003 and 2007, averaging 1.8 percent per year. Between 2008 and 2010, the average decline roughly doubled to 3.5 percent.

- ✗ Since 2009, federal regulators issued cease and desist or enforcement/regulatory orders to the following institutions with a presence in the Northwest: Albina Community Bank; AmericanWest Bank; Bank of the Cascades; Columbia Community Bank; HomeStreet Bank; Key Bank; MBank; Pierce Commercial Bank; PremierWest Bank; Regal Financial Bank; ShoreLine Bank; and Sterling Savings Bank.

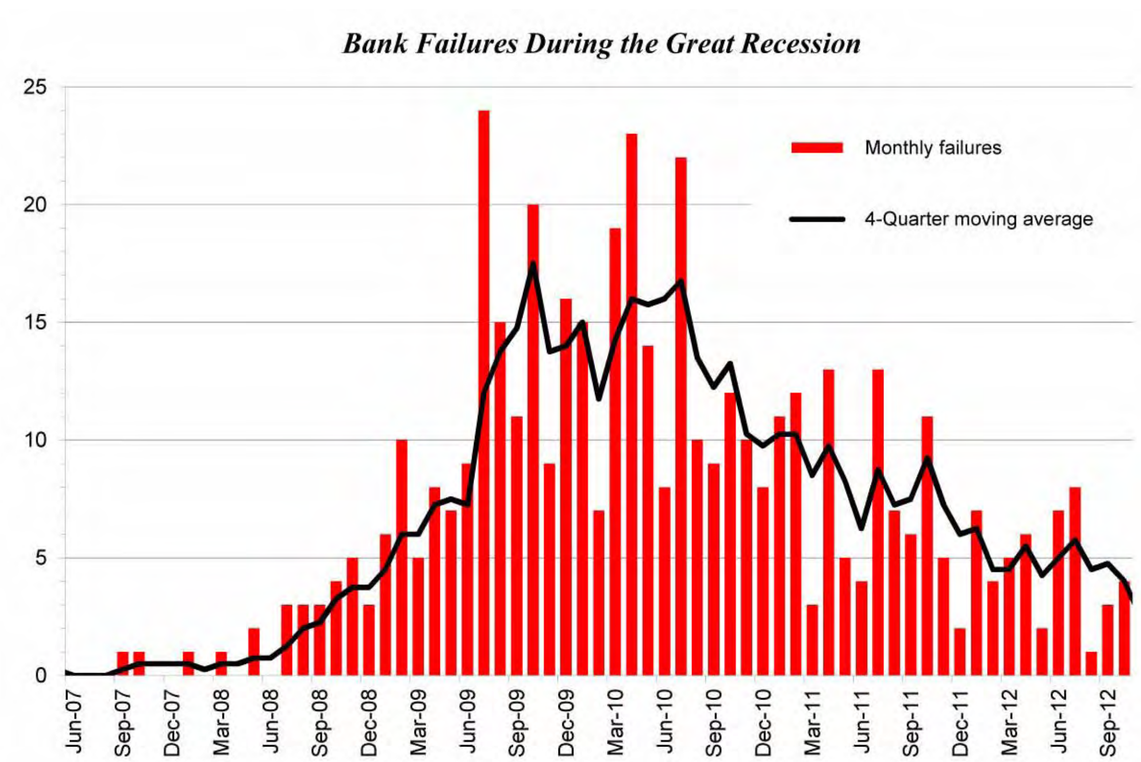
- ✓ Although West Coast Bank was under a cease and desist order, they were able to raise $155 million in new capital in October of 2009, followed by a $10 million capital raise in March of 2010. The FDIC rescinded the order in July of 2010.

✓ Similarly, despite Sterling Savings Bank's massive losses in 2009, they completed a $730 million capital raise in August of 2010 that should resulted in the termination of their order the following month.

☞ After numerous false starts, Bank of the Cascades completed a $177 million capital raise in late January of 2010. Although their cease and desist order has not yet been lifted, the bank is now considered well capitalized.

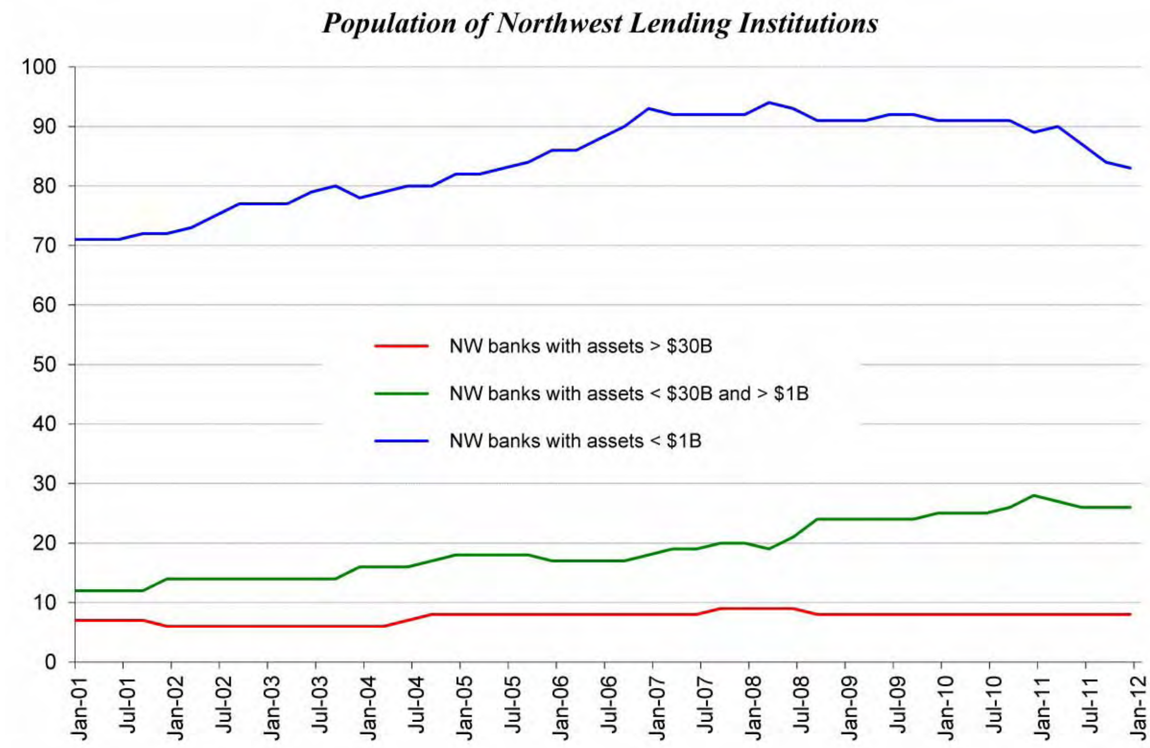
✗ Since 2009, federal regulators have shut down six Oregon banks and 17 Washington banks. Closures include: American Marine Bank; Bank of Clark County; City Bank; Columbia River Bank; Community First Bank; Evergreen Bank; First Heritage Bank; Frontier Bank; Home Valley Bank; Horizon Bank; LibertyBank; North County Bank; Pierce Commercial Bank; Pinnacle Bank of Oregon; Rainier Pacific Bank; Shoreline Bank; Silver Falls Bank; Summit Bank; The Cowlitz Bank; Venture Bank; Washington First International Bank; Westsound Bank.

✗ The following chart graphically illustrates the wave of bank failures across the country since 2007.



✓ The rate of bank failures has been declining since mid-2010. The worst of the industry's shakeout is likely behind us. Many of the larger regional and community banks have turned the corner and are adequately capitalized to work through the remaining problems in their loan portfolios. Future bank failures will likely involve small institutions with excess geographic concentration who can not attract investment capital. Those failures will result in expansion opportunities for the better positioned institutions.

☞ The charts on the following page show the population changes in Northwest banks over the last 10 years, along with the relative changes in total assets.


Population of Northwest Lending Institutions
100
90
80
70
60
50
40
30
20
10
0
NW banks with assets > $30B
NW banks with assets < $30B and > $1B
NW banks with assets < $1B
Jan-01
Jul-01
Jan-02
Jul-02
Jan-03
Jul-03
Jan-04
Jul-04
Jan-05
Jul-05
Jan-06
Jul-06
Jan-07
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Jan-08
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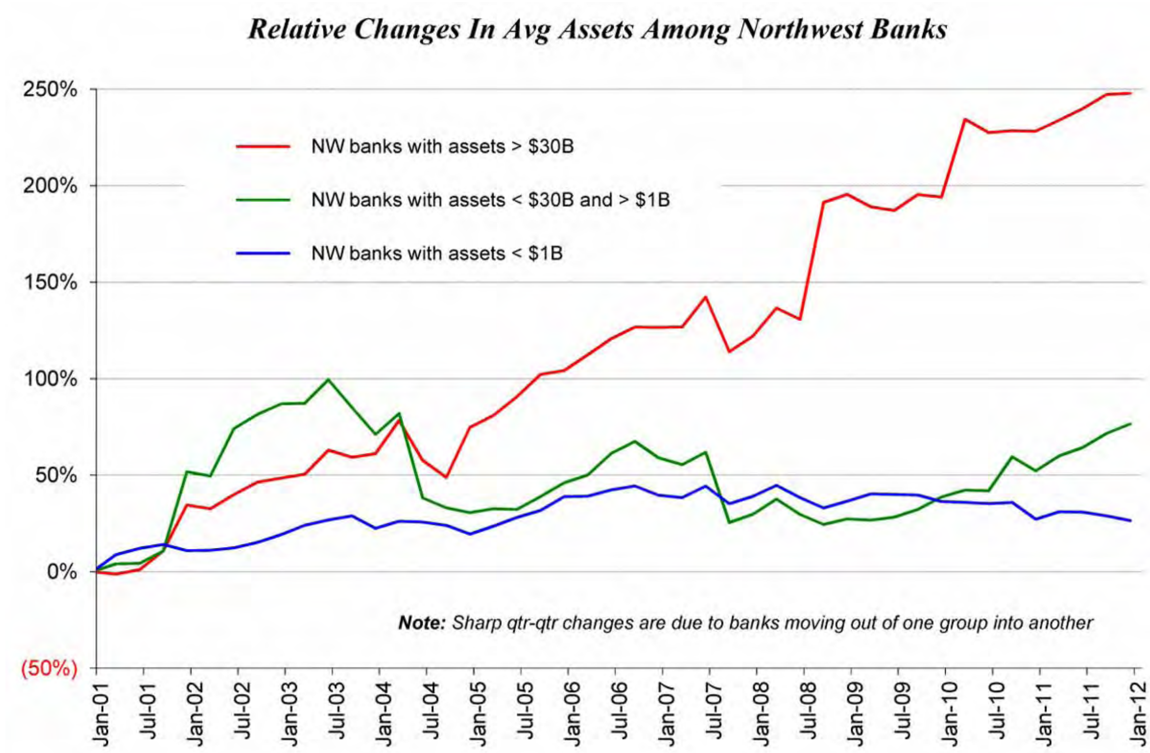
Jul-10
Jan-11
Jul-11
Jan-12


Relative Changes In Avg Assets Among Northwest Banks
250%
200%
150%
100%
50%
0%
(50%)
NW banks with assets > $30B
NW banks with assets < $30B and > $1B
NW banks with assets < $1B
Note: Sharp qtr-qtr changes are due to banks moving out of one group into another
Jan-01
Jul-01
Jan-02
Jul-02
Jan-03
Jul-03
Jan-04
Jul-04
Jan-05
Jul-05
Jan-06
Jul-06
Jan-07
Jul-07
Jan-08
Jul-08
Jan-09
Jul-09
Jan-10
Jul-10
Jan-11
Jul-11
Jan-12

- ☞ The number of small banks in the Northwest steadily grew up through the end of 2006, after which the population leveled off and began a slow decline.

- ☞ The number of mid-size banks in the region has been steadily growing, both before and during the recession. They have been the primary buyers of failing banks. Similarly, the number of very large institutions has been slowly growing.

- ☞ The average assets held by the largest institutions has increased by nearly 250 percent since 2000. In contrast, the average assets of small and mid-size banks has only increased about 50 percent over that same period.

- ⇨ The lending industry is experiencing an on-going contraction in the number of institutions and an increasing concentration of assets among the biggest banks.

- ✗ Over the last 10 years, the lenders who have been petro-friendly have tended to be the small and mid-size banks. The demographic trends among lending institutions may be problematic for the petroleum industry due to reduced access to debt capital.

- ⇨ Although the banking industry is recovering, credit liquidity will remain tight for the near-term future until lenders' perceptions of, and tolerance for, risk declines.

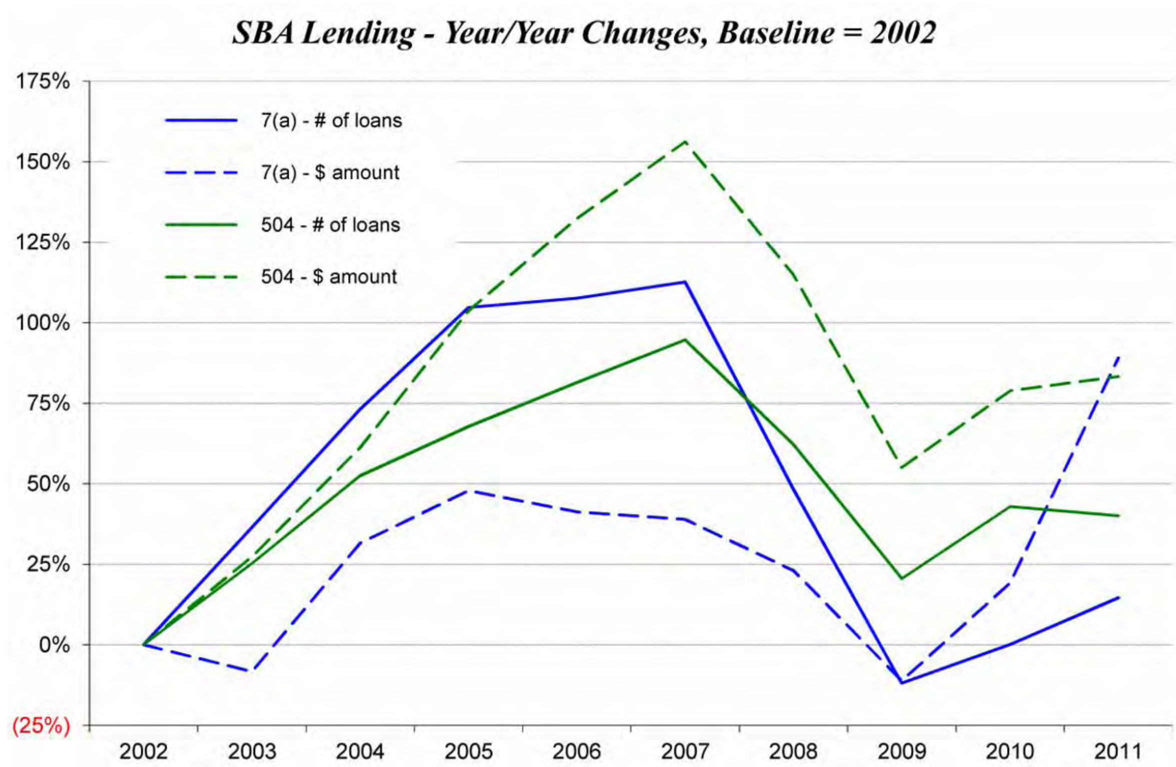
Small Business Administration Financing

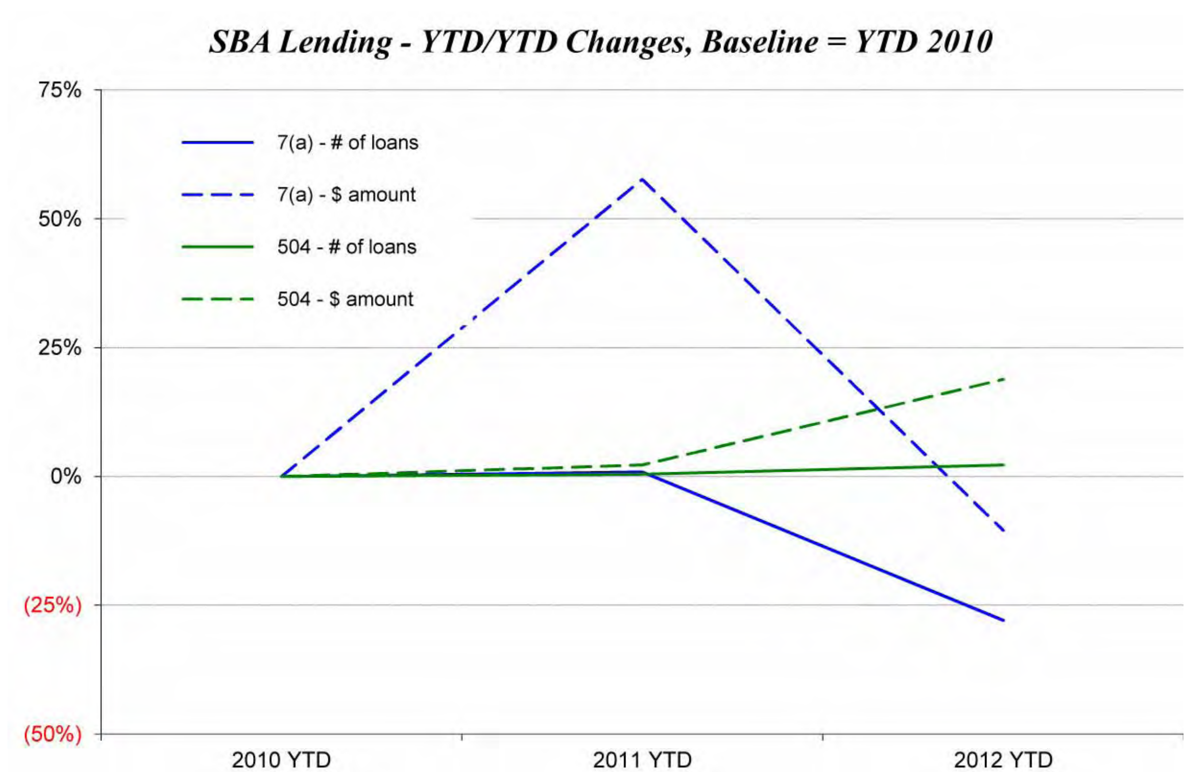
- ☞ The charts on the following page graphically illustrate SBA lending trends. Note that the SBA operates on a fiscal year beginning October 1.

- ✓ By most metrics, SBA lending peaked in 2007.

- ✗ In late 2008 and early 2009, locked up credit markets and significant rate spreads between prime rate and LIBOR made it nearly impossible for lenders to sell their SBA-backed loans on the secondary market. This shut down a substantial segment of the lending market, causing origination of new SBA-backed loans to plummet.

- ✗ Compared to the peak in FY 2007, the trough in FY 2009 saw 7(a) loan volume down nearly 60 percent and 504 loan volume down nearly 40 percent.


SBA Lending - Year/Year Changes, Baseline = 2002
175%
150%
125%
100%
75%
50%
25%
0%
(25%)
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
7(a) - # of loans
7(a) - $ amount
504 - # of loans
504 - $ amount


SBA Lending - YTD/YTD Changes, Baseline = YTD 2010
75%
50%
25%
0%
(25%)
(50%)
2010 YTD
2011 YTD
2012 YTD
7(a) - # of loans
7(a) - $ amount
504 - # of loans
504 - $ amount

☞ The American Recovery and Reinvestment Act ("ARRA") provided assistance to small businesses, including an increase in the SBA loan guarantee from 75-85 percent up to 90 percent. In addition, guaranty fees were eliminated and loan fees were reduced, resulting in substantial savings for small business borrowers. ARRA went into effect in February of 2009 and the original funding was exhausted by November of 2009. Although additional funding was appropriated several times, funding ran out in May of 2010.

✓ Stimulus from ARRA boosted SBA lending activity over the last half of fiscal 2009 and first half of fiscal 2010.

✓ The Small Business Jobs Act of 2010 went into effect in late September of 2010. It extended the 90 percent loan guarantee and the reduction in fees, as well as provided additional funding for SBA lending. It also permanently raised the maximum loan amount from $2 to $5 million under both the 7(a) and 504 programs.

☞ The higher loan guarantees and reduced fees ended on December 31, 2010 and have not been replaced. Over the first half of the current fiscal year, two-thirds of 7(a) loans and 60 percent of 504 loans were booked in the first quarter, when the stimulus was in effect.

✗ Year-to-date SBA 7(a) lending in FY 2012 saw a modest decline in loan volume and a more than 43 percent decrease in loan amounts.

✓ SBA 504 lending saw a slight increase in loan volume and about a 16 percent increase in loan amounts.

⇨ ARRA and the Small Business Jobs Act stimulated SBA lending. Given the ballooning federal deficit and a decreasing appetite for stimulus spending, it is unlikely similar legislation can again be passed.

✗ From 2006 through early 2009, SBA financing for petroleum properties became increasingly difficult due to industry-specific issues. For example, the SBA firmly opposed many of the contractual terms found in major oil companies' supply contracts, began requiring sellers to provide environmental indemnification, and imposed valuation restrictions through their Standard Operating Procedures that greatly complicated the valuation of petroleum properties as loan collateral.

✓ Anecdotal evidence suggests the SBA has begun to loosen those restrictions and the feasibility of doing SBA loans on gas stations may be increasing.

✘ It is important to remember that the SBA does not itself lend money; they simply guarantee loans made by lenders. While the bureaucratic restrictions may be easing for SBA-backed gas station loans, it remains challenging to find a lender with the risk tolerance to make such loans.

⇨ SBA financing continues to be a difficult alternative with limited availability. This will continue until the lending environment loosens. Federal stimulus is not likely to influence SBA lending going forward.

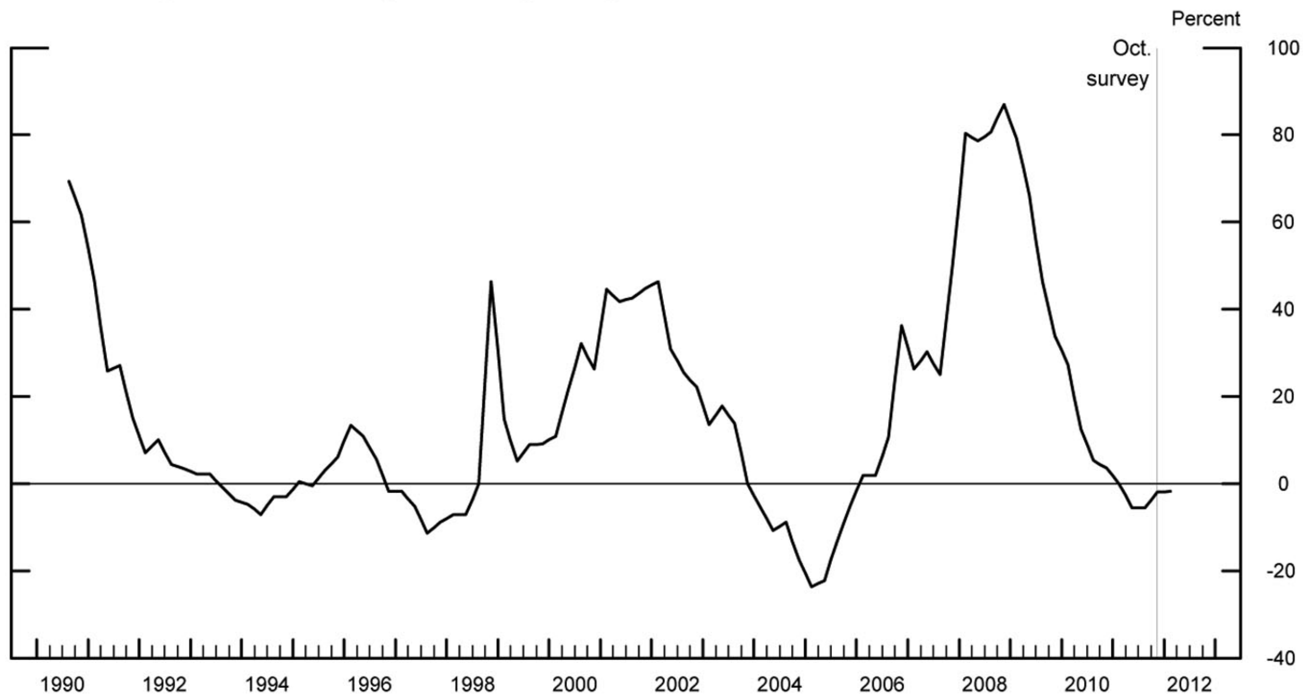
Conventional Financing Terms Are Starting To Loosen

☞ The Federal Reserve's Survey of Senior Lenders from January 2012 notes that "domestic banks reported that their lending standards had changed little and that they experienced somewhat stronger loan demand."

✓ The survey also indicated that many domestic banks reported trimmed loan rate spreads and that a few large domestic banks had lengthened the maximum term for commercial real estate loans.

☞ The following chart graphically illustrates trends in commercial real estate loan standards:

Net Percentage of Domestic Respondents Tightening Standards for Commercial Real Estate Loans



✘ The chart shows that loan standards saw sustained tightening from early 2006 through the end of 2008. In 2008, standards became so tight so fast among 80 percent of lenders that additional tightening was almost impossible. The decline in the response rate across 2009 simply reflects a delayed tightening among the rest of the financial community combined with mild additional tightening industry wide.

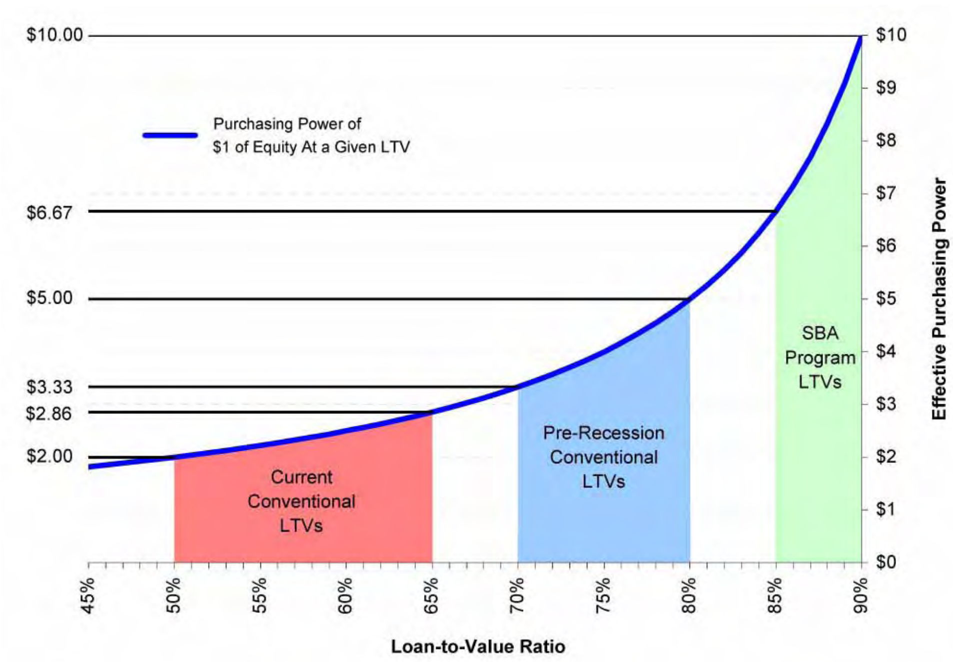
☞ The survey notes that improvement in lending has been concentrated at large domestic banks, with those same banks reporting increased demand for business and consumer loans. Further, "the majority of respondents that had eased standards and terms on commercial/ industrial loans cited increased competition from other banks and nonbank lenders as the most important reason for the easing. Some banks that had eased standards and terms also pointed to a more favorable or less uncertain economic outlook."

⇨ Lending standards for commercial real estate lending have started to ease. Given how tight those standards became, it will take time for them to materially loosen.

Loan-to-Value Ratios Have Declined

✕ Before the crash, conventional lenders were offering loans at LTVs of 70 to 80 percent. Today, lenders are at 50 to 65 percent. We have yet to find a lender that will do a gas station loan at a higher LTV.

✕ The following chart graphically illustrates the impact declining LTVs have on a buyer's purchasing power.



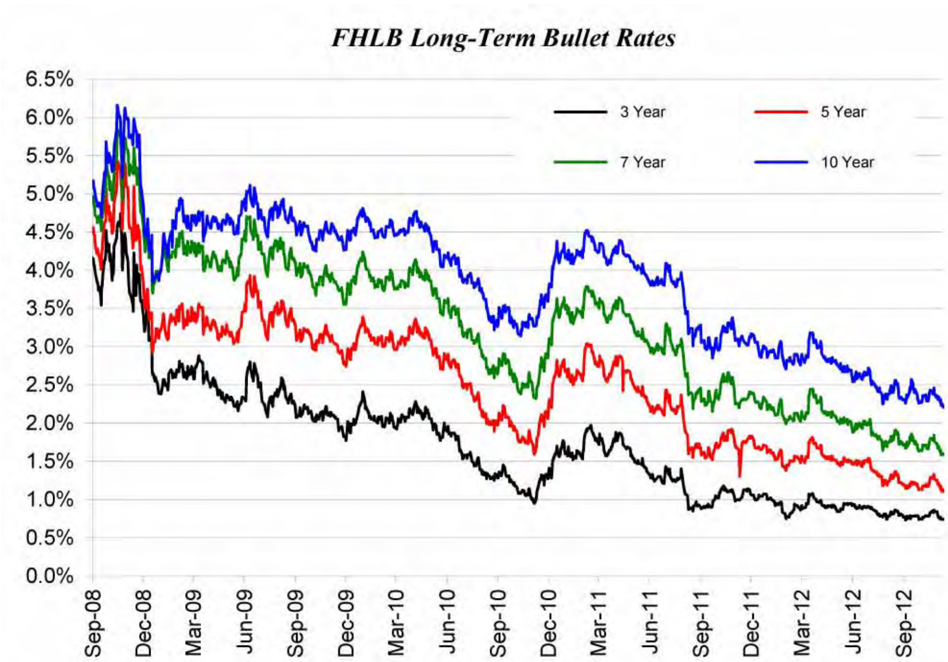
✗ A buyer with $1 in equity getting a 75 percent LTV loan has $4 of purchasing power. In a 65-percent-LTV environment, that same fixed-equity budget only yields $2.86 of purchasing power, a diminution of 29 percent.

⇨ Reduced LTVs require borrowers to inject more equity into transactions, lowering their leverage and therefore their purchasing power.

Lenders Are Pricing Risk Higher

☞ In the third quarter of 2008, conventional lenders doing gas station loans quoted loan rates of 275 to 325 basis points over Federal Home Loan Bank ("FHLB") index rates. On a five-year index rate, this yielded a loan rate in the range of seven to eight percent.

☞ As shown in the following chart, FHLB rates dropped substantially beginning in the fourth quarter of 2008 and have remained relatively low. While index rates bounced back slightly, they have continued to be 75 to 175 basis points lower than they were in late 2008, depending on the term.



✗ The decline in the index rates has not translated into lower loan rates. Instead, lenders have substantially increased their pricing spreads. Lenders are now quoting loan rates 375 to 475 basis points over the index rate.

⇨ Net-net, the actual loan rates being quoted today are similar to, if not slightly higher than, late 2008. The lower index rates have been offset by higher margins that indicate a decreased appetite for risk.

✗ There is significant inflationary pressure baked into the economy due to the more-than-doubling of the Federal Reserve's balance sheet in the third quarter of 2008. At some point, the Federal Reserve will have to reduce its balance sheet and this will result in tightened credit and higher interest rates.

✓ Anemic economic conditions have incented the Federal Reserve to maintain its balance sheet for the near future.

✗ If index rates escalate and lenders hold firm on their risk pricing, the cost of borrowing will grow, which will pressure debt coverage ratios, which in turn will make it harder to get loans approved. This would have a chilling effect on credit liquidity.

Looking Forward

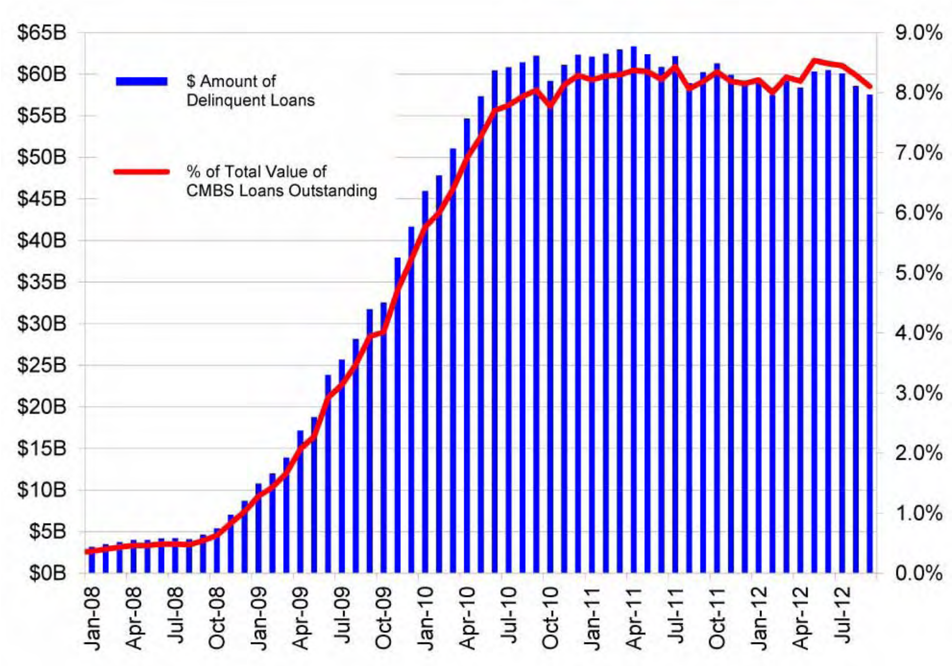
☞ Relative to the seized-up credit markets seen over the last half of 2008, credit markets are likely to slowly loosen over the next two to four years. However, underwriting terms will remain relatively tight, LTVs will likely remain at or near current levels, and risk pricing will likely remain at or near current levels.

⇨ There will be no credit-driven component of the eventual economic recovery. Indeed, the contrary is more likely to occur, with tight credit markets helping to drag out the recovery and keeping real estate values from bouncing back.

Has Commercial Real Estate Reached Bottom?

Defaults Rates Are Leveling Off

☞ According to the Mortgage Bankers Association, 21.2 percent of the outstanding commercial and multi-family mortgage debt is held as commercial mortgage backed securities ("CMBS"). Commercial banks hold 44.7 percent of the outstanding commercial and multi-family mortgage debt. The balance is held by insurance companies, government-sponsored enterprises, REITs, etc. The following chart shows the CMBS delinquency trends.



- ✗ Between August of 2008 and June of 2010, the CMBS default rate as a percentage of total loans increased by an average of 13.8 percent per month.

- ✓ Since July of 2010, the growth rate has averaged a much more nominal 0.9 percent per month.

- ✗ Despite this near-leveling of default rates, there have not been two consecutive months of rate declines in the last four years. Further, there is no reason to believe that loan delinquencies on commercial mortgages held by commercial banks are faring any better than the CMBS default trends would indicate.

- ⇨ Default rate data suggests a bottom may be forming for commercial real estate.

Commercial Real Estate Values

- ☞ On a region-by-region basis, residential markets may have bottomed out, although this conclusion is debatable given that foreclosures continue at a record pace, historically low interest rates have failed to stimulate demand and have nowhere to go but up, the federal government's capacity to undertake additional stimulus measures has largely run out, and recent housing figures show that prices just recently dropped below the lows seen during the recession.

- ☞ Commercial real estate values tend to be a lagging indicator of market conditions since it takes longer for the value fundamentals to erode (i.e., for lease rates to decline and vacancy rates and collection losses to increase), for property owners to default, and for banks to foreclose on and then work out the troubled assets.

- ☞ Without sustainable job creation, the fundamentals of the commercial real estate industry will remain weak and therefore advantageous to tenants. Across most property sectors, supply continues to outweigh demand, causing vacancy rates to rise and rental rates to fall.

- ☞ Lenders' "pretend and extend" approach to managing troubled loans has minimized the number of impaired assets coming to market. This has kept deal volume down and facilitated the buildup of sidelined equity. This in turn has created excess demand that has largely been focused on stable, Class A assets.

- ☞ Capitalization rates have actually come down since late 2009, as the few consummated deals involved Class A properties for which there was much competition.

- ✕ Demand for non-Class A commercial real estate remains very weak. Until there is relatively uniform stability across the commercial real estate sector, the market will remain highly bifurcated.

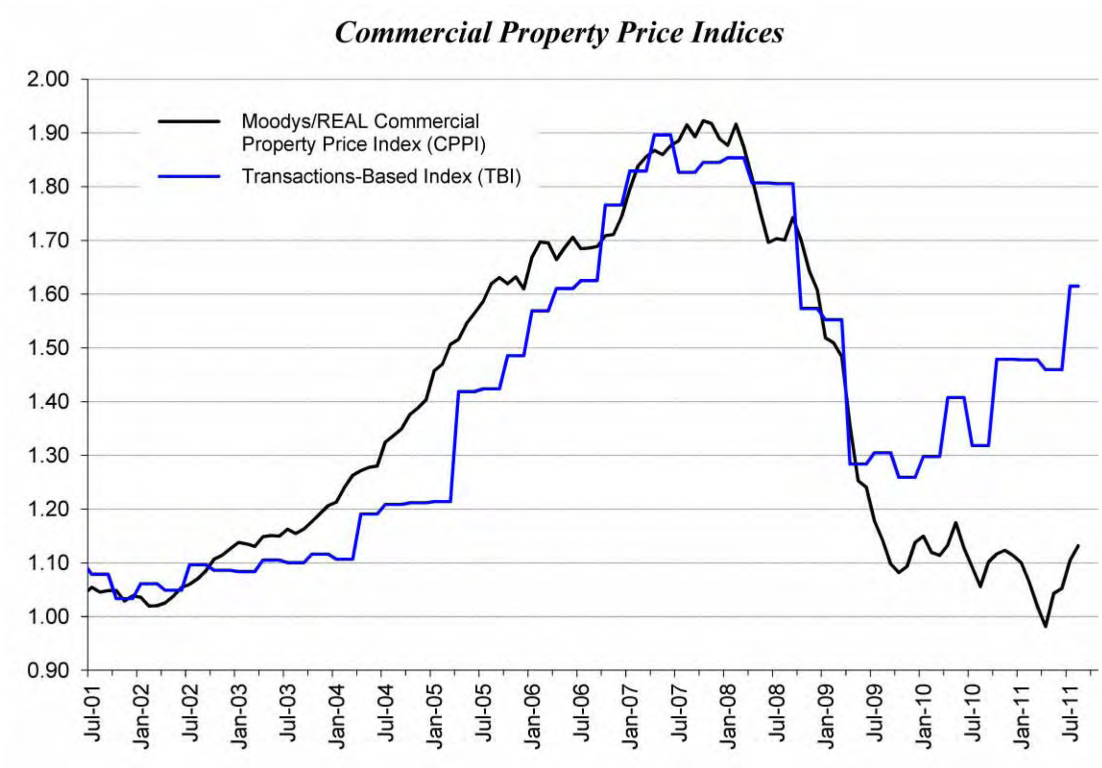
- ☞ MIT's Center for Real Estate produces and publishes their Transactions-Based Index ("TBI"), which is a statistical methodology that produces estimates of price movements and total returns based on transactions of properties sold from the NCREIF Index database.

- ☞ Results for the first quarter of 2011 show a 14.7 percent year-over-year increase in prices. However, the index remains more than 22 percent below its peak in the second quarter of 2007.

- ☞ The Moodys/REAL commercial property index ("CPPI") is a periodic, same-property, round-trip investment price change index of the U.S. commercial investment property market.

- ✕ The index estimates that commercial-property prices have declined between 40 and 48 percent since peaking in October of 2007. There have only been five months with a year-over-year increases since mid-2008.

- ☞ The following table shows the historical CPPI trends and TBI trends.



- The chart clearly illustrates the dramatic decline in commercial property values over the last three years.

- When compared to the same periods in 2010, July and September saw increases of 1.2 percent and 7.2 percent respectively. These data points are the most recent data available and represent two of the five months with a reported year-over-year increases since April of 2008.

- The TBI and CPPI illustrate divergent trends since late 2009. This likely reflects the bifurcation in commercial real estate between Class A and all other properties.

- By all measures and indexes, commercial property values have declined substantially. The rate of value decline has begun to lessen and a bottom may be forming, although the data is contradictory.

- The increasing CMBS defaults and the fact that commercial banks still have little appetite for new loans may keep property values depressed for some time.

Gas Stations

Rates of Return Are Increasing: Band of Investment Analysis

☞ Because most properties are purchased with a combination of debt and equity capital, the overall rate of return on an entire investment must meet the market-required returns for both the debt and equity positions.

	% of Total	Rate	Wtd Avg
Debt	80%	0.0867	6.9%
Equity	20%	0.2000	4.0%
		Overall rate	***10.9%***

☞ The formula [*Rate of Return = Income / Value*] shows the relationship between rate, income, and value. For example, the overall rate of return on an investment property equals its first-year income, before debt service, divided by the purchase price.

	% of Total	Rate	Wtd Avg
Debt	65%	0.0867	5.6%
Equity	35%	0.2000	7.0%
		Overall rate	***12.6%***

⇨ We can apply this formula to the individual mortgage and equity components to estimate an overall rate of return. Doing so is called a band of investment analysis.

	% of Total	Rate	Wtd Avg
Debt	65%	0.0926	6.0%
Equity	35%	0.2500	8.8%
		Overall rate	***14.8%***

☞ As shown in the adjacent table, Assuming debt capital can be secured at an 80 percent loan-to-value ratio, amortized over 25-years at 7.25 percent interest, and assuming the equity investor's required rate of return is 20 percent, then an overall rate of 10.9 percent results.

☞ The adjacent table shows what happens to the overall rate when financing terms tighten and loan-to-value ratios drop to 65 percent: the overall rate increases to 12.6 percent. Assuming all else stays the same, real estate values will drop 13.4 percent.

☞ The adjacent table shows what happens in a 65 percent loan-to-value environment when lending interest rates increase a modest 75 basis points and the equity return that buyers require increases to 25 percent.

☞ One to two years ago, overall rates of return on gas stations were typically in the 10 to 12 percent range. In today's tighter lending environment, with buyers being more cautious and conservative, rates have increased and are now falling in the 13 to 15 percent range.

☞ If overall rates of return increase from 11 percent to 14 percent, then property values decline by about 20 to 22 percent.

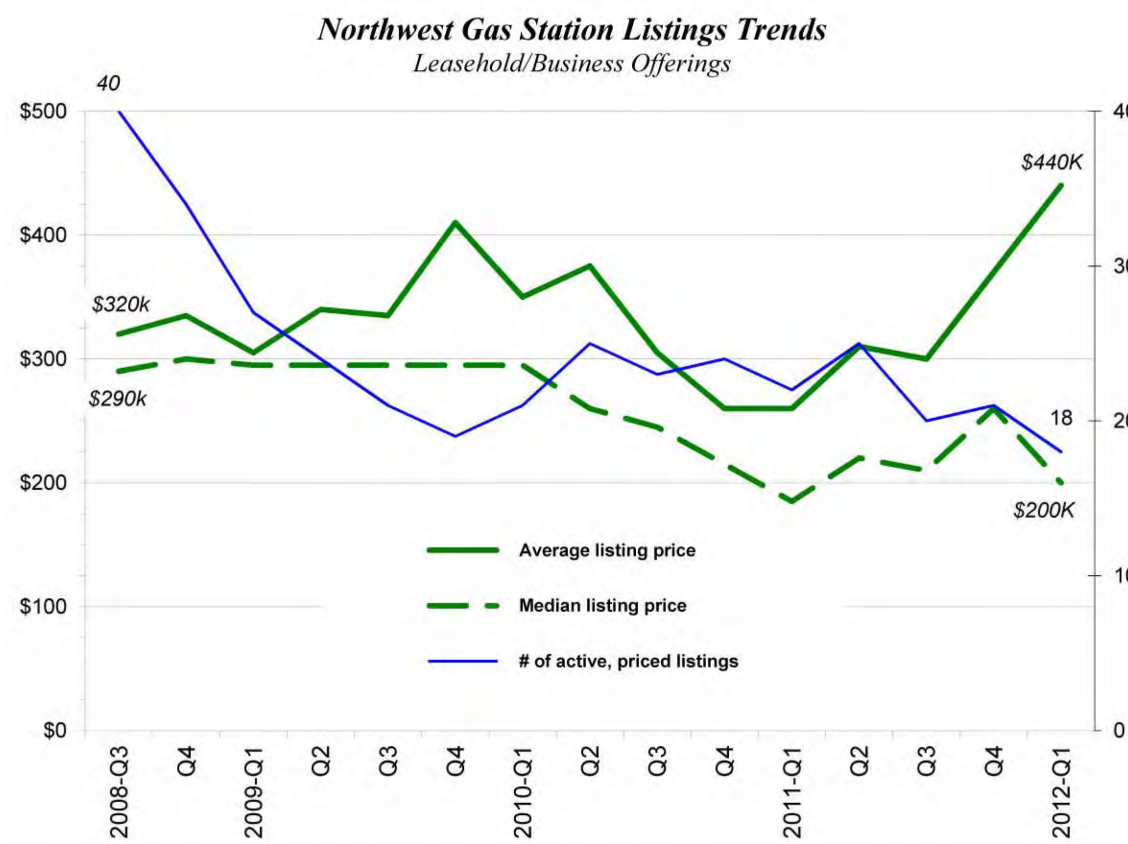
⇨ Increasing overall rate of return requirements will continue to put downward pressure on commercial real estate and gas station values.

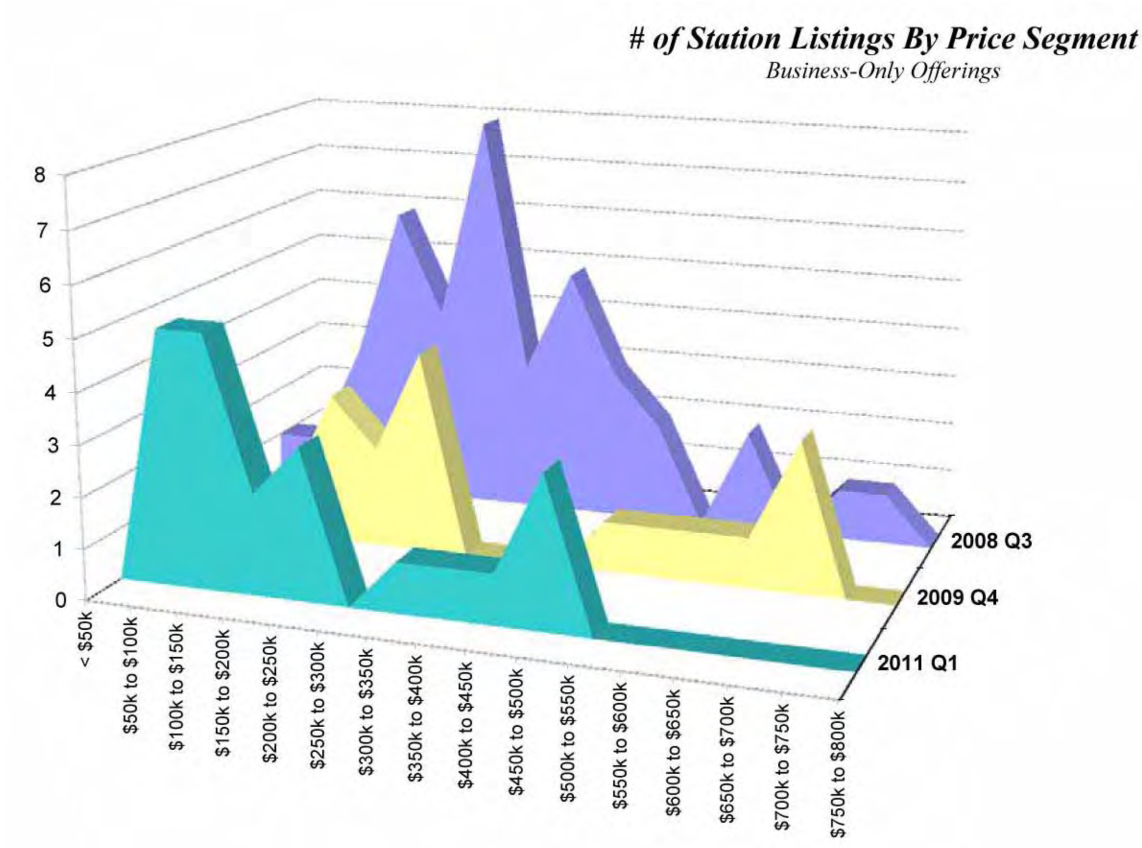
Listing Activity

✕ Brokers dealing primarily with gas stations report that deal volume declined by half in 2008, if not more. Further, deal volume remained extremely low throughout 2009, 2010 and 2011.

☞ We began compiling a comprehensive inventory of gas stations listed for sale in the Pacific Northwest in the third quarter of 2008. The following tables summarize listing activity and prices over the last 11 quarters, while the subsequent charts graphically illustrate the trends.

		Real Estate Only (Leased Fee)		"Business" Only (Leasehold)		Real Estate + Business (Going Concern / Fee Simple)	
		Qty / $	% Change	Qty / $	% Change	Qty / $	% Change
Listing Volume							
2008	Q3	5	-	40	-	194	-
	Q4	3	(40.0%)	34	(15.0%)	147	(24.2%)
2009	Q1	1	(66.7%)	27	(20.6%)	125	(15.0%)
	Q2	1	0.0%	24	(11.1%)	105	(16.0%)
	Q3	1	0.0%	21	(12.5%)	105	0.0%
	Q4	0	(100.0%)	19	(9.5%)	103	(1.9%)
2010	Q1	0	-	21	10.5%	104	1.0%
	Q2	0	-	25	19.0%	124	19.2%
	Q3	0	-	23	(8.0%)	122	(1.6%)
	Q4	1	-	24	4.3%	103	(15.6%)
2011	Q1	1	0.0%	22	(8.3%)	108	4.9%
	Q2	0	(100.0%)	25	13.6%	113	4.6%
	Q3	0	-	20	(20.0%)	108	(4.4%)
	Q4	0	-	21	5.0%	114	5.6%
2012	Q1	0	-	18	(14.3%)	111	(2.6%)
Average Listing Price							
2008	Q3	$2,490,000	-	$320,000	-	$1,455,000	-
	Q4	$1,620,000	(34.9%)	$335,000	4.7%	$1,485,000	2.1%
2009	Q1	$750,000	(53.7%)	$305,000	(9.0%)	$1,580,000	6.4%
	Q2	$750,000	0.0%	$340,000	11.5%	$1,515,000	(4.1%)
	Q3	$750,000	0.0%	$335,000	(1.5%)	$1,405,000	(7.3%)
	Q4		(100.0%)	$410,000	22.4%	$1,475,000	5.0%
2010	Q1		-	$350,000	(14.6%)	$1,525,000	3.4%
	Q2		-	$375,000	7.1%	$1,405,000	(7.9%)
	Q3		-	$305,000	(18.7%)	$1,385,000	(1.4%)
	Q4	$700,000	-	$260,000	(14.8%)	$1,385,000	0.0%
2011	Q1	$700,000	0.0%	$260,000	0.0%	$1,345,000	(2.9%)
	Q2	$700,000	0.0%	$310,000	19.2%	$1,355,000	0.7%
	Q3		-	$300,000	(3.2%)	$1,345,000	(0.7%)
	Q4		-	$370,000	23.3%	$1,365,000	1.5%
2012	Q1		-	$440,000	18.9%	$1,330,000	(2.6%)
Median Listing Price							
2008	Q3	$895,000	-	$290,000	-	$1,300,000	-
	Q4	$895,000	0.0%	$300,000	3.4%	$1,350,000	3.8%
2009	Q1	$750,000	(16.2%)	$295,000	(1.7%)	$1,350,000	0.0%
	Q2	$750,000	0.0%	$295,000	0.0%	$1,300,000	(3.7%)
	Q3	$750,000	0.0%	$295,000	0.0%	$1,250,000	(3.8%)
	Q4		(100.0%)	$295,000	0.0%	$1,275,000	2.0%
2010	Q1		-	$295,000	0.0%	$1,250,000	(2.0%)
	Q2		-	$260,000	(11.9%)	$1,125,000	(10.0%)
	Q3		-	$245,000	(5.8%)	$1,075,000	(4.4%)
	Q4	$700,000	-	$215,000	(12.2%)	$1,035,000	(3.7%)
2011	Q1	$700,000	0.0%	$185,000	(14.0%)	$1,025,000	(1.0%)
	Q2	$700,000	0.0%	$220,000	18.9%	$1,030,000	0.5%
	Q3		-	$210,000	(4.5%)	$1,020,000	(1.0%)
	Q4		-	$260,000	23.8%	$1,040,000	2.0%
2012	Q1		-	$200,000	(23.1%)	$1,100,000	5.8%


Northwest Gas Station Listings Trends
Leasehold/Business Offerings
40
$500
$400
$300
$200
$100
$0
40
30
20
10
0
$320k
$290k
$440K
18
$200K
Average listing price
Median listing price
# of active, priced listings
2008-Q3
Q4
2009-Q1
Q2
Q3
Q4
2010-Q1
Q2
Q3
Q4
2011-Q1
Q2
Q3
Q4
2012-Q1


# of Station Listings By Price Segment
Business-Only Offerings
8
7
6
5
4
3
2
1
0
2008 Q3
2009 Q4
2011 Q1
< $50k
$50k to $100k
$100k to $150k
$150k to $200k
$200k to $250k
$250k to $300k
$300k to $350k
$350k to $400k
$400k to $450k
$450k to $500k
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$550k to $600k
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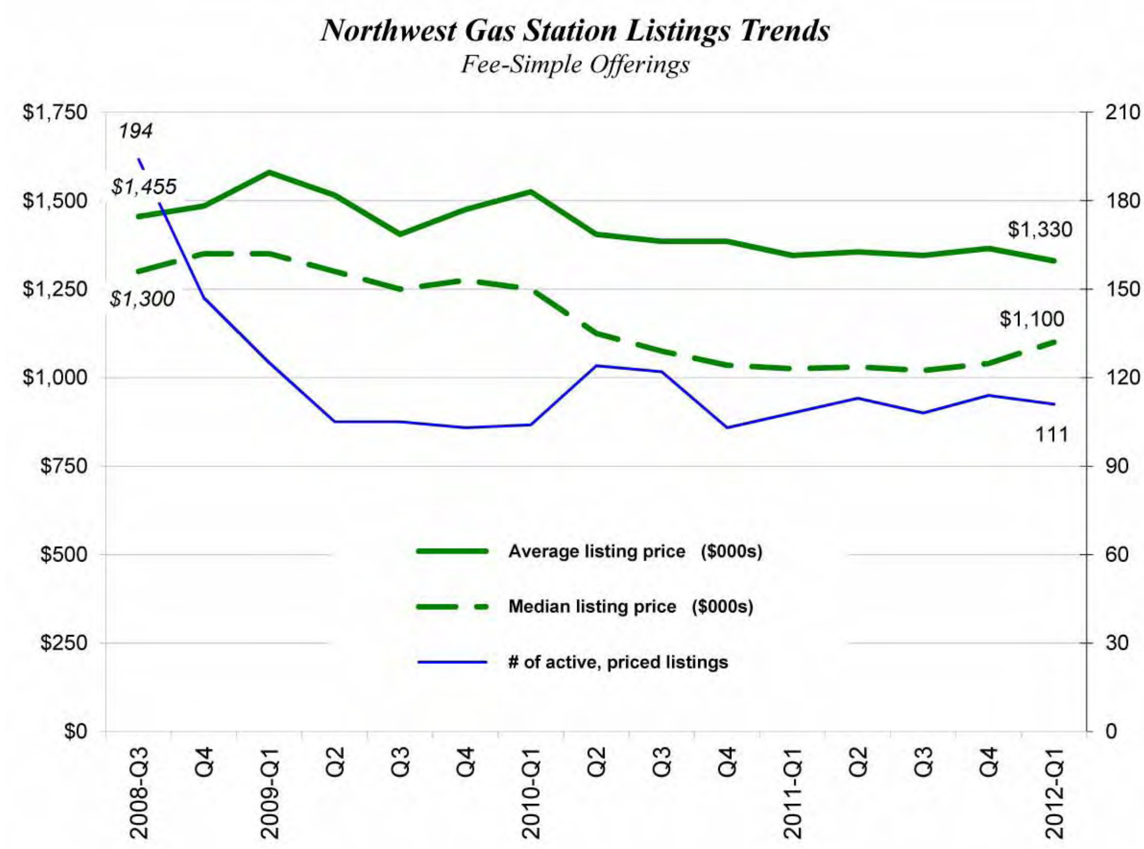
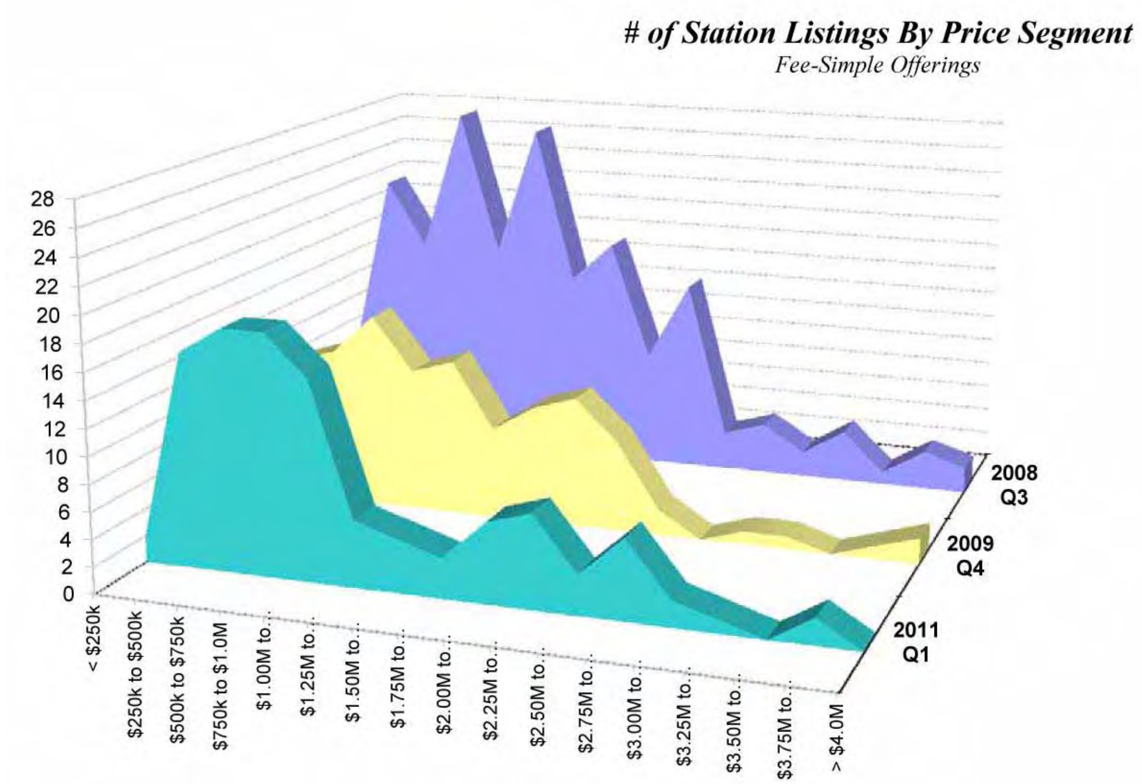
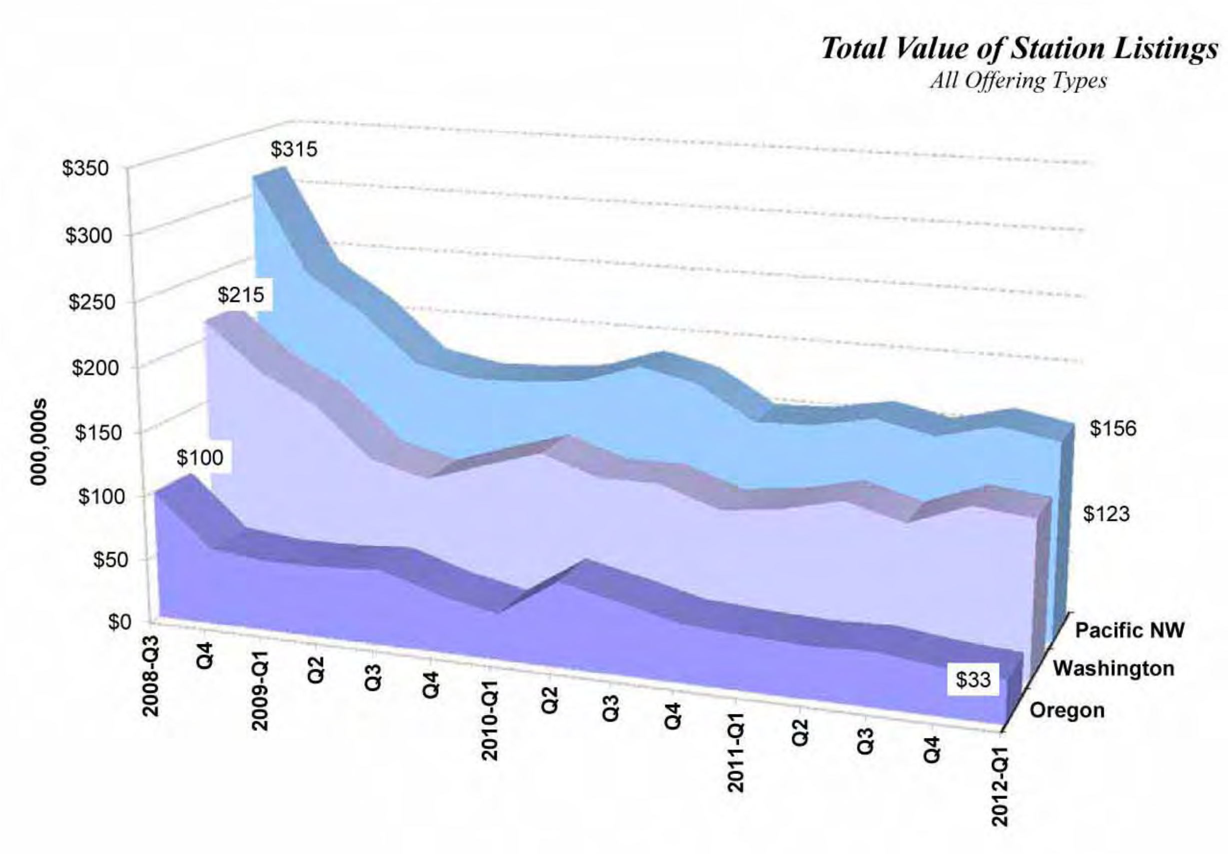
$650k to $700k
$700k to $750k
$750k to $800k


Northwest Gas Station Listings Trends
Fee-Simple Offerings
$1,750
$1,500
$1,250
$1,000
$750
$500
$250
$0
210
180
150
120
90
60
30
0
194
$1,455
$1,300
$1,330
$1,100
111
Average listing price ($000s)
Median listing price ($000s)
# of active, priced listings
2008-Q3
Q4
2009-Q1
Q2
Q3
Q4
2010-Q1
Q2
Q3
Q4
2011-Q1
Q2
Q3
Q4
2012-Q1


# of Station Listings By Price Segment
Fee-Simple Offerings
28
26
24
22
20
18
16
14
12
10
8
6
4
2
0
< $250k
$250k to $500k
$500k to $750k
$750k to $1.0M
$1.00M to...
$1.25M to...
$1.50M to...
$1.75M to...
$2.00M to...
$2.25M to...
$2.50M to...
$2.75M to...
$3.00M to...
$3.25M to...
$3.50M to...
$3.75M to...
> $4.0M
2008 Q3
2009 Q4
2011 Q1



- Listings of real estate-only stations ("leased fee") have been minimal, accounting for at most 2.6 percent of the market volume.

- ⇨ Real estate-only station listings have been hit hard by the exceptional difficulty of financing leased properties.

- Debt capital for businesses with no hard assets is almost impossible to secure in the current environment. Because the only assets in business-only sales are inventory and intangible assets, they are either 100 percent equity transactions or involve seller financing.

- Business-only (i.e., leasehold/business with no fee-interest in the underlying real estate) listing volumes have declined about 45 percent since mid-2008, going from 40 to 20-25 stations. The median prices peaked around $300,000 and have steadily declined to $185,000.

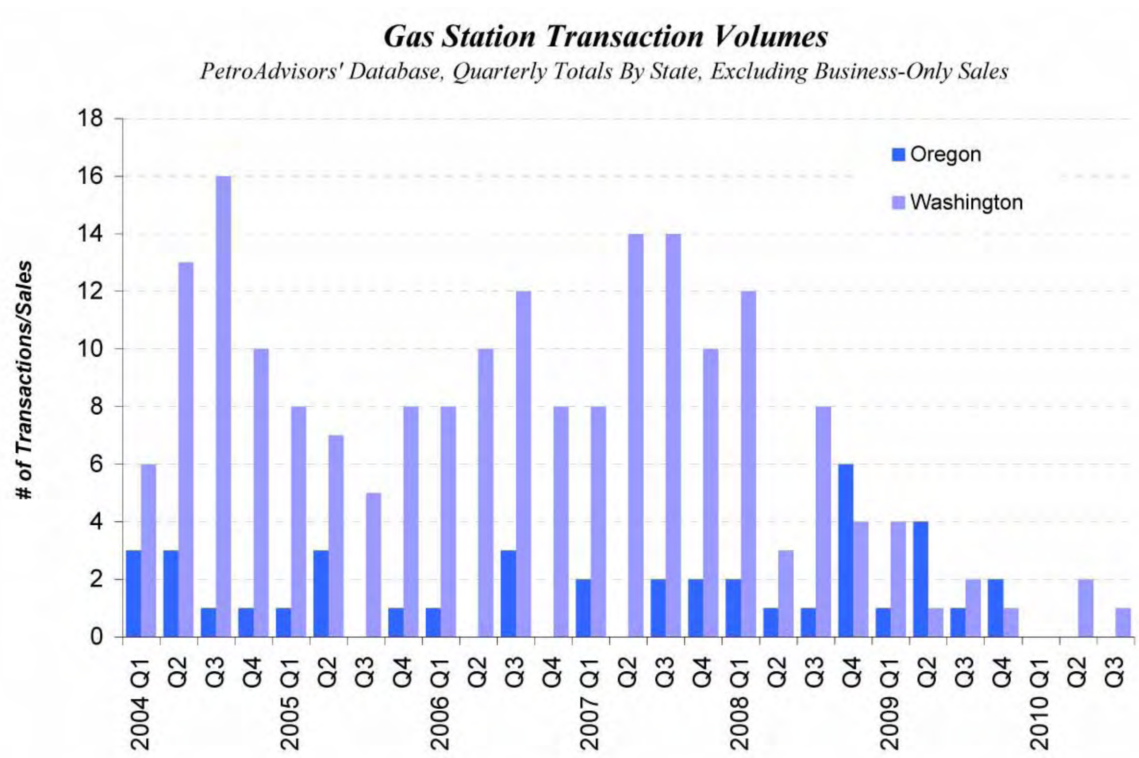
- ⇨ The business-only segment experienced substantial volume and price correction throughout the course of the recession.

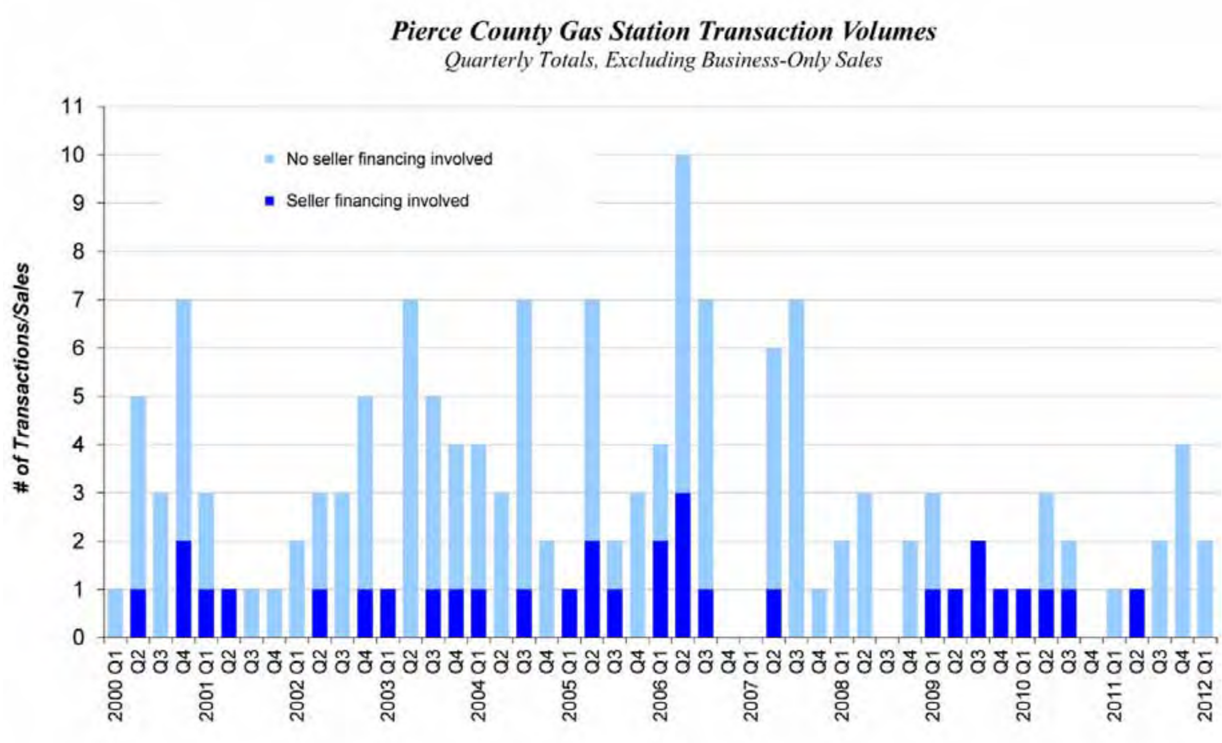
- Listing volumes for going concerns are also down about 45 percent over the last 11 quarters, from 194 to 104-108 stations. The median price has steadily declined from a peak of $1.35 million to $1.25 million, while the average price has gone from a peak of $1.62 million to $1.35 million.

- The drop in listing volumes is due to a decline in discretionary selling. That is, sellers know that market conditions are difficult and, if they do not have to sell, are not listing their stations.

- Sellers who don't need to sell are going to continue to sit tight, either holding their sites until market conditions improve, or holding firm on their prices. Sellers who need to sell, or are motivated to sell, will have to price aggressively to make it financially feasible for the biggest pool of buyers possible.

- The following charts illustrate trends for gas station transaction volumes. The first chart is based on our in-house sales database and is not comprehensive across the Northwest. Nevertheless, the trend is valid since our data collection efforts have become more rigorous over the period shown, not less. The second chart shows the results of a comprehensive, 10-year sales study we conducted in Pierce County Washington, which is home to nearly 10 percent of the stations in Washington (about 300 stations).





- ✗ Both charts clearly illustrate a sharp decline in gas station sales activity.
- ☞ The Pierce County study shows that seller financing has become more prevalent since the end of 2008, with such financing being used in nearly half of the transactions (9 of 20).
- ☞ The median amount of seller financing among the 2009 and 2010 transactions was 40 percent of the total price.
- ☞ Among four of the nine seller-financed sales, seller financing accounted for all of the financing on the deal.
- ✗ The use of seller financing has become more prevalent as sellers, in an effort to maximize transaction price and get their stations sold, shoulder financing risks that continues to be shunned by lenders.
- ✓ Although the availability of gas station financing is limited, the market has adapted to these conditions, facilitating a nominal level of transaction volume.
- ✓ Provided there is no major, macroeconomic shock that pushes the economy into a double-dip recession, station values are unlikely to worsen.
- ⇨ Station values will remain soft for the foreseeable future.

Subject-Specific Value Influences

- ☞ It is useful to review a number of key, “big picture” issues before getting into the actual valuation of the subject property.

Historical Property Transactions

- ☞ There have not been any arm’s-length transfers of the subject property within the past that are material to the subject’s current market value, especially given that this appraisal is largely concerned with future values.
- ⇨ Since the subject has not sold in many years, there is little meaningful historical reference points for value.

Property Configuration

- ☞ Values are strongest for gas stations with convenience stores. Stations that have service bays, car washes, or other profit centers are less desirable, as are pumpers.
- ⇨ The subject’s configuration is conducive to maximizing value.

Geographic Location

- ☞ In Oregon, values are strongest for gas stations in the major communities along the Interstate 5 corridor, especially between Eugene and Portland. Station values are softer at the coast and east of the Cascade Mountains.
- ⇨ The subject’s location just north of Eugene and at an Interstate 5 interchange makes it quite desirable.

Asset Quality

- ☞ In tightened/declining markets, buyer sensitivity to asset quality increases. Buyers seek quality, durable assets to counter the declining market.
- ☞ An asset that is physically declining is perceived to reflect broader market conditions and is less desirable. Further, when buyers have more choices, the value impact due to poor asset quality is magnified.
- ⇨ The subject’s new condition and quality is certainly conducive to maximizing value in the current economic environment.

Data Availability

- ✓ The owner was able to provide the requested data for the prior station that was on the subject property.
- ⇨ The transparency of the previous operations on the subject is average.

Data Reliability: Subject Specific

✓ Given the substantial changes occurring on the subject, having the operating data from the previous facility is a significant risk-mitigation factor.

✗ Nevertheless, there is above-average risk associated with projecting any new facility's operating income.

⇨ The reliability of the pro forma income statement is somewhat below average.

Data Reliability: General

✗ Unprecedented market conditions since 2008 have increased the risk associated with projecting *any* gas station's future operations.

⇨ The overall reliability of the pro forma projections is somewhat impaired by ongoing market volatility and uncertainty about near-term economic conditions.

Market Conditions

☞ Conditions in the petroleum marketing environment, in credit markets, and in commercial real estate markets are decidedly negative and unlikely to materially recover in the next 12 months.

☞ Listing statistics indicate the market for gas stations has weakened, but may have bottomed out. Further, these statistics tend to be lagging indicators of the market.

⇨ Market conditions are not conducive to maximizing value.

Credit Markets

✗ While there is no single-variable causality for station prices, the reduced availability of debt capital, combined with tighter underwriting terms, lower LTVs, increasing overall rates of return on commercial real estate, and higher loan pricing is putting a material crimp on gas station values and transaction volumes.

⇨ Over the last four years, lenders' underwriting standards have tightened, loan pricing/terms have become more conservative, and the overall pool of available debt capital has shrank. Indeed, the availability of debt capital to the petroleum industry actually tightened throughout 2009 and 2010 and has only recently begun to relax.

Conclusion

☞ We have reviewed a number of "big picture" topics that have a direct impact on the subject's market value. The following table summarizes the topics and their general impact on the subject property's value:

Factor	Impact On Value
Historical property transactions	Neutral
Property configuration	Positive
Geographic location	Significantly positive
Asset quality	Significantly positive
Data availability	Neutral
Data reliability: subject specific	Negative
Data reliability: general	Negative
Market conditions	**Significantly negative**
Credit markets	**Significantly negative**

✗ Despite the subject's multiple positive factors, the negative market conditions and credit markets have a more significant impact on value.

⇨ Taken together, these factors clearly paint a valuation backdrop that is not conducive to maximizing value. However, the subject's multiple positive factors help to mitigate the strong negative factors.

Cost Approach

Site Valuation

☞ We searched up and down Interstate 5 from the south side of Lane County up to the north side of Marion County for sales of commercial and industrially zoned, interchange-oriented land sales. The following table summarizes the transaction data for the most comparable sales.

Sale #	1	2	3	4	5	6
Sale date	January-07	February-07	December-08	July-11	January-11	April-12
Sale price	$350,000	$475,000	$325,000	$1,200,000	$472,119	$4,000,000
Location	110 Opal Court NE	Fescue Street, one lot south of Spicer Road	12211 Melinda Lane NE	2450 Country Club Road	86742 McVay Highway	33130 Van Duyn Road
City	Albany	Albany	Aurora	Woodburn	Eugene	Coburg
Map	11S-03W-04-DB	11S-03W-09-C0	04S-01W-09-DC	05S-02W-12-AC	18S-03W-10-10	16S-03W-33-00-D2
Tax lot(s)	200	616	2100	4000, 4100	2602, 2603	200, 202, 203, 204, 207, 209, 210, 211
Account(s)	864358	918774	R337579	R14734, R14735	1461696, 1461704	41945, 41978, 41986, 41994, 42026, 1184835, 1184934, 1232618
Deed	2007:682	2007:4522	30210093	33000492	2011-3662	2012-16741
Grantor	City of Albany	Home Depot USA	Bill Olinger Properties, LLC	Arlie & Company	Universe Corporation	Wrangler 3, LLC
Grantee	Bob Mitchell	Bob Mitchell	Salt Properties, LLC	Evergreen Country, LLC	EarlyOil, LLC	Mt. Vernon Seafoods, LLC
Prop. rights	Fee	Fee	Fee	Fee	Fee	Fee
Financing	Cash	Cash	Cash	Cash	Cash	Cash
Conditions	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Site area	1.09 acres	1.19 acres	1.07 acres	4.11 acres	1.00 acres	8.84 acres
Zoning	Regional Commercial	Regional Commercial	Interchange District	Commercial General	Neighborhood Commercial	Highway Commercial
Jursidiction	City of Albany	City of Albany	Marion County	City of Woodburn	Lane County	City of Coburg
Utilities	Fully served	Fully served	Fully served	Fully served	Fully served	Partially served
Topography	Level	Level	Level	Level	Level	Level
Shape	Irregular	Rectangular	Rectangular	Irregular	Irregular	Irregular
Interior/corner	Corner	Interior	Interior	Interior	Interior	Corner
Access	Good	Good	Good	Fair	Average	Excellent
Exposure	Average	Good	Fair	Very Good	Good	Very Good
Use	Restaurant	Vacant	Light industrial	Medical offices	Gas Station	Speculation
$ / Sq Ft	***$7.37***	***$9.16***	***$6.97***	***$6.70***	***$10.84***	***$10.39***

- Sale 1 ($7 per square foot) involved an irregularly shaped parcel that is fundamentally rectangular, but the west side of the site has a substantial, curved part removed to accommodate the Airport Road right of way. Although the site has extensive frontage along Knox Butte Road and is technically a corner lot, the traffic volumes along the side street, Opal Court, is extremely limited since it is only a 200-foot long cul-de-sac. The Albany Airport is just southwest of Sale 1.

- The site is about one-quarter mile east of Interstate 5 and the Pacific Boulevard interchange. The configuration of the interchange is unusual since there is no southbound on-ramp to the interstate and the west side of the interchange is built to connect the pair of one-way couplets that make up Pacific Boulevard to the southbound off-ramp and northbound on-ramp to the interstate. Development on the east side of the interstate is a mix of low density uses, a few commercial projects, and then site-built residential subdivisions. This is a good comparable for the subject since it has the positive value influence of being inside a city but does not have the positive value influence of synergistic development around the interchange.

- Sale 2 ($9 per square foot) involved a rectangular, interior parcel that was a remnant from the development of the Home Depot store at the southeast quadrant of the Interstate 5/Highway 20 interchange. However, it is not a pad site in front of Home Depot and is actually across the street to the west. The property is somewhat south of the actual interchange, but has excellent exposure to northbound Interstate 5 traffic flows well before the Highway 20 exit. Sale 2 is superior to the subject because it is both inside Albany's city limits and there is synergistic commercial development around the site.

- Sale 3 ($7 per square foot) is the most northern sale of the six presented. It is located in Aurora, seven miles north of Woodburn and five miles south of Wilsonville. Nevertheless, it sits at an interchange that is relatively rural in nature. The major developments around the interchange include a T/A truck stop at the northwest quadrant, a Shell gas station and truck stop at the southwest quadrant, and a mobile home park and Unocal 76 gas station/Pacific Pride cardlock at the southeast quadrant. Development around the interchange over the last 10 years has been focused at the southwest quadrant, where light industrial uses largely oriented toward truck services have been built.

- This sale involved a mostly rectangular parcel one lot west of the southwest corner of Ehlen Road and Bents Court, which is a short cul-de-sac serving the industrial subdivision west of the Shell truck stop. The site is fully served by all utilities typically available in urban areas. This is a good comparable for the subject because of the similar interchange orientation, semi-rural nature of the interchange, and the extent/scope of the other development around the interchange. However, it is slightly inferior to the subject since the Aurora interchange does not have the same level of urban-development influence that the Coburg interchange has.

☞ Sale 4 ($7 per square foot) is the second-most northern sale of the six comparable sales presented. It is located on the north edge of the northeast quadrant of the Highway 214/Interstate 5 interchange, which is the only interchange that serves Woodburn. There is extensive development around the interchange that includes a Wal-Mart superstore at the southeast quadrant and the Woodburn Company Outlet at the northwest quadrant, which is a regional destination. The interchange handles a very large volume of traffic and is slated to be rebuilt in the near future.

☞ The sale involved a large, somewhat rectangular property that has about 460 feet of frontage along the interstate, but access to the site is circuitous and non-obvious. Traffic must travel about 0.36 miles east of the interstate along Highway 214 before turning north on Country Club Road, then travel just under one-quarter of a mile north, and then turn west onto Country Club Court, which dead ends at the property. Because of the site's indirect access but excellent exposure, it is best suited to a destination-oriented development. Indeed, the medical offices that have been proposed for the site are just such a use. The subject is superior because of its more direct access, smaller size, and better suitability to an interchange-oriented development that can capitalize on the transient demand along the interstate.

☞ Sale 5 ($11 per square foot) is the land-only portion of a land and improvement sale of a gas station to the tenant. As a result, the value that was assigned to the land was largely an allocation, even though it was recorded under a separate warranty deed. The property is located on the southern fringe of the Eugene/Springfield area, in the middle of a split-diamond interchange. The southbound off-ramp and northbound on-ramp is about one-quarter mile north of the property, while the southbound on-ramp and northbound off-ramp is about 0.37 miles south of the property. Land uses around the interchange include limited commercial developments that include three gas stations and a few light industrial developments. The balance of the land uses are large-acreage, rural residences and native forest lands. While the $10.84 per square value shown by this sale is the result of an allocation, it is a reasonable reflection of the subject's value due to the similar nature of the interchange location and development around the interchange.

- ☞ Sale 6 ($10 per square foot) involved 8.84 acres at the southeast quadrant of the Coburg interchange, directly across the interstate from the subject. The property consists of almost the entire southeast quadrant of the interchange except for the Fuel'n Go gas station that sits right at the interchange. According to the City of Coburg's planner and manager, the property has sold several times over the last five to seven years, with development ideas that have ranged from hotels, to mini-storage, to retail. The property is served by municipal water and will be served by Coburg's new municipal sewer system. It supports several old buildings, including an old gas station that was used as an electronics store oriented toward truckers and an old restaurant. A large portion of the site is paved and fenced and used for truck trailer storage.

- ☞ Current access to the property will not be allowed to continue once development is pursued. ODOT requires that all property access to the primary overpass road at an interchange be closed within one-quarter mile of the interchange. However, since Cobrug's city limits are one lot east of Sale 6 and the city limits fall within the one-quarter mile distance from the interchange, a new access road serving Sale 6 will have to be built on property not owned by the owner of Sale 6 and will impact property whose land uses are controlled by Lane County. This will complicate the eventual development of Sale 6. The property was bought for speculative purposes; then again, prior sales of the property involved the same buyer motivation. Obviously the unit price from the sale can not be ignored, but the speculative motivations must temper it.

- ☞ Estimating the subject's land value is an interesting challenge. On the one hand, the Coburg interchange is somewhat rural in nature, with substantial vacant lands around all of the interchange's quadrants except for the southwest quadrant. There is very little synergistic development around it that would increase the likelihood of pulling transient demand off the interstate (e.g., hotels, restaurants, and gas stations).

- ☞ On the other hand, there are only two interchanges along the interstate north of the Willamette River and south of the Eugene/Springfield city limits. The southern interchange (Interstate 105/Highway 126) is a highway-to-interstate connection with no access to surface streets around the interchange.

- ☞ The northern interchange (Beltline Highway) used to have a combination clover leaf/diamond configuration, but was rebuilt several years ago to include a high-speed flyover ramp for northbound traffic accessing westbound Beltline Highway. There is extensive commercial development along Gateway Street, which runs north/south and parallels the interstate. It includes sit-down and fast food restaurants, hotels, and gas stations, but the rebuilt interchange configuration is not conducive to interstate traffic seeing that development or choosing to exit from the interstate to patronize it.

☞ The limited scope of highway-oriented commercial services along the interstate inside the immediate Eugene/Springfield area effectively forces such demand outside that area. Being just 3.7 miles north of the Beltline Highway interchange, the Coburg interchange is strategically located to capture that demand. However, the interchange is in the process of being redeveloped and the municipal sewer service is also in the process of being developed. The interchange is very likely in the early stages of being developed with the types of synergistic development that would pull traffic off the interstate, but it is still early in that process.

☞ In the absence of Sales 5 and 6, we would have been inclined to conclude a unit value of $7 or $8 per square foot. However, while Sale 5 is an allocation, it supports a higher value conclusion. Further, Sale 6 is an indication of speculative investors' belief that the Coburg interchange will see substantial development in the near future.

⇨ Given the market data presented, other data reviewed in the course of this assignment, and the current economic climate, we conclude the subject's overall site has a unit value of $10 per square foot. Over the subject's 80,151-square foot site, this yields a value indication of $801,510. We therefore conclude the subject site had a rounded, fee-simple market value as of October 15, 2012, of

EIGHT HUNDRED THOUSAND DOLLARS

$800,000

Replacement Cost Estimate

Data Sources

☞ We typically rely on three sources of construction data to value a property using the cost approach. The first is the property owner and projected or actual historic construction costs for the subject, if such information is available and relevant. The second is Marshall and Swift, a national cost estimating service that is based on comparable construction projects around the country. The third is market data from recent construction of comparable petroleum facilities.

Subject Costs

☞ We were provided a number of construction quotes for various aspects of the subject development. The following tables summarize those costs and group them into high-level categories.

Expense Category	Amount
Building and Site Work	
Site work	$538,376
Concrete and masonry	151,457
Plumbing	101,550
HVAC	120,290
Electrical, building	187,066
Metals, woods, and plastics	153,077
Thermal and moisture proofing	51,270
Openings	43,343
Finishes and specialties	180,773
Electrical, site	113,652
Landscaping	89,750
Subtotal, building and site work	***$1,730,604***

Expense Category	Amount
Petroleum	
Canopy	$130,000
Equipment	244,344
Electrical	58,500
Installation	166,000
Subtotal, petroleum	***$598,844***
Indirect Costs	
Architectural and design fees	Unknown
Permit fees	51,918
System development charges	25,000
Utility connection fees	33,000
Testing and inspections	20,000
General conditions and insurance	128,606
General contractor fee	74,375
Contingency (5.0%)	96,688
Subtotal, indirect costs	***$429,587***
Project Total	***$2,759,035***

☞ The following table allocates the indirect costs to the two construction categories based on their pro rata share of the direct costs.

Expense Category	Amount	Allocated Indirect Costs	Total Category Costs
Building and site work	$1,730,604	$319,151	$2,049,755
Petroleum	598,844	110,436	709,280
Total costs	*$2,329,448*	*$429,587*	*$2,759,035*

☞ The $2,049,755 cost for the building and site work equals an overall unit cost of about $343 per square foot over the 5,978-square foot building. Based on McDonald's 52.9 percent share of the building, the share of direct and indirect, non-petroleum costs attributable to the McDonald's space is $1,085,225. This is 39.3 percent of the project's $2.759 million total construction costs.

Marshall and Swift

☞ Marshall and Swift can not reliably be used to derive a construction cost estimate for new service stations because they lack the proper inputs/codes. They only have information for the old station style that entirely used double-hose pumps and lacked the high-technology, environmental protection equipment. Further, when we have used Marshall and Swift to develop a replacement cost estimate, the resulting figures have consistently been substantially lower than actual costs seen in the region. We therefore have not attempted to use Marshall and Swift to estimate the subject's replacement cost.

Cost Comparables

☞ To estimate the subject's replacement cost from a market perspective, we relied on cost comparables from around the Northwest and adjusted them for feature differences. The tables on the following pages show the cost comparables, the adjustments we've made to them, and our replacement cost analysis.

Itemized Service Station Cost Comparables

	1996		1997		1997		1997		1997	
	Chevron, Gig Harbor, WA		**Chevron, North Plains, OR**		**Chevron, Eugene, OR**		**ARCO, Eugene, OR**		**Chevron, Coos Bay, OR**	
Site work and utilities	$206,188	14.7%	$410,545	25.5%	$141,569	11.4%	$180,628	12.6%	$143,742	11.1%
Buildings	$581,550	41.4%	$530,092	32.9%	$567,716	45.8%	$675,260	47.0%	$644,887	49.7%
Canopy	$69,558	5.0%	$102,734	6.4%	$71,131	5.7%	$54,959	3.8%	$54,642	4.2%
Fueling improvements	$245,935	17.5%	$387,795	24.1%	$210,982	17.0%	$199,454	13.9%	$189,096	14.6%
Installation	$124,210	8.8%	$55,308	3.4%	$55,520	4.5%	$118,126	8.2%	$200,682	15.5%
Permits, engineering	$177,546	12.6%	$86,071	5.3%	$107,463	8.7%	$155,678	10.8%	$0	-
Miscellaneous	$0	-	$36,733	2.3%	$86,065	6.9%	$52,670	3.7%	$63,723	4.9%
Total	***$1,404,987***	***100.0%***	***$1,609,277***	***100.0%***	***$1,240,446***	***100.0%***	***$1,436,774***	***100.0%***	***$1,296,773***	***100.0%***
Building(s)	C-store		C-store		C-store		C-store and Car Wash		C-store and Car Wash	
Building area	3,800 sq ft		3,850 sq ft		3,750 sq ft		4,533 sq ft		4,465 sq ft	
Building unit cost	***$153.04***		***$137.69***		***$151.39***		***$148.97***		***$144.43***	
Canopy	58' x 60'		24'x60' and 52' x 68'		38' x 85'		53' x 56'		58' x 49'	
Canopy area	3,480 sq ft		4,976 sq ft		3,230 sq ft		2,968 sq ft		2,842 sq ft	
Canopy unit cost	***$19.99***		***$20.65***		***$22.02***		***$18.52***		***$19.23***	
Site area	0.708 acres		1.750 acres		1.186 acres		0.971 acres		0.610 acres	
Dispensers	6 MPDs		6 MPDs, 6 SPDs		6 blending MPDs		6 MPDs		4 MPDs	
Tanks	1x 15k, 2x 10k (Xerxes)		3x 15k, 1x 12k (Xerxes)		1x 15k, 1x 10k (Xerxes)		1x 20k, 1x 10k/10k (Xerxes)		2x 20k (Composite)	
Other			Card lock included				57'4" x 30' Tunnel car wash		40' x 36' car wash & polisher	
Notes	Redevelopment of an interchange corner.		Redevelopment of an interchange corner.		Virgin site in front of new Home Depot development.		Car wash equip. not included		$180,000 of car wash equip. not included	

	1998		1998		1998		1998		2000	
	ARCO, Vancouver, WA		**Chevron, Bonney Lake, WA**		**Chevron, Hillsboro, OR**		**Texaco, Scapoose, OR**		**Chevron, Goldendale, WA**	
Site work and utilities	$215,422	19.7%	$174,328	11.9%	$170,105	13.1%	$127,401	13.1%	$169,831	18.5%
Buildings	$339,988	31.0%	$596,045	40.7%	$521,712	40.2%	$397,310	40.7%	$405,712	44.2%
Canopy	$86,370	7.9%	$84,276	5.8%	$92,167	7.1%	$76,699	7.9%	$74,526	8.1%
Fueling improvements	$254,424	23.2%	$296,303	20.3%	$264,256	20.4%	$175,365	18.0%	$150,406	16.4%
Installation	$0	-	$147,766	10.1%	$147,683	11.4%	$125,851	12.9%	$77,493	8.4%
Permits, engineering	$154,104	14.1%	$139,951	9.6%	$101,452	7.8%	$62,775	6.4%	$9,940	1.1%
Miscellaneous	$45,846	4.2%	$24,450	1.7%	$0	-	$10,122	1.0%	$30,678	3.3%
Total	***$1,096,153***	***100.0%***	***$1,463,119***	***100.0%***	***$1,297,374***	***100.0%***	***$975,523***	***100.0%***	***$918,584***	***100.0%***
Building(s)	C-store of about 52' x 52'		Triangular c-store		C-store of about 42' x 70'		C-store of about 48' x 36'		C-store of about 53' x 66'	
Building area	2,485 sq ft		3,855 sq ft		3,000 sq ft		1,728 sq ft		3,555 sq ft	
Building unit cost	***$136.82***		***$154.62***		***$173.90***		***$229.92***		***$114.12***	
Canopy	64' x 56'		92' x 38'		85' x 38'		58' x 36'		60' x 73'	
Canopy area	3,584 sq ft		3,496 sq ft		3,230 sq ft		2,088 sq ft		4,380 sq ft	
Canopy unit cost	***$24.10***		***$24.11***		***$28.53***		***$36.73***		***$17.01***	
Site area	1.740 acres		1.077 acres		1.069 acres		0.530 acres		2.990 acres	
Dispensers	6 MPDs		6 MPDs		6 MPDs		4 blending MPDs		5 blending MPDs	
Tanks	1x 20k, 1x 10k (Xerxes)		1x 20k, 1x 15k (Xerxes)		1x 20k, 1x 10k (Xerxes)		1x 20k, 1x 10k/10k (FRP)		1x 14k/8k/5k (FRP)	
Other										
Notes	Virgin site.		Virgin site.		Virgin pad site in front of Fred Meyer		Ground-up facility rebuild		Virgin rural site. Owner did some of own work.	

	2000		2001		2000		2000		2004	
	Shell, Hermiston, OR		**Shell, Hermiston, OR**		**Space Age, Canby, OR**		**Space Age, Eugene, OR**		**ARCO, Dundee, OR**	
Site work and utilities	$788,247	44.4%	$506,936	38.6%	$273,602	24.3%	$263,169	22.7%	$203,209	14.0%
Buildings	$474,555	26.7%	$413,290	31.5%	$345,291	30.6%	$306,333	26.4%	$487,531	33.5%
Canopy	$160,383	9.0%	$71,107	5.4%	$58,649	5.2%	$70,218	6.0%	$109,800	7.5%
Fueling improvements	$350,692	19.8%	$320,884	24.5%	$263,098	23.3%	$260,439	22.4%	$429,118	29.5%
Installation	$0	-	$0	-	$124,737	11.1%	$171,468	14.8%	$0	-
Permits, engineering	$0	-	$0	-	$54,949	4.9%	$79,492	6.8%	$56,865	3.9%
Miscellaneous	$1,043	0.1%	$0	-	$6,978	0.6%	$10,119	0.9%	$169,059	11.6%
Total	***$1,774,921***	***100.0%***	***$1,312,217***	***100.0%***	***$1,127,303***	***100.0%***	***$1,161,239***	***100.0%***	***$1,455,584***	***100.0%***
Building(s)	C-store		C-store of about 50' x 60'		C-store of about 84' x 47'		C-store of about 78' x 45'		C-store of about 90' x 40'	
Building area	3,998 sq ft		3,000 sq ft		3,998 sq ft		3,510 sq ft		3,660 sq ft	
Building unit cost	***$118.70***		***$137.76***		***$86.37***		***$87.27***		***$133.21***	
Canopy	24' x 110', 24' x 97'		38' x 52'		80' x 30'		80' x 30'		118' x 41'	
Canopy area	4,968 sq ft		1,976 sq ft		2,400 sq ft		2,400 sq ft		4,838 sq ft	
Canopy unit cost	***$32.28***		***$35.99***		***$24.44***		***$29.26***		***$22.70***	
Site area	2.510 acres		2.400 acres		1.140 acres		0.990 acres		0.960 acres	
Dispensers	4 blending MPDs + 4 DH card lock		6 MPDs + 2 dual-hose card lock		6 blending MPDs		4 blending MPDs + 2 DH for diesel		8 blending MPDs	
Tanks	1x 20k, 1x 12k/8x (Xerxes)		1x 20k, 1x 30k split 24/6 (Permatanks)		1x 20k, 1x 20k split 12/8 (Xerxes)		1x 20k, 1x 20k split 12/8 (Xerxes)		1x 20k, 1x 20k split 12/10 (Xerxes)	
Other	Separate cardlock w/own canopy		Separate cardlock						224 sq ft fully-finished storage building.	
Notes	Virgin rural interchange site. Owner did some of own work.		Redevelopment of a corner site, incl. 3,000 sq ft prior building shell.		Virgin site. Bldg. incl. a 2,498-sq ft c-store and 1,500 sq ft unfinished retail area.		Virgin corner site.		Virgin interior site with slopes at rear. Excess site development costs not included.	

Unit Costs By Category	**Min.**	**Avg.**	**Max.**
Site work and utilities	$127,401	$264,995	$788,247
Buildings	$306,333	$485,818	$675,260
Canopy	$54,642	$82,481	$160,383
Fueling improvements	$150,406	$266,550	$429,118
Installation	$0	$89,923	$200,682
Permits, engineering	$0	$79,086	$177,546
Miscellaneous	$0	$35,832	$169,059
Total	***$638,783***	***$1,304,685***	***$2,600,295***

Unit Cost Information:

Average building area:	3,546 sq ft
Average unit cost:	$140.55
Range:	$86.37 - $229.92
Average canopy area:	3,390 sq ft
Average unit cost:	$25.04
Range:	$17.01 - $36.73
Average site area:	1.375 acres
Range:	0.53 - 2.99 acres

Note: All costs shown are net of sales taxes

All costs reflect actual costs incurred plus an annual cost appreciation factor of 2.30% per year

Adjustments to Cost Comparables

		1996	1997	1997	1997	1997	1998	1998	1998	1998	2000	2000	2001	2001	2001	2004
		Chevron	**Chevron**	**Chevron**	**ARCO**	**Chevron**	**ARCO**	**Chevron**	**Chevron**	**Texaco**	**Chevron**	**Shell**	**Shell**	**Space Age**	**Space Age**	**ARCO**
	Subject	***Gig Harbor, WA***	***North Plains, OR***	***Eugene, OR***	***Eugene, OR***	***Coos Bay, OR***	***Vancouver, WA***	***Bonney Lake, WA***	***Hillsboro, OR***	***Scappoose, OR***	***Goldendale, WA***	***Hermiston, OR***	***Hermiston, OR***	***Canby, OR***	***Eugene, OR***	***Dundee, OR***
Original cost		$ 1,131,140	$ 1,224,964	$ 944,214	$ 1,093,656	$ 987,089	$ 853,570	$ 1,232,750	$ 1,010,260	$ 759,636	$ 748,580	$ 1,446,433	$ 1,093,958	$ 939,800	$ 968,092	$ 1,299,149
Inflation adjustment		$ 273,847	$ 384,313	$ 296,232	$ 343,118	$ 309,684	$ 242,583	$ 230,369	$ 287,114	$ 215,887	$ 170,004	$ 328,488	$ 218,259	$ 187,503	$ 193,147	$ 156,435
Base cost for comparison		*$ 1,404,987*	*$ 1,609,277*	*$ 1,240,446*	*$ 1,436,774*	*$ 1,296,773*	*$ 1,096,153*	*$ 1,463,119*	*$ 1,297,374*	*$ 975,523*	*$ 918,584*	*$ 1,774,921*	*$ 1,312,217*	*$ 1,127,303*	*$ 1,161,239*	*$ 1,455,584*
# of MPDs	6	6	9	6	6	4	4	6	6	4	5.5	6	6	6	9	9
Adjustment		*$ 0*	*($ 60,000)*	*$ 0*	*$ 0*	*$ 40,000*	*$ 40,000*	*$ 0*	*$ 0*	*$ 40,000*	*$ 10,000*	*$ 0*	*$ 0*	*$ 0*	*($ 60,000)*	*($ 60,000)*
Fuel storage tanks	2	3	4	2	2	2	2	2	2	2	1	2	2	2	2	2
Adjustment		*($ 35,000)*	*($ 70,000)*	*$ 0*	*$ 0*	*$ 0*	*$ 0*	*$ 0*	*$ 0*	*$ 0*	*$ 35,000*	*$ 0*	*$ 0*	*$ 0*	*$ 0*	*$ 0*
Building size (sq ft)	5,978	3,800	3,850	3,750	4,533	4,465	2,485	3,855	3,000	1,728	3,555	3,998	3,000	3,998	3,510	3,510
Adjustment		*$ 309,000*	*$ 302,000*	*$ 316,000*	*$ 205,000*	*$ 215,000*	*$ 496,000*	*$ 301,000*	*$ 423,000*	*$ 604,000*	*$ 344,000*	*$ 281,000*	*$ 423,000*	*$ 281,000*	*$ 350,000*	*$ 350,000*
Canopy size	4,644	3,480	4,976	3,230	2,968	2,842	3,584	3,496	3,230	2,088	4,380	4,968	4,968	2,400	2,400	2,400
Adjustment		*$ 35,000*	*($ 10,000)*	*$ 42,000*	*$ 50,000*	*$ 54,000*	*$ 32,000*	*$ 34,000*	*$ 42,000*	*$ 77,000*	*$ 8,000*	*($ 10,000)*	*($ 10,000)*	*$ 67,000*	*$ 67,000*	*$ 67,000*
Indicated cost		$ 1,713,987	$ 1,771,277	$ 1,598,446	$ 1,691,774	$ 1,605,773	$ 1,664,153	$ 1,798,119	$ 1,762,374	$ 1,696,523	$ 1,315,584	$ 2,045,921	$ 1,725,217	$ 1,475,303	$ 1,518,239	$ 1,812,584
Rounded indication		**$ 1,715,000**	**$ 1,770,000**	**$ 1,600,000**	**$ 1,690,000**	**$ 1,605,000**	**$ 1,665,000**	**$ 1,800,000**	**$ 1,760,000**	**$ 1,695,000**	**$ 1,315,000**	**$ 2,045,000**	**$ 1,725,000**	**$ 1,475,000**	**$ 1,520,000**	**$ 1,815,000**
Most Comparable?		**Yes**	**Yes**	**Yes**	**Yes**	**No**	**Yes**	**Yes**	**Yes**	**Yes**	**No**	**Yes**	**Yes**	**No**	**No**	**Yes**
Indicated Cost:		**$ 1,715,000**	**$ 1,770,000**	**$ 1,600,000**	**$ 1,690,000**		**$ 1,665,000**	**$ 1,800,000**	**$ 1,760,000**	**$ 1,695,000**		**$ 2,045,000**	**$ 1,725,000**			**$ 1,815,000**

Total Data Set Statistics:

Minimum Cost Indication:	$ 1,315,000
Average Cost Indication:	$ 1,680,000
Maximum Cost Indication:	$ 2,045,000
Variation from average:	+21.7% / -21.7%

Most Comparable Facility Statistics:

Minimum Cost Indication:	$ 1,600,000
Average Cost Indication:	$ 1,753,000
Median Cost Indication:	$ 1,725,000
Maximum Cost Indication:	$ 2,045,000
Variation from average:	+16.7% / -8.7%

Replacement Cost Conclusion:	***$ 1,750,000***

Notes:

* *Historical costs have been inflated at 2.30% per year, compounded annually*
* *MPD differences are adjusted at the rate of $20,000 per dispenser*
* *Dual-hose dispensers are counted as 1/2 an MPD*
* *Tank differences are adjusted at the rate of $35,000 per tank*
* *Building area differences are adjusted at the rate of $142.00 per square foot*
* *Canopy area differences are adjusted at the rate of $30.00 per square foot*

Replacement Cost Conclusion

☞ There is a substantial disparity between the subject’s actual costs of $2.759 million and the cost indication from the comparables, which is $1.75 million. Indeed, the actual costs are 57.7 percent higher than the cost supported by the comparables.

☞ The $2.759 million actual costs includes about $430,000 of costs that fall under the “Indirect Cost” category and are not necessarily included in the cost comparables. Even deducting those costs makes the actual cost total $2.329 million. This is $579,000, or about 33.1 percent, higher than the cost indicated by the cost comparables.

☞ Obviously the cost comparables are dated, making the cost indication from them less reliable. New station construction dropped off substantially after 1999/2000 once hypermarketers started aggressively building stations. What little new construction there was effectively ground to a halt once macroeconomic conditions turned in 2007/2008.

☞ The subject’s actual costs are likely inflated relative to the typical gas station due to the inclusion of the McDonald’s restaurant space. The plumbing and electrical costs are certainly higher than normal (because of the oversized restrooms, for example); the site work cost is higher due to the large site size, significant areas of pavement, and drive-through lane; and the landscaping is far more extensive than normal. There may also be atypical site development costs included due to the very significant changes in the property configuration and the adjacent right-of-way configurations.

☞ Finally, construction costs in general have varied significantly since 2008. On the one hand, decreased demand for new construction caused competition among general contractors to become more aggressive, pushing down project costs. On the other hand, commodity prices have risen substantially due to the Federal Reserve’s ongoing policy of monetary easing.

☞ Given these issues, the subject’s actual construction costs should be given the most weight. Indeed, the cost indication from the cost comparables should essentially be disregarded.

⇨ We therefore conclude the replacement cost should be $2.759 million.

Indirect Costs

☞ Indirect costs are all other construction costs that are not related to materials and labor. They typically consist of loan fees, construction interest, appraisal fees, etc., and are typically 5 to 10 percent of hard costs on most commercial projects.

☞ Given that some of the subject's actual costs include costs that would fall under the indirect costs category, we have used the low end of the range, or five percent. This yields an indirect cost of $137,950.

⇨ Adding the direct and indirect costs yields a construction cost of $2,896,950.

Entrepreneurial Incentive

☞ Entrepreneurial incentive is the economic profit/incentive that is required to motivate a developer to incur the risk of undertaking a construction project from bare land to finished product. A developer requires a return on investment above the actual building costs. This extra return compensates the entrepreneur for risk and project management. Risk comes from the uncertainty of being able to sell or fully lease a project upon completion.

☞ Due to weak market conditions, entrepreneurial profit is estimated at five percent. While developers certainly hope to achieve a higher return on their efforts and risk, weak real estate markets make this impractical. Applying the five percent rate to the total direct and indirect costs of $2,896,950 yields a figure of $144,848.

⇨ Adding the entrepreneurial incentive to the direct and indirect costs yields an all-in replacement cost of $3,041,798.

Depreciation

☞ Depreciation is a market-recognized loss in value due to "wear and tear, disintegration, use in service, and the action of the elements." Depreciation is recognized only insofar as the market identifies this loss in value.

☞ Depreciation can be broken down into three forms: physical, occurring from normal wear and tear and aging of improvements; functional obsolescence, which arises from a facility's deficiency or superadequacy relative to market standards/expectations; and external obsolescence, which is value diminution due to influences or conditions external to a property.

✓ Since the subject has not yet been completed, the improvements can not have physically depreciated.

✗ We previously identified a number of design concerns with the proposed improvements. Those concerns fall under the functional obsolescence category of depreciation. Unfortunately, there is no way of analytically or quantifiably estimating the value loss associated with those issues. The cost difference between the subject's actual costs and the cost comparables may be partially attributable to functional obsolescence issues.

☞ While there are certainly macroeconomic factors that qualify as external obsolescence, quantifying the value impact of those factors and reducing them to a value deduction to apply in a cost approach is impractical.

☞ More locally, there are positive external value influences associated with the redevelopment of the Coburg interchange and the lack of synergistic competition at the interchanges south of Coburg and inside the Eugene/Springfield area. However, those value influences have already been accounted for in the site value estimate.

☞ Again focusing locally, there are potential negative external value influences associated with the substantial change in Coburg's employment base due to Monaco Coach's bankruptcy.

⇨ The subject very likely suffers from functional obsolescence and may suffer from external obsolescence. However, it is not possible to estimate the potential value impacts resulting from those factors. These issues will be taken into consideration in the final value reconciliation.

Cost Approach Conclusion

☞ Since no forms of depreciation either apply to or can be estimated for the subject, the contributory value of the improvements is $3.04 million.

☞ Adding the $800,000 site value to the cost value of the improvements yields a total value indication of $3,841,798, rounded to $3.84 million.

⇨ The cost approach indicates the entire subject property should have a fee-simple market value as of the estimated date of completion of December 1, 2012, of

THREE MILLION EIGHT HUNDRED FORTY THOUSAND DOLLARS

$3,840,000

Sales Comparison Approach

Introduction of Sales

☞ Gas stations are income-generating properties whose value is based on their ability to generate cash flows. There is absolutely no manner of correlating a gas station's physical features with its value. Physically similar stations can generate very different levels of income.

☞ The only way to prepare a sales comparison approach analysis is via a gross price analysis, similar to how a buyer would evaluate multiple listings. The following table summarizes the salient data on five improved sales. A location map and photo for each of the comparables can be found in the Addendum.

Sale	1	2	3	4	5
Date	Oct-08	May-09	May-10	Sep-10	Jun-11
Brand	Unocal 76	ARCO	Unocal 76	Shell	Shell
Address	8605 SW Elligsen Road	2155 Cubit Street	2890 SE 12th Street	745 South Columbia River Highway	1220 Pacific Hwy 99
City	Wilsonville	Eugene	Salem	Saint Helens	Cottage Grove
Map	3S-1W-2DA	17S-4E-15-32	7S-3W-35CC	4N-1W-8AB	20S-3E-28-13
Tax lot(s)	1600	600	3600	3500	2300 and 2301
Account(s)	R585325	R1599875	R27917	13076	R0889889, R1763208
Grantor	Carson Oil Company	McHugh Properties, LLC	Stan Curtis, LLC	Wilson Oil, Inc.	WSCO Petroleum Corp
Grantee	RB Petroleum, LLC	Thabet Investments - 2155 Cubit, LLC	Tesfu Asefa and Amanuel Goshu	Baker Assets Group, LLC	Seven Star Stores II, LLC
Recording	2008:86488	2009:29356	2010:31800424	2010:7552	2011:028414
Going-concern price	$2,110,000	$2,600,000	$1,100,000	$750,000	$850,000
Year built/updated	1970 / 1991	1998	2003	1984 / 2005	1985 / 1998
Effective age at sale	8 yrs.	9 yrs.	8 yrs.	8 yrs.	10 yrs.
Station site area	0.91 acres	0.97 acres	0.49 acres	0.65 acres	0.47 acres
Main building area	1,449 sq ft	2,837 sq ft	1,800 sq ft	700 sq ft	2,700 sq ft
Secondary bldg area	2,090 sq ft	1,770 sq ft	804 sq ft	1,960 sq ft	-
Land-building ratio	27.4-to-1	14.9-to-1	11.9-to-1	40.4-to-1	7.6-to-1
Canopy area	2,100 sq ft	3,960 sq ft	1,488 sq ft	1,660 sq ft	2,242 sq ft
Fueling positions	8	12	8	6	8
Condition	Good	Average	Average	Average	Good

Confidentiality Issues

☞ As clients, lending institutions, and the federal government have become more sensitive to the disclosure of private data, it has become necessary to disclose less information about the particulars of comparable sales, especially in cases where we have appraised a property that subsequently sells.

⇨ As a result, the previous table only shows information that is either readily available in the public domain or is the result of our own proprietary analyses.

Business/Real Estate Value Allocations

✗ Buyers and sellers make value allocations solely to minimize liabilities related to transfer and capital gains taxes. Market participants do not fundamentally care about these allocations in the absence of the tax stimuli.

Value Allocations and Risk

☞ It is difficult to argue for a high valuation of a gas station's business component given that it carries the highest level of risk relative to the operations' tangible components. Many business appraisals rely on capitalization rates of 20 to 25 percent to estimate business value.

☞ High business value allocations necessitate a disproportionate command of net income to generate a return commensurate with the risk associated with that value position. This causes the residual net income that can be attributed to the hard assets to be quite low, frequently yielding implied rates of return in the range of two to five percent.

☞ Lease rates for bare land, which is a durable and non-wasting asset, are typically in the range of 7 to 10 percent. It is inconsistent to have a value allocation that yields a rate of return to the overall real estate, which is a wasting asset, lower than this range.

Allocation Conclusion

⇨ The bottom line is that any allocations between real estate and business value made by the market are done strictly for tax avoidance purposes and should not be relied upon in estimating the value of the subject's real estate. In preparing a gross price sales comparison analysis then, priority should be given to the total selling price of the each comparable, with only minimal consideration given to the value allocations.

Comparisons

☞ The following table compares each of the comparable sales to the subject in five major categories, emulating the broad comparisons buyers do when evaluating gas stations that are available for sale.

Sale #	**1**	**2**	**3**	**4**	**5**
Date	Oct-08	May-09	May-10	Sep-10	Jun-11
Brand	Unocal 76	ARCO	Unocal 76	Shell	Shell
City	Wilsonville	Eugene	Salem	Saint Helens	Cottage Grove
Relative Comparisons					
Fuel Volumes	Inferior	Very superior	Inferior	Ext. inferior	Ext. inferior
Fuel Margins	Inferior	Ext. inferior	Very inferior	Sl. inferior	Ext. inferior
Non-Fuel Sales	Superior	Very superior	Ext. inferior	Very inferior	Very superior
Building Size	Ext. superior	Ext. superior	Very superior	Very superior	Very superior
Property Condition	Sl. Inferior	Inferior	Inferior	Inferior	Sl. Inferior
Overall Comparison	Inferior	Similar	Ext. inferior	Ext. inferior	Ext. inferior
Value Indications					
Going-concern price	$2,110,000	$2,600,000	$1,100,000	$750,000	$850,000
Adjustment	+20%	+0%	+100%	+100%	+100%
Value indication	*$2,530,000*	*$2,600,000*	*$2,200,000*	*$1,500,000*	*$1,700,000*

☞ It is important to keep in mind that Sales 1 and 2 pre-date the current economic environment. However, as discussed in the Market conditions Analysis, there have been few market transactions since 2009. It is therefore necessary to include older transactions.

☞ Sale 1 is a good-quality Unocal 76 station on the north side of Wilsonville. The seller bought the station in November of 2007 and subsequently leased it to the dealer for one year, until the dealer was able to complete the purchase. The price therefore reflects market conditions that were prevalent before the current downturn.

☞ Similarly, Sale 2 may have closed four years ago, but it actually went under contract in March of 2008. The transaction was originally supposed to close in November of 2008, but declining market conditions made it nearly impossible for the buyer to secure a loan, despite being a very strong borrower. The seller ended up providing all of the financing for the deal, although the buyer made a substantial down payment. The closing was therefore delayed while the parties worked through the modified deal structure. Neither the purchase price nor the price allocation was adjusted due to the long time in escrow.

☞ Sale 3 is a relatively recent sale that involved a station that sold in 2007 for $1.2 million on a going-concern basis. The buyer was a local real estate agent who did not have any experience with gas stations. After his 2007 purchase, he spent about $300,000 converting the services bays into a convenience store and then put it back on the market at an asking price of $1.65 million. After two years with very little market interest, it sold again for $1.2 million. The seller accepted a 10 percent down payment and provided all of the financing on the transaction.

- This sale demonstrates the principle that cost does not equal value, as the seller was unable to recapture any of his conversion costs. Further, the sale illustrates the difficulty of financing stations in the current economic environment.

- Sale 4 involved an average quality station in Saint Helens. The facility was previously operated by a jobber who only had marginal success with the facility and who was not keen on running stations in Oregon. They sold the facility to a local dealer who already owned another station in the area. An appraisal done by Petroleum Realty Advisors supported the transaction price.

- Sale 5 is the most current sale that involved a station located along Highway 99 in Cottage Grove. The station was purchased by a dealer who is operating an additional station in Cottage Grove. The jobber who sold the site also provided financing for the transaction but gave no financial concessions. The sale of the station was brokered by Petroleum Realty Advisors.

- Taken together, the comparables indicate the subject's value should fall in a range from $1,500,000 to $2,600,000, with an average of $2,105,000 and a median of $2,200,000.

- Overall, we conclude the comparable sales indicate the subject’s fueling facility and convenience store should have a fee-simple market value of $2.15 million. However, this does not include any value associated with the proposed McDonald’s lease.

- In the subsequent Income Approach, the contributory value of the proposed McDonald’s lease is estimated to be $460,000. Adding this to the value of the fueling center and convenience store yields a total value indication of $2.61 million.

- The sales comparison approach indicates the subject property should have a leased-fee, going-concern market value as of the anticipated date of stabilization of January 1, 2015, of

TWO MILLION SIX HUNDRED TEN THOUSAND DOLLARS

$2,610,000

Income Approach

Introduction

☞ Because gas stations sell almost entirely based on their cash flows, the income approach is the most important valuation tool.

☞ Capitalization rate-based analyses are the norm when it comes to valuing most commercial real estate. This is because revenue and expenses can be predicted with a relatively high degree of confidence.

☞ Historically, this has not been the case with gas stations, where estimating gross profits is relatively straightforward, but projecting expenses can sometimes be challenging for two reasons:

(1) Depending on the operator, historical expenses may include owner-specific and/or discretionary expenses that can not be specifically identified and extracted.

(2) Expense structures can vary based on the nature of the ownership. If a sale would result in a change in type of ownership, for example, from a major oil company or a jobber to a dealer, then a station's historical expenses are less meaningful.

⇨ Depending on the reliability of the available expense information, direct capitalization is a relevant valuation tool for gas stations. If reliable expense data is available and it is in the seller's interest to fully disclose that information, then valuation using direct capitalization becomes more important. In addition, lenders today are more concerned about cash flow than asset value. With debt capital availability so constrained, a facility's cash flows must be able to meet lenders' underwriting criteria if there is any hope of securing a loan.

☞ The following table presents the gross profit multiples and overall rates from the sales presented in the sales comparison approach.

Sale	1	2	3	4	5
Date	Oct-08	May-09	May-10	Sep-10	Jun-11
Brand	Unocal 76	ARCO	Unocal 76	Shell	Shell
Address	8605 SW Elligsen Road	2155 Cubit Street	2890 SE 12th Street	745 South Columbia River Highway	1220 Pacific Hwy 99
City	Wilsonville	Eugene	Salem	Saint Helens	Cottage Grove
Going-concern price	$2,110,000	$2,600,000	$1,100,000	$750,000	$850,000
NOI-GP Ratio	34%	37%	29%	29%	3%
Gross profit multiple	3.0	3.3	2.8	2.0	2.5
Overall rate	11.3%	11.1%	10.4%	14.7%	1.2%

Gross Profit Multiple

- ☞ Historically, gross profit multiples for Oregon stations have ranged from 2.6 to 3.3, with a strong tendency toward the middle of the range. Station values have fallen about 15 to 20 percent since early 2008. The decline has largely been driven by the lack of debt capital.

- ☞ Valuation metrics for stations outside the Portland metropolitan area are weaker than in and around Portland. Indeed, the comparable sales from outside the metropolitan area have the lowest gross profit multiples.

- ☞ This data set shows multiples that are somewhat skewed toward the lower end of the historical range, especially when geographic area is taken into account.

- ☞ Given the subject's new condition, location within the Willamette Valley, the demographic and competitive characteristics of the trade area, and the inherent uncertainty associated with the pro forma projections, a multiple of 2.8 is reasonable.

- ⇨ Applying this multiple to the pro forma gross profit of $812,040 yields a value indication of $2,273,712, rounded to $2.27 million.

Overall Rate

- ☞ The overall rates from the sales vary from about 1 to 15 percent, with significant weight at the upper end of the range.

- ☞ Because of declining market conditions in 2011, a capitalization rate at the upper end of the range shown by the comparables is appropriate.

- ☞ An overall rate of 13 percent is consistent with the subject's positive and negative factors, as discussed throughout this report.

- ⇨ Capitalizing the subject's $271,382 of pro forma net income at 13 percent yields a value indication of $2,087,552, rounded to $2.09 million.

Conclusion

- ☞ Given that the two value indications are fairly similar, it is reasonable to put equal weight on each of them.

- ⇨ The income approach indicates the subject's gas station has a fee-simple market value of $2.18 million. However, this does not include any value associated with the subject's proposed McDonald's lease.

- In theory, there should be less risk associated with the subject's lease income than with the operating income from the gas station and convenience store. However, as discussed throughout this report, the structure of the McDonald's lease creates significant and atypical risks that offset the tenant's Wall Street-grade credit rating.

- The typical gas station buyer would not analyze or value the income stream from a lease at the same level of sophistication as a passive investor. Where the passive investor would model their projections of future income and expenses at a detailed level and then discount the resulting future income flows to a present value, the typical gas station buyer tends to rely on gross income but capitalize it at a higher overall rate than the passive investor, thereby implicitly accounting for the "non-modeled" risks.

- The likely buyer of the gas station and convenience store would rely on a capitalization rate equal to the station's overall rate of 13 percent to value the lease income.

- Capitalizing the $60,000 of lease income yields a value indication of $461,538, rounded to $460,000. Adding the value of the proposed McDonald's lease to the $2.18 million value of the station and convenience store yields a total property value of $2.64 million.

- The income approach indicates the subject property should have a leased-fee, going-concern market value as of the anticipated date of stabilization of January 1, 2015, of

  TWO MILLION SIX HUNDRED FORTY THOUSAND DOLLARS

  $2,640,000

Value Conclusion - Going Concern

- The cost approach yielded a value indication of $3,840,000, the sales comparison approach yielded a value indication of $2,610,000, and the income approach yielded $2,640,000.

- The significant divergence between the value indicated by the cost approach and the values shown by the sales comparison and income approaches is very likely correlated to the functional and external obsolescence depreciation that, while recognized within the cost approach, could not be reliably or credibly quantified within that approach to value.

- As a result, the value indication from the cost approach should not be given any substantial weight in the final analysis.

- ➪ Overall, we conclude the subject should have a leased-fee market value on a going-concern basis as of the anticipated date of stabilization of January 1, 2015, of

  TWO MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS

  $2,650,000

Value Conclusion - Real Estate Only

- ✗ Separating the "asset" value from the going concern value is extremely difficult.
- ☞ Gas stations are function-specific, capital-intensive developments that can not be put to any other use.
- ☞ Gas stations require active, daily, and constant human involvement to operate them as designed. This is in contrast to say, a single-family residence, that mostly has minimal or passive management/operation needs.
- ☞ There is little meaningful business value present with most gas stations. In large part, they are simply geographic points through which commodities flow. Few owners have proprietary business systems that enhance their operating income which can not (and are not) quickly spread to competitors.
- ☞ The litmus test for business value is this: does a gas station and its related profit centers provide meaningfully differentiated products or services?
- ✓ In the subject's case, the answer is no. The facility's income is largely generated via the sale of commodities at a location that is conducive to such. There are no unique business activities present that clearly and materially enhance the income stream.
- ➪ The physical assets effectively account for all of the going concern value that is present; there is no business value present at the subject.
- ☞ The going concern conclusion does not include value associated with personal property. No costs associated with personal property were included in the cost approach.
- ☞ The underground fuel storage and delivery system is real estate. Those components are permanently affixed to the land and are required for the subject to operate at its function-specific design capacity. Further, the market treats that equipment as real estate.

- Overall, we conclude the subject real estate should have a leased-fee market value as of the anticipated date of stabilization of January 1, 2015, of

  TWO MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS

  $2,650,000

Value Conclusion, At Completion

- The typical buyer of a new gas station property would base their valuation of the asset solely on the income flows expected to be generated by the asset.

- The typical buyer of the subject property would go through the same type of analyses presented in this report, albeit not at the level of analytical depth or detail. The typical buyer would reach the same, or very materially similar, conclusions about the proposed improvement's economic feasibility. Those conclusions are the same whether or not the date of value being considered is the at-stabilization date or the at-completion date.

- The risk of achieving the pro forma projections is higher as of the at-completion date, as compared to the at-stabilization date. However, any value discount arising from that risk would likely be offset by the facility's brand-new condition.

- The value conclusions as of the date of stabilization and date of completion should be the same. We therefore conclude the subject real estate should have a leased-fee market value as of the anticipated date of completion of January 1, 2013, of

- **TWO MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS**

  $2,650,000

Highest and Best Use

As-If Vacant

- The subject site is the most development-ready property around the redeveloped interchange. It sits at a signalized intersection on the strong side of the interstate.

- Given the analyses presented in this report, it should be self-evident that the highest and best use of the subject site as-if vacant is a commercial use oriented to the interchange and the transient demand along the interstate.

As Proposed

- ☞ The total property value conclusion equals a unit value of $33 per square foot over the 1.84-acre site. This is materially higher than the $10 per square foot unit value conclusion, indicating that the subject's improvements materially contribute to value.

- ☞ However, the significant difference between the final market value conclusion and the value shown by the cost approach shows that the return on investment is less than ideal.

- ☞ Given that the subject's proposed improvements consist of three primary profit centers, there is little room to expand the operation. The addition of other profit centers could create on-site congestion and detract from the primary profit centers.

- ⇨ As shown in this report, the highest and best use of the proposed improvements is different than what is being built. Numerous concerns have been presented that lead to that conclusion. However, developing a specific, refined conclusion about the subject's highest and best use as-proposed is beyond the scope of this assignment or the resources available to complete this assignment.

Marketing Time

- ☞ Most of the improved sales presented in this report had marketing times of three to nine months, from listing to closing.

- ☞ Given the declining volume of station transactions, the subject's marketing time would be somewhat longer than shown by the comparable sales.

- ⇨ If the subject were placed on the market with a broker knowledgeable in petroleum marketing assets, a sale could be consummated within 9 to 12 months.

Market Exposure

- ☞ Market exposure refers to how long the subject would have had to be exposed to the market before consummating a sale as of our date of value. It is a backward-looking concept.

- ☞ We do not have sufficiently-refined market data to conclude that the market exposure would be any different than the marketing time and therefore conclude that market exposure would have been 9 to 12 months.

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PACIFIC CONTINENTAL®
BANK

August 27, 2012

Christopher P. Gaskins, MAI
Petroleum Realty Advisors
P.O. Box 1609
Lake Oswego, Oregon 97035

AMD FILE NO.: 12-177 OR

BORROWER: Coburg 5, LLC; Eugene Truck Haven

RE: PROPOSED SHELL STATION with C-STORE & QSR
SW Quadrant of East Pearl Street & I-5 Freeway
Coburg, Oregon

Dear Mr. Gaskins:

We are engaging you to appraise the property referenced in the attached addendum. Your engagement is as an independent contractor and not as an employee or agent of Pacific Continental Bank. The appraisal assignment is to be prepared in accordance with: 1) the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP); 2) the Financial Institution Reform, Recovery and Enforcement Act (FIRREA); 3) the Interagency Appraisal and Evaluation Guidelines (effective December 2010); and 4) any supplemental requirements of Pacific Continental Bank.

A qualified staff appraiser may perform the appraisal. Should this option be taken, prior permission from Pacific Continental Bank must be obtained and the addressee must sign and review the report. The appraisal may not be subcontracted to an outside individual firm without the prior written consent of the undersigned. By accepting this appraisal assignment, you and all members of your organization certify that they have no direct or indirect interest, financial or otherwise, in the property or transaction, or relationship with the ownership or borrower.

Timing and Fee of Appraisal Assignment: It is our understanding that the fee for this assignment includes all expenses and an allowance for any technical assistance you feel necessary or appropriate. The original signed appraisals should be delivered to the undersigned no later than the specified due date. **If delays are anticipated or occur, you must immediately request an extension of the due date in writing from the undersigned in order to avoid late fees or penalties.** Should the appraisal not be delivered on or before the contractual delivery date, Pacific Continental Bank reserves the right, at its sole discretion, to either cancel the assignment for cause without payment of the fee; or deduct a penalty of $100 per business day until the appraisal is received. Additionally, Pacific Continental Bank reserves the right to cancel this assignment. Upon cancellation, payment of the fee will be limited to actual time spent and any out-of-pocket expenses incurred up to the date of termination.

We understand that you and all personnel associated with the assignment will be available to discuss any concerns we might have regarding the appraisal. Pacific Continental Bank reserves the right to withhold payment if, at our sole discretion, the appraiser fails to address our concerns with the appraisal within a reasonably time.

Property Contact / Information: Please arrange an inspection of the property and make your initial request for information with the property contact listed in the attached addendum. Your initial request for information should be made in writing within two business days of receipt of this letter and a copy of the request should be sent to the undersigned. **Any questions regarding this assignment should be directed to the undersigned at (503) 736-6030 or brian.hood@therightbank.com**

Confidentiality: Pacific Continental Bank is your client and this assignment has been engaged in the strictest confidence. In the course of performing this assignment, the appraiser may have access to or be provided information and/or documentation that is confidential or proprietary in nature. Pacific Continental Bank places high priority on the privacy and security of our customer's confidential information. Under USPAP, the Gramm-Leach-Bliley Act of 1999 and other Federal Laws, information that has been provided related to a borrower's financial condition and other "non-public personal information" shall be handled in a confidential manner. You agree to keep all such information confidential and take reasonable steps to safeguard such information. Any information provided by Pacific Continental Bank, the borrower, or any other non-public source can only be used to provide the specific services you are hired to perform. Unless authorized by the undersigned, you cannot disclose confidential or proprietary data including the value conclusion, contents or purpose of the report, or the value conclusion to anyone other than the undersigned. This prohibition includes the property owner, our borrower, or anyone directly or indirectly connected to this transaction.

Delivery: Please include the AMD File Number on all reports, correspondence and invoices. Send ***three*** appraisal reports (bound hard copies) and one original invoice to the undersigned at:

PACIFIC CONTINENTAL BANK
Attn: Brian L. Hood, MAI
Appraisal Management Department
222 SW Columbia Street, Suite 1650
Portland, Oregon 97201-6648

In addition to the three report hard copies, please e-mail an electronic pdf copy of the appraisal report to brian.hood@therightbank.com

Acceptance: If you are in agreement with the terms of engagement, please sign and return (e-mail) a copy of this letter to my attention. **A copy of the fully executed engagement letter must be included in the addenda of each copy of the final appraisal report.**

Sincerely,

Brian L. Hood

Brian L. Hood, MAI
Vice President, Appraisal Review Officer
Appraisal Management Department

ACKNOWLEDGED AND ACCEPTED

By: Christopher Gaskins
Christopher Gaskins, MAI

Date: 8/30/2012

c: John Raleigh / Lane County Lending / Olive 1

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ADDENDUM TO ENGAGEMENT LETTER

AMD File Number:	**12-177 OR**
Property Address:	**SW Quadrant of East Pearl Street & I-5 Freeway** **Coburg, Oregon**
Property Description:	**A proposed Shell branded service station with C-store and McDonald's QSR.**
Borrower:	**Coburg 5, LLC; Eugene Truck Haven**
Property Contact:	***John Anderson at (541) 868-2880***
Account Officer:	**John Raleigh at (541) 434-7961**
Account Officer E-mail:	**john.raleigh@therightbank.com**
Appraisal Fee:	***$5,000.***
Appraisal Delivery Date:	***October 3, 2012 (assuming timely receipt of all necessary property information).***
Number of Original Reports:	**THREE**
Intended Use of Appraisal:	**Underwriting for mortgage financing**
Intended User of Appraisal:	**Pacific Continental Bank**
Purpose of the Appraisal:	**To estimate market value.**
Property Rights Appraised:	**Fee Simple Going Concern**
Scope & Reporting Format:	**Summary Report Format utilizing the Cost Approach, Income Approach and the Sales Comparison Approach.**
Valuation Premises:	**1) As Is Value (Land Only);** **2) Prospective Value at Completion of Construction, Prior to Stabilized Operations; and** **3) Prospective Value at Stabilized Operations (with value allocations for real estate, FF & E and business value, as applicable).**
Additional Instructions:	**All property information to be provided by the property contact and/or the account officer.** **NOTE: In addition to the three report hard copies, please e-mail an electronic pdf copy of the appraisal report to brian.hood@therightbank.com**

PACIFIC CONTINENTAL BANK
Appraisal Management Department
222 SW Columbia Street, Suite 1650
Portland, Oregon 97201-6648
Phone: (503) 736-6030 - Fax: (503) 350-5170

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Business Value

A value enhancement that results from items of intangible personal property such as marketing and management skill, an assembled work force, working capital, trade names, franchises, patents, trademarks, contracts, leases, and operating agreements. See also *going-concern value*.[1]

Excess Land

In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land not needed to accommodate the site's primary highest and best use. Such land may be separated from the larger site and have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvements.[2]

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.[3]

FF&E

Furniture, fixtures, and equipment.

Fixture

An article that was once personal property, but has since been installed or attached to the land or building in a rather permanent manner so that it is regarded in law as part of the real estate.[4]

Going-Concern Value

The value created by a proven property operation; considered as a separate entity to be valued with a specific business establishment; *see also* business value.[5]

Goodwill

A salable business asset based on reputation, not physical assets.[6]

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1. The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Chicago, Illinois, 1993, p.44.
2. Ibid, p. 124.
3. Ibid, p. 140.
4. Ibid, p. 145.
5. Ibid, p. 160.
6. Ibid.

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.[1]

Highest and Best Use As Improved

The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.[2]

Highest and Best Use As Though Vacant

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.[3]

Index Lease

A lease, usually for a long term, that provides for periodic rent adjustments based on the change in an economic index, e.g. a cost-of-living index.[4]

Index Number

A measure of the differences in the magnitude of a group of related variables compared with a base period, which is typically valued at 100; usually index numbers show the change in the prices of specific commodities or group averages over a period of time.[5]

Insurable Value

1. The portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy.

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1. Ibid., p. 171.
2. Ibid.
3. Ibid.
4. Ibid, page 180.
5. Ibid.

2. Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost less deterioration and non-insurable items. Sometimes cash value or market but often entirely a cost concept.[1]

Leased Fee Estate

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.[2]

Leasehold Estate

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.[3]

M&E

Machinery and equipment.

Market Exposure

Exposure time is always presumed to occur prior to the effective date of the appraisal. Exposure time may be defined as follows: the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

Exposure time is different for various types of property and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time, but also adequate, sufficient and reasonable effort. [4]"

Market Value

The following definition of market value was originally defined in 1989 under Title XI of the Financial Institutions Reform and Recovery Act:

> "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

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1. Ibid, p. 184.
2. Ibid, page 204.
3. Ibid.
4. Appraisal Standards Board, Uniform Standards of Professional Appraisal Practice, 2003 Edition, The Appraisal Foundation, Washington, DC, 2003, page 93, lines 3220 to 3228.

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 best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States 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.

Marketing Time

The reasonable marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.[1]

Percentage Lease

A lease in which the rent or some portion of the rent represents a specific percentage of the volume of business, productivity, or use achieved by the tenant.[2]

Percentage Rent

Rental income received in accordance with the terms of a percentage lease; typically derived from retail store tenants on the basis of a certain percentage of their retail sales.[3]

Personal Property

Identifiable tangible objects that are considered by the general public as being “personal” for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.[4]

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1. Appraisal Standards Board, Uniform Standards of Professional Appraisal Practice, 2003 Edition, The Appraisal Foundation, Washington, DC, 2003, page 139, lines 16 to 20.
2. The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Chicago, Illinois, 1993, p.263.
3. Ibid.
4. Appraisal Standards Board, Uniform Standards of Professional Appraisal Practice, 2003 Edition, The Appraisal Foundation, Washington, DC, 2003, page 4, lines 131 to 133.

Surplus Land

Additional land that allows for future expansion of the existing improvement(s); cannot be developed separately and does not have a separate highest and best use. Surplus land is associated with an improved site that has not been developed to its maximum productivity according to its highest and best use as though vacant.[1]

Surplus Productivity

The net income that remains after the costs of various agents of production have been paid.[2]

Surplus Profits

The amount by which the net income of a business exceeds a reasonable return upon its capital requirements.[3]

Trade Fixture

An item owned and attached to a rented space or building by a tenant and used in conducting a business.[4]

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1. The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Chicago, Illinois, 1993, p.359.
2. Ibid.
3. Ibid.
4. Ibid., p. 372.

The marketing of petroleum, like other unique/special purpose industries, has its own technical language which the reader should be familiar with. Further, the reader should have a basic understanding of the equipment and systems used to store and deliver fuel. We have therefore presented a glossary of commonly used terms and phrases.

Balance System Vapor Recovery ("VR")

This method of stage II vapor recovery relies on the vacuum created within the underground storage tank when pumping product out to suck fugitive emissions back into the tank. A balance system can be quickly identified by the dispensing hoses on the MPD. Balance systems use a bellows around the fill nozzle to create as tight a seal as possible between the hose and the vehicle fill-spout. The dispensing hose has a single line inside the hose for dispensing of product. Around this line is a plastic bellows through which the vapors flow. Because the outside of the hose is plastic, it is subject to wear and tear and abuse. By state law, a balance system dispensing hose can not touch the ground when the nozzle is on the dispenser. This is to limit the amount of wear on the exterior bellows of the hose. Balance systems are less effective than vacuum assisted VR systems and are more susceptible to wear.

Blending Pump

A gasoline station dispenser that is capable of blending different grades of motor fuel, just before the fuel enters a vehicle fuel tank. Fuel from two tanks is drawn into the dispenser, in proper proportions, and mixed in the meter compartment before flowing into the vehicle fuel tank.[1]

Bollard

In a gasoline station, a bollard it the term applied to the heavy protective posts set in the driveway at the ends of pumps islands to prevent vehicles from coming in contact with the dispensers or other pump-islands fixtures. Bollards are also used to protect above ground storage tanks.[2]

Branded Gasoline

Gasoline which bears the trade name of the refiner from which the gasoline was purchased. A branded station is a gasoline station which displays the logo of the major oil company that supplies the station with gasoline.[3]

Breakaway Connector

A valve installed between the nozzle and dispenser, on a gasoline hose, that will pull apart if a motorist drives away with the nozzle still inserted in the fill pipe of his fuel tank. When the connector is separated due to excessive force, a valve instantly closes in each of the now-separate parts of the connector. This closing action prevents fuel from flowing out of either of the parted sections of the hose. In addition, the

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1. Petroleum Equipment Lexicon, Petroleum Equipment Institute, Tulsa, Oklahoma, 1995, p. 14.
2. Ibid, p. 15.
3. Ibid, p.16.

separation of the breakaway connector prevents the motorist from pulling the dispenser off the pump island.[1]

Bulk Plant

A facility used for temporary storage of gasoline, diesel fuel, and similar liquid products, prior to the distribution of these products to retail, commercial, or consumer outlets. Bulk plants typically have a storage capacity between 50,000 and 500,000 gallons. They often include a warehouse building where motor oils and other petroleum products are stored, as well as a loading rack where fuel is transferred to and from vehicles.[2]

Cardlock

A term used to describe a dispensing pump designed to be actuated through insertion of a coded card. Each driver is issued a coded card that actuates the pump. When he refuels, no cash is involved in the transaction. The cardlock device not only records the amount of fuel dispensed, but can also enter additional information such as the driver, mileage between fill-ups, vehicle miles per gallon, and similar data. This data is most often transmitted electronically to a remote location where the cardlock site is monitored and accounting, and billing is handled centrally.

Dealers

People who own or operate a retail gasoline service station.

Department of Environmental Quality ("DEQ")

A State regulatory agency charged with assuring compliance with UST regulations.

Dielectric Coating

A coating consisting of either coal tar epoxy, polyurethane, or polyester resin. These coatings are completely inert and are applied to a blast-cleaned surface. They provide complete electrical isolation. As long as the coating is flawless and undamaged, corrosion will not occur.

Double-Wall Storage Tanks

A storage tank design which is essentially two tanks, one within the other. During fabrication, the area between the two tanks is evacuated. During installation, the vacuum is monitored. If a leak has occurred, the installer knows the integrity of one of the tanks has been violated. As long as the vacuum holds, then both tanks are assured of being fluid-tight. The vacuum is dissipated when the installer removes the vacuum gage, after which an interstitial monitor is typically installed between the two tanks. (see Interstitial Monitoring)

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1. Petroleum Equipment Lexicon, Petroleum Equipment Institute, Tulsa, Oklahoma, 1995, p. 17.
2. Ibid, p.18.

Dual-Point Fill System

This method of bulk product delivery uses two separate hoses; one to deliver the product into the UST and another to take vapors out of the UST. As product leaves the tanker truck, a vacuum is formed that sucks the vapors out of the UST. Similarly, as product fills the tank, pressure is increased within the tank, pushing the vapors out as well. This method of vapor recovery is similar in practice to the balance stage II vapor recovery system. (see Stage I Vapor Recovery)

Electrical Isolation

As used in the industry, this term refers to completely isolating a storage tank from stray electrical currents that may flow through metal to metal contact. Such contact would typically occur where piping attaches to the tank. Threaded dielectric bushings are used to isolate the piping from the tank. By isolating the tank electrically, the tank is defined as the area to be protected by the sacrificial anodes. (see Sacrificial Anodes)

Environmental Protection Agency ("EPA")

A federal regulatory agency that adopted technical rules for new and existing USTs, financial responsibility rules, and rules for State operation of the federal UST program. They also established technical rules for maintaining clean air.

Fugitive Emissions

Fuel vapors that are dispersed into the atmosphere uncontrolled. (see Vapor Recovery, Stage I Vapor Recovery, Stage II Vapor Recovery)

Glass Lining

An interior lining applied to existing tanks to provide EPA compliant corrosion protection. The top of a tank is opened and glass lining is sprayed into it. Originally, this had the benefit of not having to excavate around the UST, thereby allowing the station operator to comply with regulations while ignoring existing soil contamination. The EPA has since changed their technical rules and now require that site contamination be dealt with when existing tanks are made compliant. Glass lining typically carries a 5 to 10 year warranty. Many station operators believed they could save money using this method of compliance. However, many operators found the costs to be nearly as high as replacing the tanks. Further, the short term effectiveness of the solution simply pushed out the date when new tanks would be required.

Independent Marketer

A purchaser of refined products, on the open market, for resale at the wholesale and retail level. Independent marketers are distinguished from branded marketers principally by the manner in which they purchase gasoline, diesel fuel, and other products for resale. The branded marketer buys all, or most, of his product from a single major refiner. Independent marketers purchase product from a variety of sources, different major oil companies, independent refiners, etc. The petroleum products sold through these outlets are generally sold under the marketer's own brand.[1]

Interstitial Monitoring

This monitoring is only available on double-wall storage tanks. During installation, fluid detectors are placed between the two tank walls at the bottom of the tank. If fluid is later detected, the station operator then knows that either the outer tank's integrity has been violated and water has leaked in, or the inner-tank's integrity has been violated and product has leaked out.

Jobbers (also known as distributors)

Jobbers purchase fuel from suppliers and transport it to their own stations or sell to dealers.

Jobber-Supplied Station

Some stations, especially smaller stations and those away from major population centers, purchase product from wholesalers, called jobbers. Major-brand jobbers are independently-owned businesses that distribute brand-name fuel to stations not directly served by refiners. Jobber-supplied stations tend to be located outside major urban areas.

Lessee Dealers

These dealers lease stations from refiners or jobbers. They are in business for themselves and make the important business decisions for the stations such as pricing. After the rent is paid, profits or losses from the station's operation accrue to the lessee dealers.

Loading Racks

A structure at a terminal or bulk plant, consisting of a platform, loading arms, controls, etc., designed for use in loading the compartments of a tank vehicle. The platform at a typical bulk plant is five feet or so above grade level and has a set of steps at each end. During the period when the transport driver or rack attendant is engaged in filling the vehicle compartments, he is standing at a level that makes it easy for him to open hatch covers and move loading arms into position. Such loading racks are made of steel, with expanded metal floors. Many are covered with sloping roofs, designed to protect operators from rain or snow during loading operations. Loading racks vary in length depending upon the number of vehicles to be simultaneously filled and the number of loading arms at the location.[1]

Major Oil Company

A company engaged in the full range of petroleum activity, from exploration to marketing. Major oil companies are directly involved in exploration, production, refining, transportation, and marketing.[2]

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1. Petroleum Equipment Lexicon, Petroleum Equipment Institute, Tulsa, Oklahoma, 1995, p. 57.
1. Petroleum Equipment Lexicon, Petroleum Equipment Institute, Tulsa, Oklahoma, 1995, p. 66.
2. Ibid, p.67.

Manifolding

Joining two storage tanks together via pipeline. This allows a single turbine pump, pump sump and product line to access twice the storage capacity.

MPD (multi-product dispenser)

This equipment definition encompasses the electronic and mechanical portions of the fuel dispenser. The typical MPD being installed has six hoses; three on each side of the MPD. A single MPD will typically dispense one of three types of products on each side of the dispenser at any given time.

Non-Major Stations

All stations that do not carry the brand of a major refiner are lumped together as "non-major stations." These stations obtain most of their fuel directly from refiners, which is sold un-branded, or from unbranded jobbers. Non-major stations do not identify the source of their fuel. Some non-major stations have a steady relationship with one supplier, while others switch to whomever offers the lowest price. Over one-quarter of all stations in Oregon are non-major stations.

Nozzle

A fitting located at the end of the fuel dispensing line on an MPD. Nozzles typically have pressure sensitive switches that control product flow. As a vehicle's gas tank is filled, product rises in the fuel-filler hose. This increases the pressure within that hose, thereby tripping the nozzle's switch and turning off the product flow.

Open Dealers

Open dealers are similar to lessee dealers in that they are in business for themselves. However, open dealers own and operate their own businesses. They may enter into an arrangement to sell a particular brand of fuel and display that company's logo. However, profits or losses are theirs alone.

Oxidize

To increase the positive charge or valence of an element by removing electrons.

Product

This term refers to either gasoline or diesel fuels, the primary product sold by gas stations.

Rack Price

The wholesale price an independent marketer pays for petroleum products purchased at a terminal or refinery loading rack.[1]

1. Petroleum Equipment Lexicon, Petroleum Equipment Institute, Tulsa, Oklahoma, 1995, p. 84.

Refiner-Supplied Stations

About one-quarter of all stations in Oregon purchase gasoline and diesel fuel directly from major oil companies. These refiner-supplied stations are generally located in major urban areas and along interstate freeways.

Sacrificial Anodes

If the dielectric coating on a tank has any scratch or nick, rust can begin to form on the tank. Since oxidation requires electrical current, the sacrificial anodes accept the current instead and deteriorate. This occurs instead of the metal of the tank accepting the charge and oxidizing. Only one anode is needed to adequately protect a tank. The anode is located on one end of the tank and is made of magnesium or zinc. (see Sti-P3)

Salaried-Operator Stations

These stations are operated directly by refiners or jobbers using their own employees. Prices and all other policies are determined by the refiner or jobber who owns the stations. Profits or losses accrue to the refiner or jobber.

Satellite Fueling

A method for simultaneously fueling tanks on both sides of a large truck. Tandem dispensers are installed on each side of the fueling position, allowing vehicles with saddle tanks to be fueled simultaneously. The product flow rate is relatively high at 35 to 40 gallons per minute. A single meter measures and records the flow of product being simultaneously dispensed into the two truck tanks.[1]

Single-Point Fill System

Single-point fill systems are bulk product delivery systems that use only one hose to connect a tanker truck to a storage tank. The single hose actually has a return line for vapors that is separate from the product dispensing line. The connecting nozzle has two connecting points, one for product moving into the tank and one for vapors leaving the tank. It is similar to a dual-point system in operation, but requires one less manhole and riser on the tank. The tanker truck operator carries nozzles for both single- and dual-point systems. (see Stage I Vapor Recovery)

Stage I Vapor Recovery

This occurs when a station's USTs are being filled. It is the first stage of fuel dispensing at a retail site, and is therefore called “Stage I.” The release of fugitive emissions is typically controlled by using two fill lines; one line dispenses product from the tanker truck into the storage tank. A second line connects the tanker truck to a vent valve on top of the tank. (see Single-Point Fill System and Dual-Point Fill System)

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1. Petroleum Equipment Lexicon, Petroleum Equipment Institute, Tulsa, Oklahoma, 1995, p. 89.

Stage II Vapor Recovery

The recovery of fugitive emissions that are released into the atmosphere when dispensing fuel into a vehicle. (see Vacuum Assisted Vapor Recovery and Balance System Vapor Recovery)

Sti-P3

Steel Tank Institute, three levels of protection. The Sti-P3 specification was introduced in 1969 by the Steel Tank Institute. It is a manufacturing specification, not a manufacturer's product. Since its introduction, over 100,000 Sti-P3 tanks have been installed. They currently store over 500 million gallons of hazardous materials, from gasoline to alcohol to acids and solvents. The three levels of protection include dielectric coating, a sacrificial anode, and nylon, dielectric bushings. The rate of failure for Sti-P3 tanks is less than one-one thousandth of a percent. Only about three or four Sti-P3 tanks have ever been responsible for a product release.

Sump

A fluid-tight containment chamber that should be dry during normal operation. A sump is often used around a turbine pump and underneath product dispensers. Leak detectors are often placed within sumps. This protection assures that, should a turbine pump develop a leak (for example), the fluid is contained within the sump and the station operator is alerted to the release.

Suppliers

When people from the service station industry refer to suppliers, there are speaking about refiners. Suppliers can provide fuel directly to dealers or jobbers.

Tank Wagon

The name used by oil people to identify small fuel delivery trucks, particularly those capable of transporting less than 5,000 gallons. Tank wagons are primarily used for delivering home heating oil and small quantities of gasoline and diesel fuel. Larger quantities are transported by vehicles referred to as tankers or transports. Tankwagon price is the wholesale price of fuel delivered to a gasoline station.[1]

Terminal

A large facility for storing and handling petroleum products. A terminal is usually located adjacent to a petroleum-product pipeline, a refinery, a railroad, or a waterfront ship-berthing area. The products are stored in large tanks and equipment at the location is usually capable of further processing the product, such as the injection of additives, or conversion of gasoline vapors received from transports after making deliveries back to liquid form. Terminals usually have a storage capacity in excess of 500,000 gallons.[2]

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1. Petroleum Equipment Lexicon, Petroleum Equipment Institute, Tulsa, Oklahoma, 1995, p.101.
2. Ibid, p.102.

Underground Storage Tank ("UST")

Is defined as any tank, including underground piping connected to the tank, that has at least 10 percent of its volume underground. USTs can only be filled to 95 percent of their capacity if the station has electronic tank metering. If the station relies on passive metering (e.g., a person), then a tank can only be filled to 90 percent of its rated capacity.

Vacuum-Assisted Vapor Recovery ("VR")

One of two types of VR systems. The product dispensing line on the MPD actually has two hoses inside; one large line for product dispensing and one smaller line for vapor return. The VR line terminates about one-inch above the end of the nozzle to keep product from flowing into the VR line. The VR line is connected to a vacuum-generating pump inside the MPD. The pump vacuums out fugitive emissions as they rise up the vehicle's fuel filler hose and then pumps them back into the station's underground storage tank. All of the vacuum systems on each MPD are connected by piping underground.

Vapor Recovery ("VR")

The recovery of fugitive emissions.

Government Regulation

1998 UST Upgrades

In 1984, Congress passed the Hazardous and Solid Waste Amendments to the Resource Conservation and Recovery Act ("RCRA") (Public Law 98-616), which authorized a new program for the regulation of USTs in response to the increasing threats of groundwater contamination, fire, and explosions resulting from spills and leaks. The EPA then adopted technical rules for compliancy that had to be met by December 31, 1998 (Federal Register 58(185)).

The rules addressed three areas: corrosion protection, spill and overflow protection, and leak detection. All tanks installed after December 22, 1988 had to have all those forms of protection. Leak detection for pressurized piping was required on all existing tanks by December 22, 1993. Spill and overflow protection, as well as corrosion protection, was required on all existing tanks by December 22, 1998. Corrosion protection could be achieved by applying interior linings, providing cathodic protection, or a combination of the two. approaches.

Financial Responsibility

The 1984 RCRA amendments required that UST owners and operators maintain evidence of financial responsibility for corrective action and third party compensation in the event of a release. Assurance requirements depend on average monthly volumes. The minimum assurance required for petroleum marketing properties that have volumes of at least 10,000 gallons per month is $1 million per occurrence. Firms with more than 100 operating USTs must have assurance of $2 million. Assurance can from a combination of any of the sources shown in the adjacent table. All companies had to have proof of assurance by December 31, 1991.

- Insurance
- Guarantee
- Surety bond
- Letter of credit
- Qualification as self-insurer
- Access to a corrective action and compensation system administered by a state or local agency

Clean Air Act Regulations

Congress passed the Clean Air Act Amendments in 1990, which Oregon subsequently adopted under OAR 340-22-400 to -403. The amendments had two major sections, one which addressed the control of vehicle refueling emissions (vapor recovery), and the other which dealt with the use of reformulated and oxygenated gasoline.

Certain areas of the country were prohibited from selling or dispensing conventional gasoline as of January 1, 1995 because they failed to meet clean air requirements. Since Portland only marginally fails to meet the clean air requirements, it did not have to comply with this requirement. However, the vapor recovery must be met. Those requirements only impact the Portland metropolitan area, which covers all of Washington, Clackamas, Multnomah, and Clark Counties. With recent legislation passed that lowers the acceptable level of air contaminants, other areas of the state may become subject to similar air quality regulations. Stage I vapor recovery has been in place in the Portland Air Quality Management Area ("AQMA") since 1981, while Stage II vapor recovery systems had to be in placed by April 30, 1994 at all dispensing sites that sell more than 600,000 gallons per year.

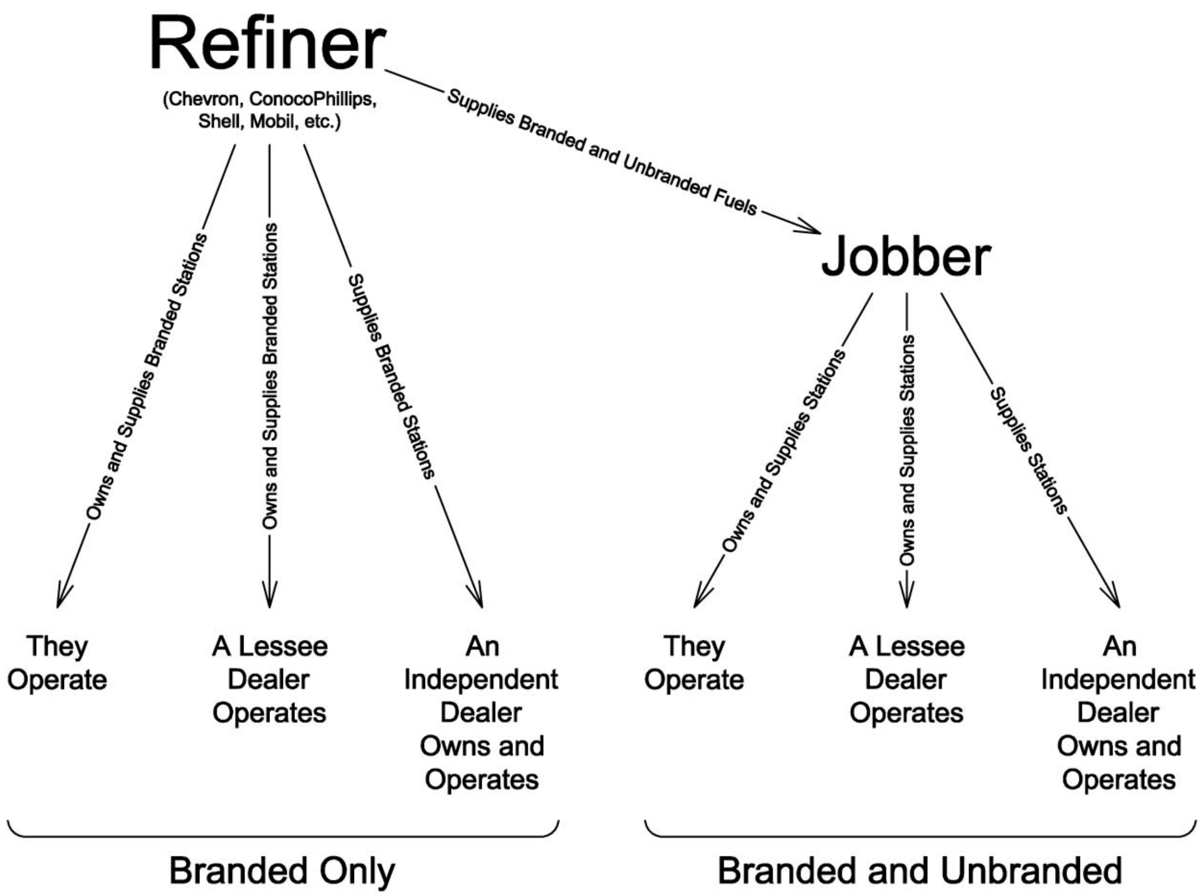
Oregon - 2007 Biofuels Legislation

The Oregon legislature passed House Bill 2210 during the 2007 session. It requires that, by January 15, 2008, the nine counties around Portland can only sell gasoline that has at least a 10 percent ethanol content. The rest of the state must meet the same requirements by April 15, 2008. The legislation also mandated that all diesel sold in the state contain at least two percent biodiesel. This requirement will become effective sometime during the first half of 2008, depending on widespread bio-diesel availability.

Industry Structure

Ownership and Operation

There are three primary types of owners of gas station real estate: major oil companies, jobbers, and independent dealers. It is quite uncommon for an entity unrelated to the industry, or with no vested interest in the operations or the brand, to own the real estate. Branded fuels are supplied on a wholesale basis either directly by a major oil company, or indirectly by a major oil company through a middleman wholesaler, who is known as a jobber. While unbranded fuels are ultimately sourced from refiners, they are only made available at the retail level through jobbers. The following table illustrates the ownership, supply, and operational structure of petroleum marketing facilities:



Supply Models

Direct Vs. Rack

There are three primary supply models in the fuel retailing industry: jobber supplied, direct-serve, and company operated. The cost of fuel to jobber supplied stations is directly tied to the wholesale prices at the nearest bulk distribution location, which is generally known as the “rack.” Prices at the rack are set by the various refiners and oil companies in a distinct and competitive wholesale market. The price of fuel to the dealer generally consists of the wholesale price at the rack, plus freight to the station, plus a margin of about 1.0¢ to 2.5¢ per gallon that goes to the jobber for acting as a middle man.

Direct-served stations are supplied directly by a major oil company. The oil company sets the price of fuel to each of their dealers based on prices within each station’s submarket. The prices are not related to the prices at the rack in any manner. The oil company collects retail price data within predetermined zones, determines what retail price would be competitive, deducts a reasonable margin for dealer, and the result is the wholesale fuel cost to the dealer. This pricing model is inherently reactive since it is backward looking in time. It is also known as “street-back” pricing.

Company operated stations are owned and operated by a major oil company. There is no third party dealer involved in the business model. As a result, the major oil company can charge retail prices as they see fit, especially since they are able to pocket the profit margin through the entire length of the supply chain, through delivery to the customer.

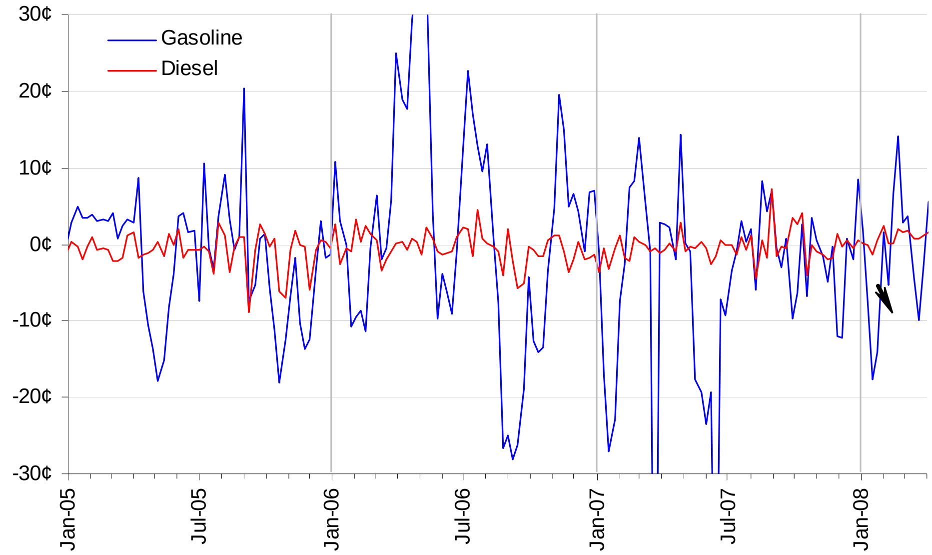
These different supply models give rise to varying competitive motivations for dealers and account for some of the pricing variations seen at the retail level. In markets that have a high degree of supply model homogeneity among stations, there tends to be greater pricing consistency among them. Conversely, markets with a large variety of supply models among stations tend to see larger variations at the retail level.

For dealers who are faced with one or more hypermarketeters in their competitive market, having the protection of a street-back pricing model offers the greatest ability to compete and, most importantly, survive. The pricing model effectively guarantees the dealer that he will make enough margin to survive, although it limits the upside margin potential.

Branded Vs. Unbranded

Another factor that accounts for pricing variations in a market is the competition between branded and unbranded facilities. The major oil companies sell both types of gasoline, but only market unbranded fuels on a wholesale basis. While an unbranded station may actually receive Chevron-branded gasoline, they are not allowed to advertise it as such. Typically, the unbranded wholesale market is lower than the branded market. However, on occasion, the wholesale price of unbranded fuels can actually be higher than for branded fuels, resulting in a wholesale market that is known as being “inverted.” Even so, the wholesale market for unbranded fuels has historically been lower than the branded market. As a result, unbranded dealers--including hypermarketeters--have a pricing advantage over their branded competitors.

	Gasoline	Diesel
2004	(0.71¢)	(0.04¢)
2005	(1.64¢)	(0.79¢)
2006	2.53¢	(0.42¢)
2007	(5.50¢)	(0.31¢)
2008 YTD	0.80¢	0.39¢
Average	***(1.15¢)***	***(0.33¢)***



The adjacent chart illustrates the price differential between branded and unbranded gasoline and diesel fuels at the Portland racks, while the table above show the average annual differentials. The data shows that the unbranded market has seen increased volatility over the last few years. Tight supply conditions due to a variety of national and global factors is the primary culprit. Product is dumped on the unbranded market by refiners once they have fulfilled all of their branded supply commitments. As a result, if supplies are tight, then the unbranded market is the first to feel the squeeze.

Hypermarketers

This class of retailers consists of large, box retailers who have entered the fuel retailing business on the assumption that it helps drive in-store sales. The retail class is as hypermarketers due to their aggressive, competitive nature. Their growing presence throughout the country has had a profound effect on established petroleum marketers for a variety of reasons.

First, most hypermarketers tend to view their fueling operations not as stand-alone profit centers, but rather as a loss leader that drives in-store sales. The hypermarketers' business model is therefore different from most fuel retailers, and this has caused traditional retailers no small amount of pain as they have watched their fuel volumes and margins decline in tandem.

Second, the hypermarketers sell a large enough aggregate volume of fuel across all their sites to be able to use financial tools to control their exposure to the volatile wholesale market. For example, they are able to buy barrels of gasoline on the futures markets, use hedges to control price exposure, etc. There are very few jobbers or companies in the Northwest that are large enough to use these tools. Smaller dealers and jobbers--which account for the majority of the stations in the state--lack these competitive advantages.

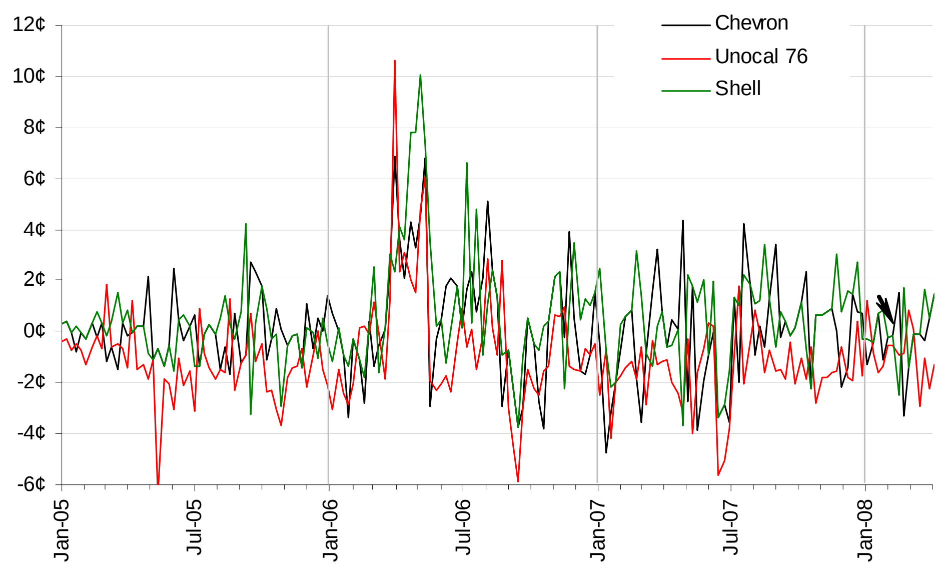
Third, even when the branded/unbranded market inverts and unbranded product is more expensive, hypermarketers have the financial wherewithal to follow the pricing model they set when the markets operate normally, even though they may lose money in the short term. This, combined with the fact that hypermarketers have a propensity to price aggressively in pursuit of volumes, puts significant competitive pressure on their competitors.

Markets that have both volume-oriented/street-back pricing retailers like ARCO and hypermarketers tend to see excessive competition. The hypermarketers leverage their economies of scale and loss leader strategy, while the ARCOs steadfastly post bottom-of-the-market prices to maximize their volumes, especially since the dealers do not experience the pain of this marketing philosophy. The other dealers in the market are then faced with a difficult choice of trying to hold on to their fuel volumes by slashing margins to stay abreast of the excessive competition, or hold on to their margins and watch their fuel volumes decline.

Wholesale Price Differentials By Brand

The adjacent chart and table show relative price differentials among the three major brands found in the Pacific Northwest. The figures are derived from Oil Price Information Service data and are calculated against average branded rack prices.

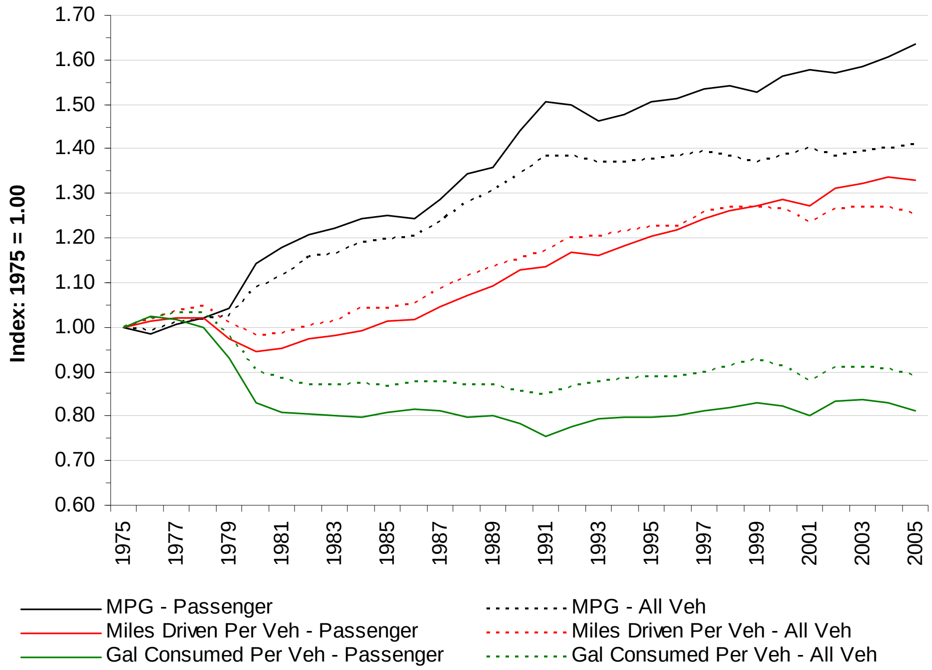
Chevron tends to price close to the branded average, while ConocoPhillips tends to be slightly more aggressive at the wholesale level, pricing between 0.5¢ to 1.5¢ below the branded average. Shell tends to be less aggressive, with prices that are up to 1.0¢ per gallon higher than the branded average.



	Chevron	Unocal 76	Shell	Range
2004	0.31¢	(0.65¢)	(0.18¢)	0.96¢
2005	(0.02¢)	(1.26¢)	(0.04¢)	1.24¢
2006	0.59¢	(0.34¢)	1.22¢	1.57¢
2007	(0.21¢)	(1.54¢)	0.44¢	1.98¢
2008 YTD	(0.07¢)	(0.89¢)	0.46¢	1.35¢
Average	***0.17¢***	***(0.95¢)***	***0.36¢***	***1.31¢***

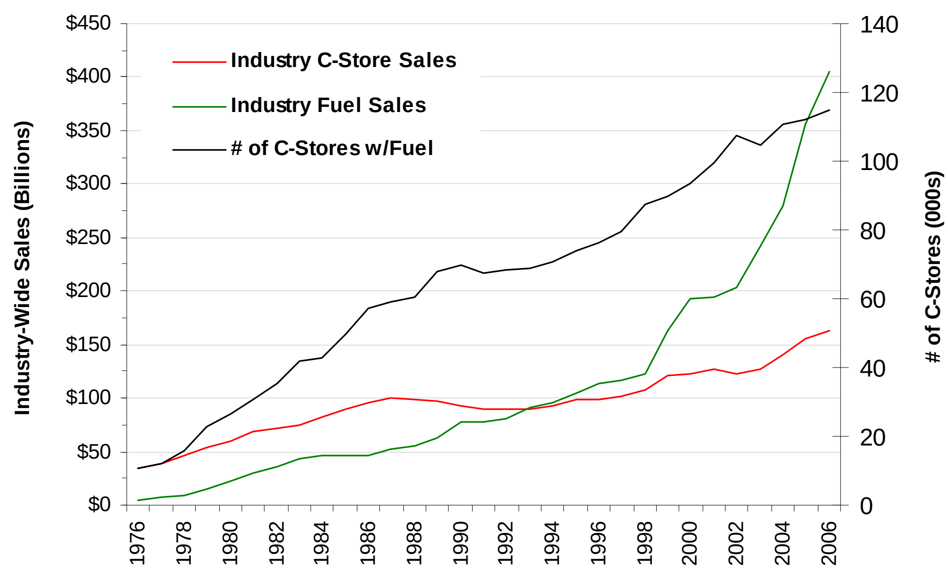
Industry Overview

Macro Demand Trends



The adjacent chart shows relative changes in vehicle miles per gallon, number of miles driven per vehicle, and the number of gallons consumed per vehicle. For passenger vehicles, the average number of miles driven in 2005 stood at 12,375, with 541 gallons of gasoline per vehicle and an average efficiency of 22.9 miles per gallon. For all vehicles, the figures stand at 12,084 miles per year, 704 gallons per vehicles, and 17.2 miles per gallon. Beginning in the late 1970s, auto efficiency began a slow, steady increase, while the number of miles driven per vehicle actual declined through 1980. Total miles driven have increased since then, but has not kept pace with the increase in fuel efficiency. As a result, the gallons consumed per vehicle has been nearly flat.

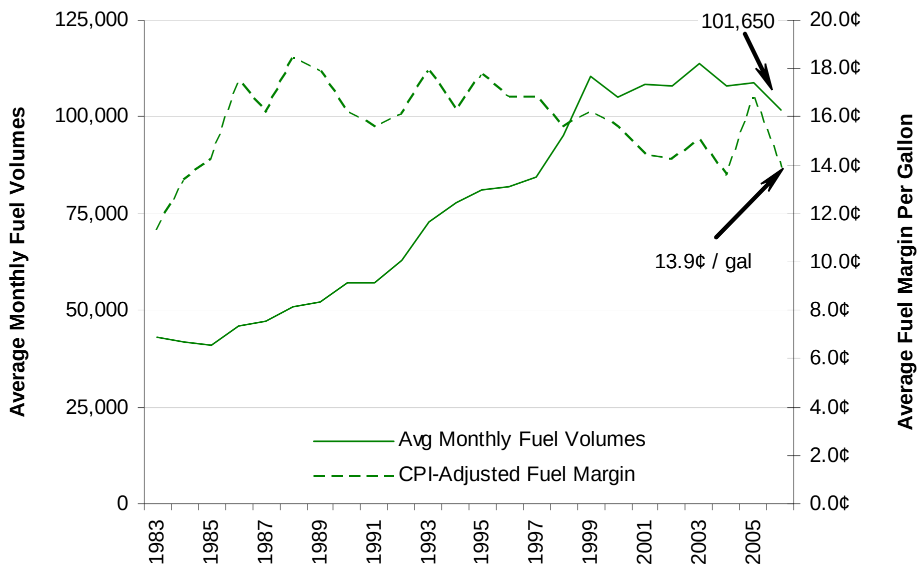
Industry Sales Trends



The adjacent chart shows the historical population of fueling facilities in the country; industry-wide fuel sales on a CPI-adjusted basis; and industry-wide convenience store sales on a CPI-adjusted basis. The population of competing facilities has increased faster than the c-store industry itself. While the c-store population has grown at an annually compounded rate of 16.8 percent, c-store sales have only grown by 5.4 percent per year. Significant fuel price increases over the last 10 years skews the industry fuel sales curve, causing the annual growth rate to be 16.8 percent per year.

Fuel Volume and Margin Trends

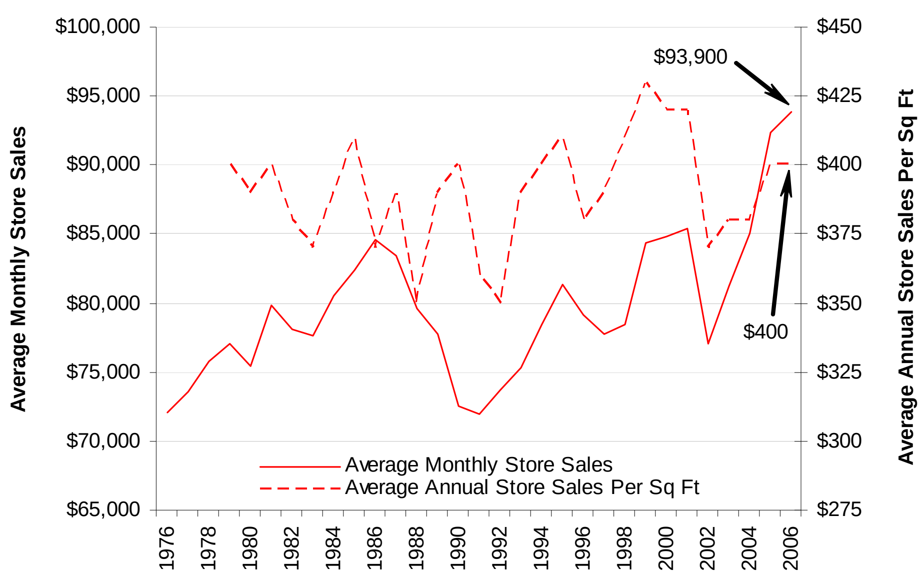
The adjacent chart shows fuel volumes per station and average fuel margin on a CPI-adjusted basis. On a real basis, margins peaked in the late 1980s and have been slowly declining. Much of the decline since 1997 is likely due to the introduction of hypermarketers to the segment.



The average gallons pumped per station has increased by 3.8 percent on an annually compounded basis. The EPA's 1998 equipment upgrade deadline had a noticeable impact on the industry, as the average gallons pumped per station jumped by 16.2 percent between 1998 and 1999. As non-compliant stations shut down, demand was redistributed among the remaining, compliant stations. Combining these trends with those addressed in the Vehicle Efficiency and Mileage section, we can conclude that growth on the fuel side of the business has primarily comes from three factors: population growth, not increased per capita consumption; revenue growth due to higher fuel prices; and reduction in competition due to legislation.

C-Store Sales Trends

The adjacent chart shows average monthly store sales and average annual store sales per square foot, both on a CPI-adjusted basis. Over 30 years, real growth in per-store sales has only been 0.9 percent per year, compounded annually. With average store sizes gradually increasing, the average sales per square foot has been

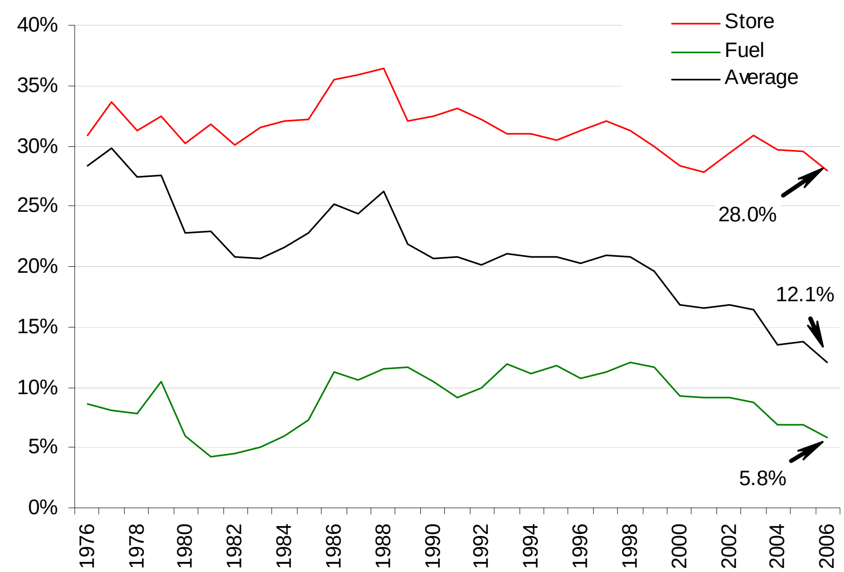


between $375 and $400 per year. These trends are not surprising for three reasons.

First, increased competition among the c-store segment has limited store-level sales growth. Second, convenience stores compete with other retail channels for the distribution of commodity goods. The blurring of retail channels over the years has limited real c-store industry growth. Third, the c-store industry is not immune to the super-sizing of American retail channels. As c-stores have gotten bigger, total sales have grown in a more or less parallel fashion. This indicates that asset productivity has essentially been stagnant for three decades.

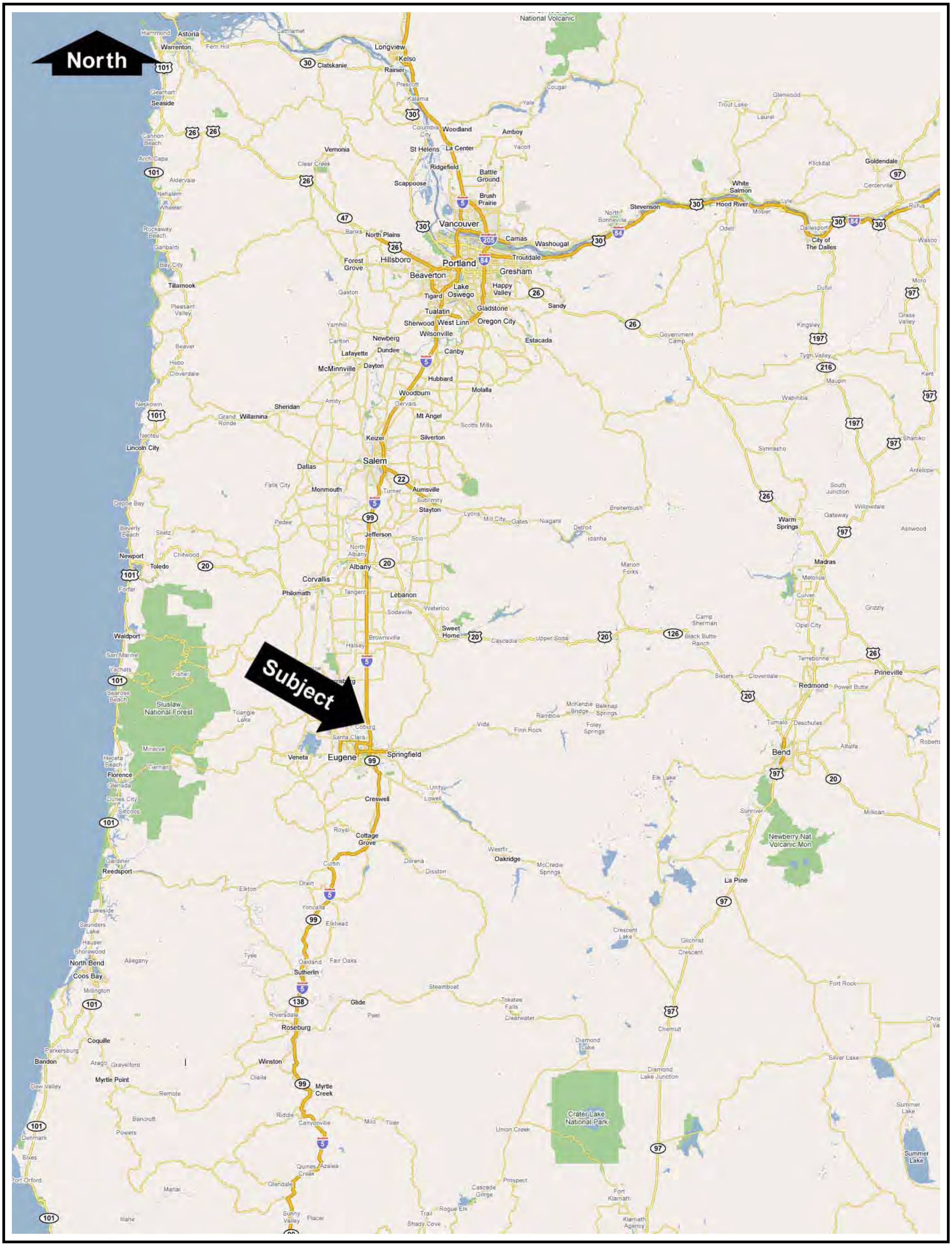
Gross Margin Trends

The adjacent table shows gross margins on c-store and fuel sales. Because fuel margins are relatively stable over time on an absolute basis and fuel prices are quite volatile, percentage margins are meaningless. However, for store sales, they are meaningful. As shown, margins have been slowly declining since the late 1980s. This is in part due to increased competition within the c-store channel itself, but also from competition from other retail channels.

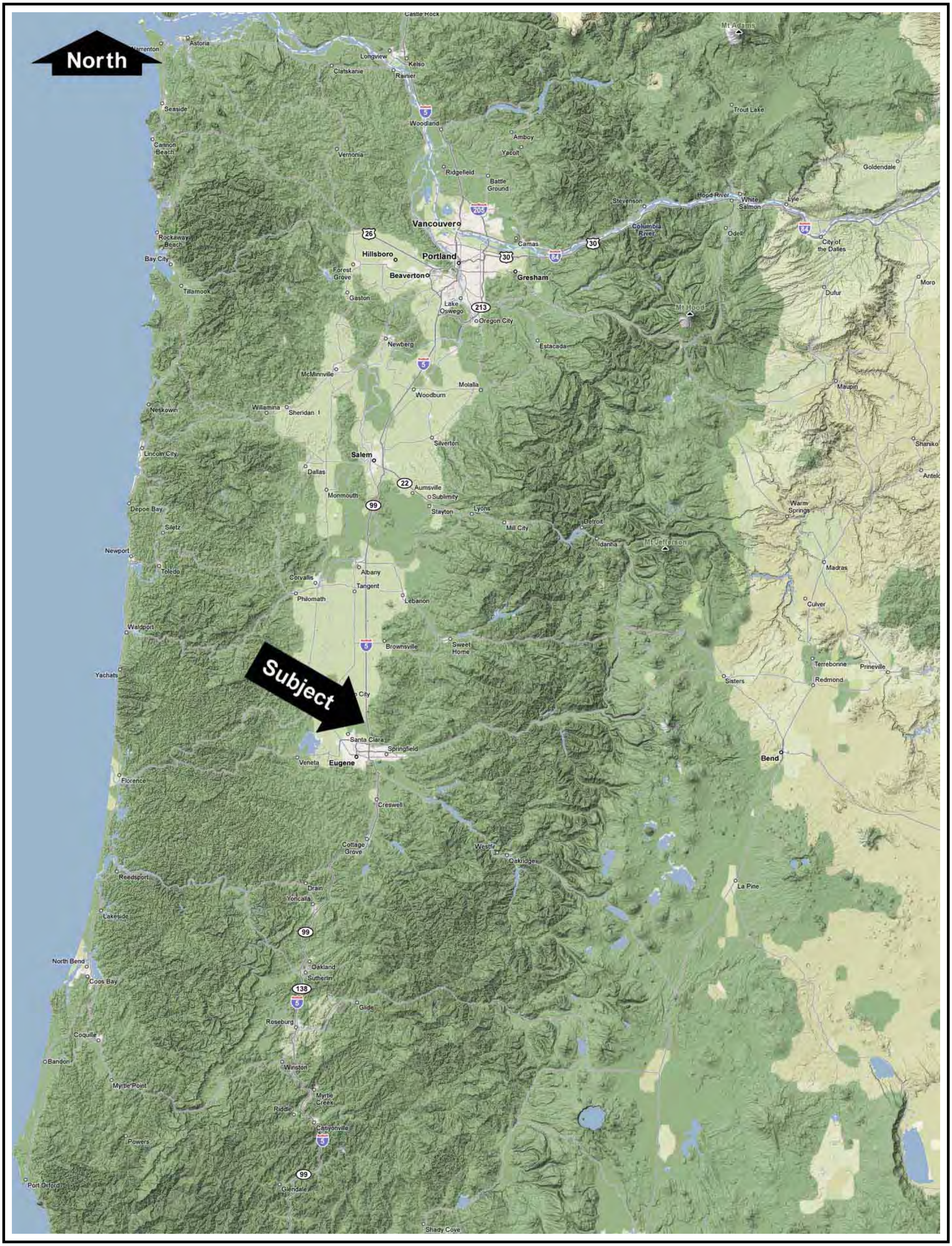


Conclusion

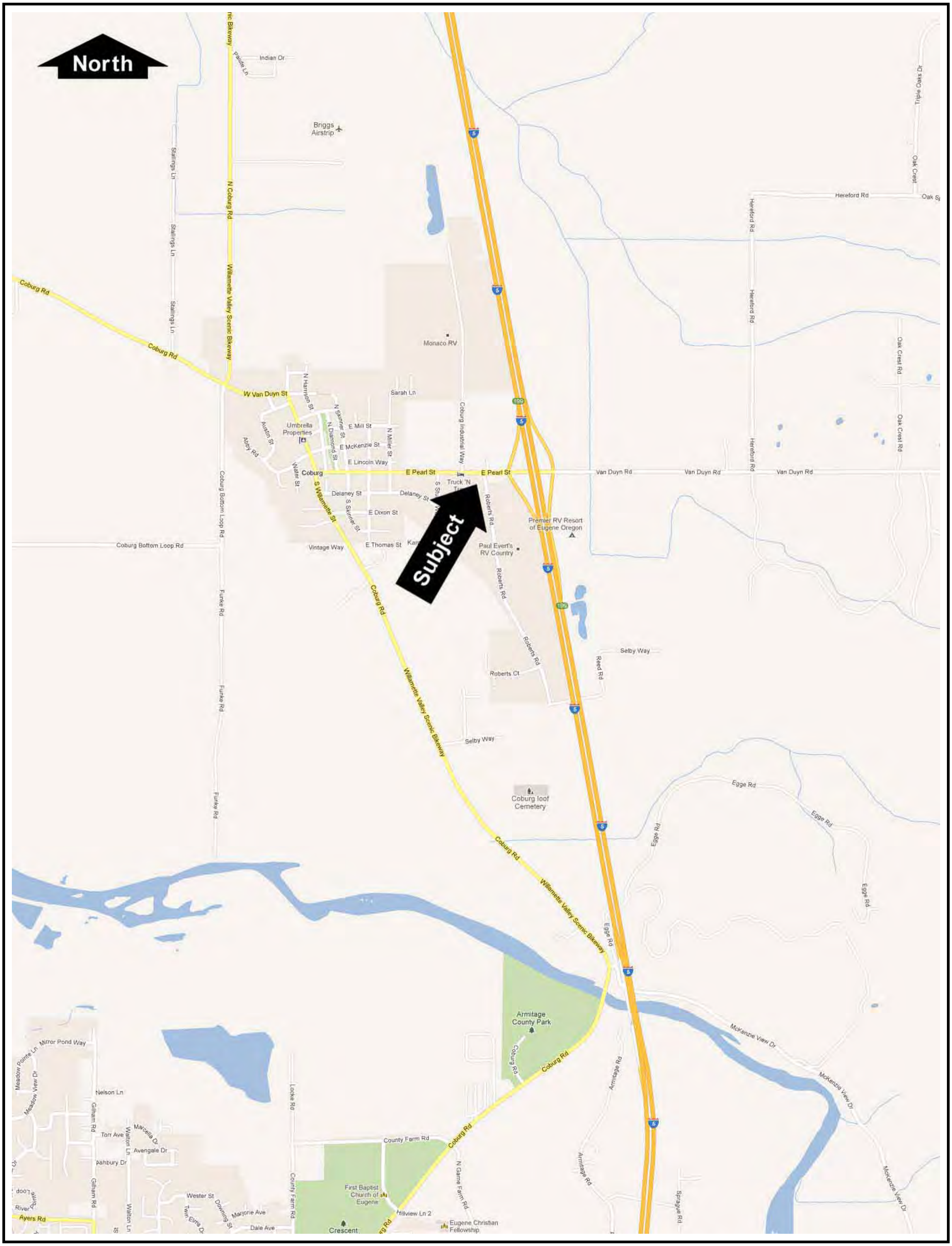
The petroleum/convenience store industry deals in commodities. Numerous barriers to entry on the fuel side of the industry--limited greenfield availability, capital intensiveness, etc.--has limited the introduction of new competition into that segment. As a result, fuel volumes per facility have increased over the years. However, competition from a new class of retailers--hypermarketers--has put downward pressure on fuel margins. On the c-store side of the industry, competition from within and outside of the channel has not only limited per-store sales growth, but has also pressured gross margins downward. In an industry where market-recognized differentiation is difficult to achieve, it is hard to see how or why these trends might reverse.



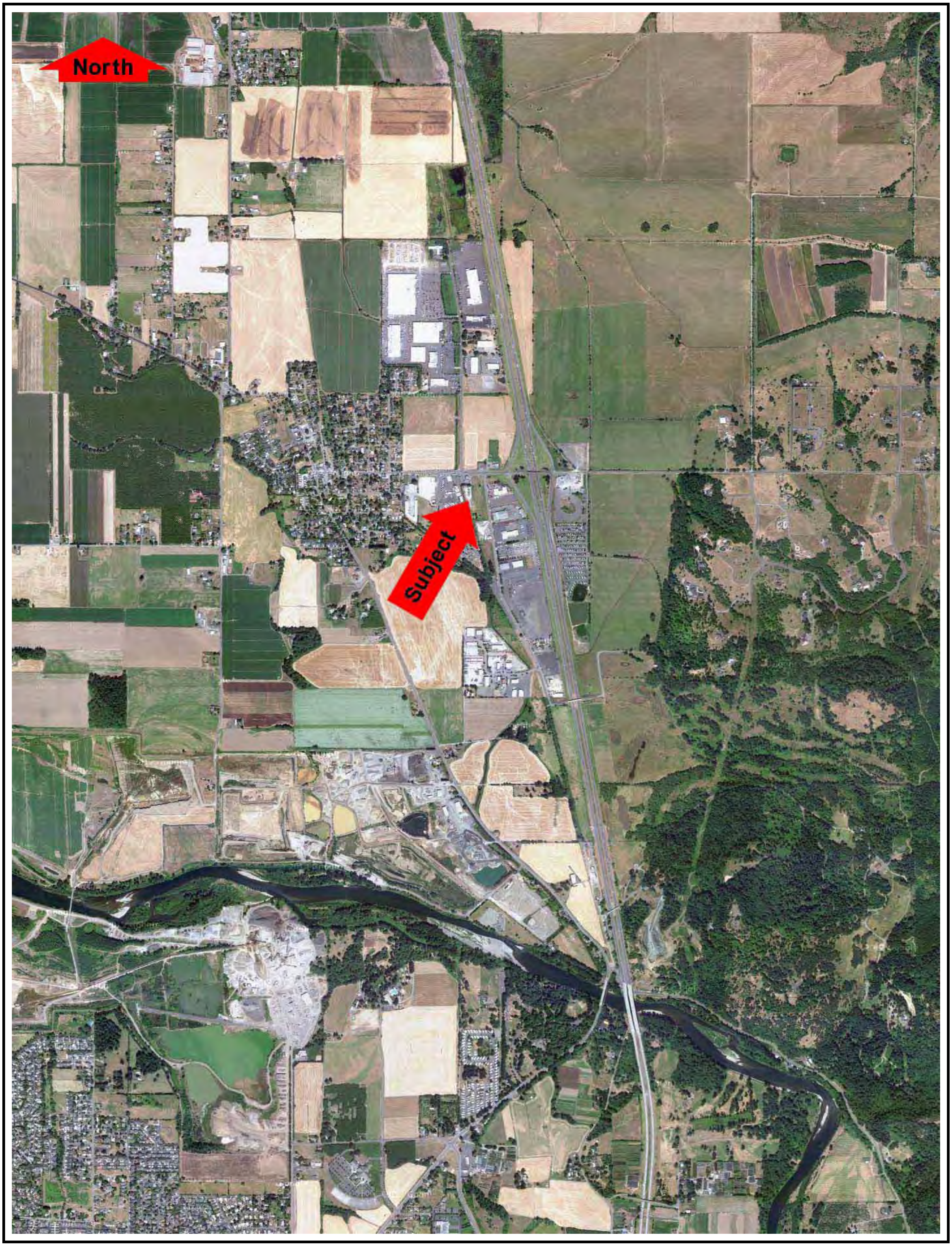
Regional Road Map

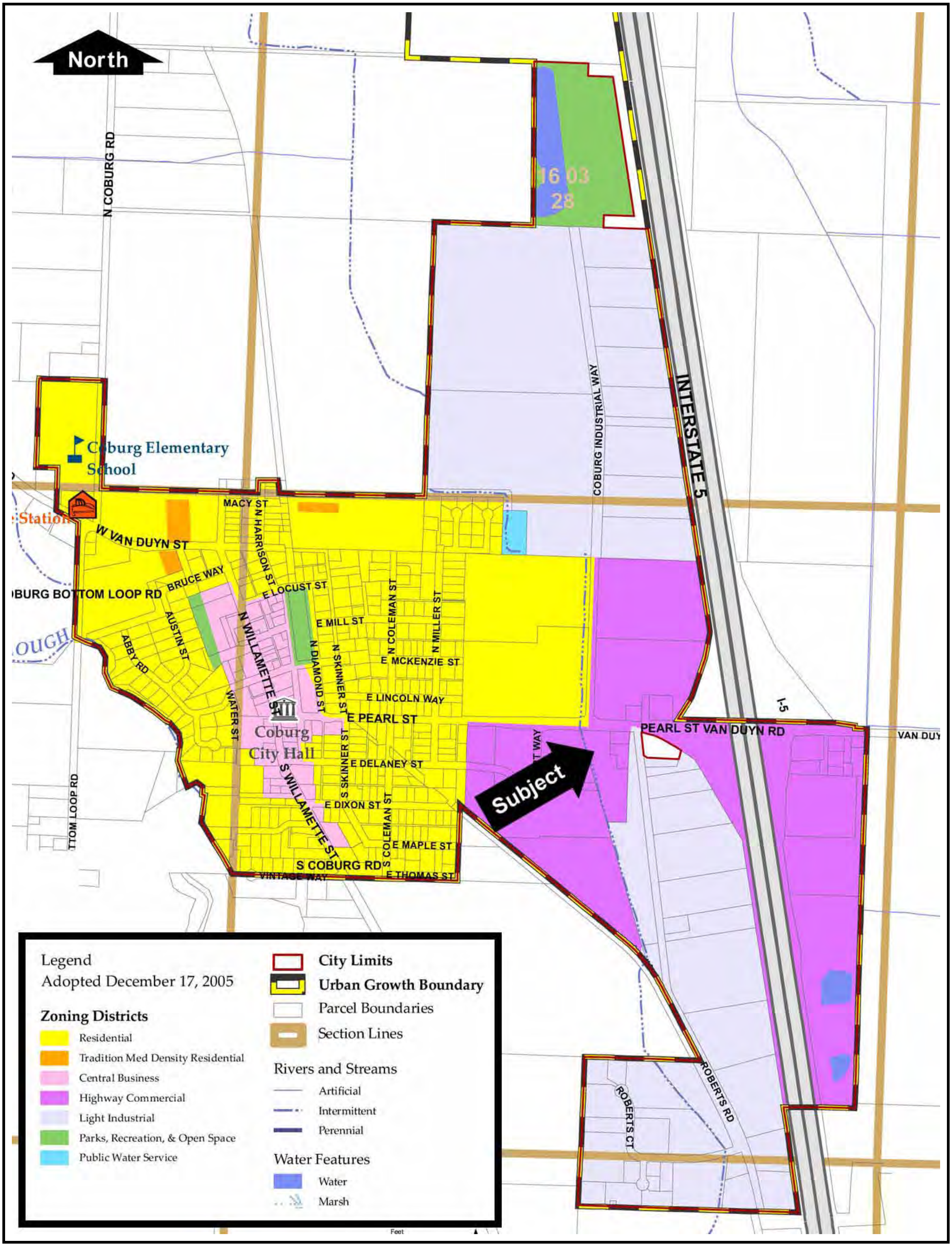


Regional Terrain Map

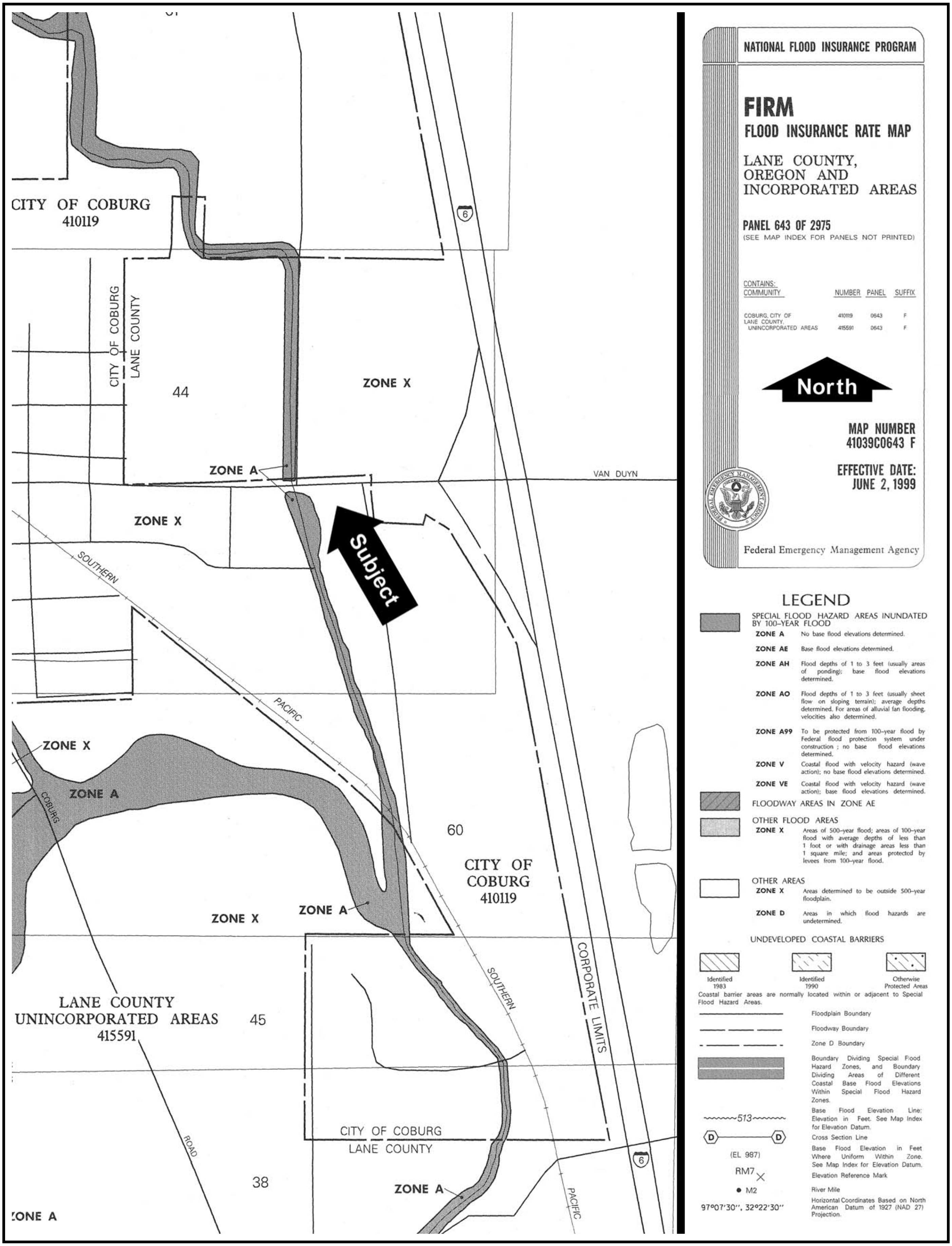


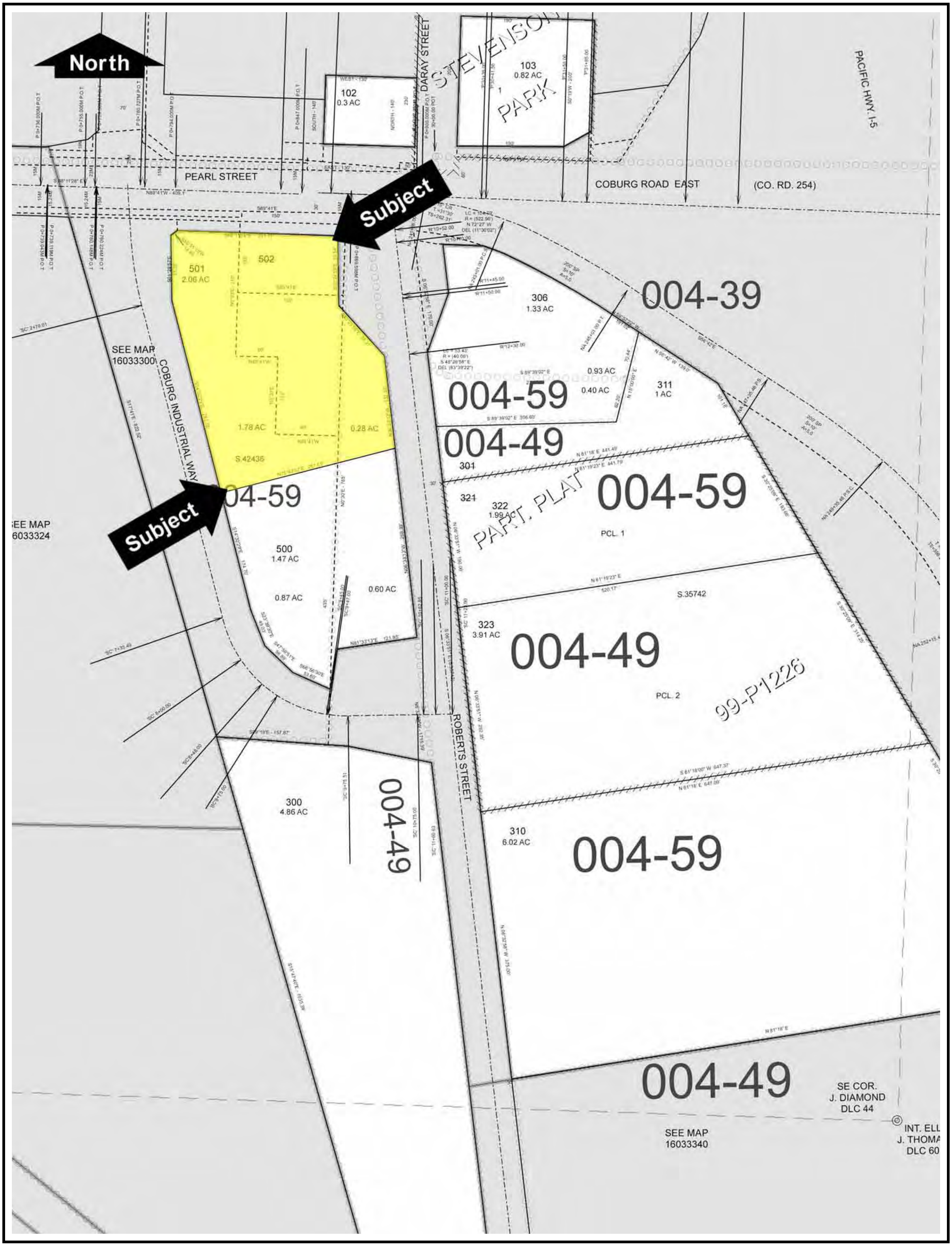
Neighborhood Road Map


North
Subject

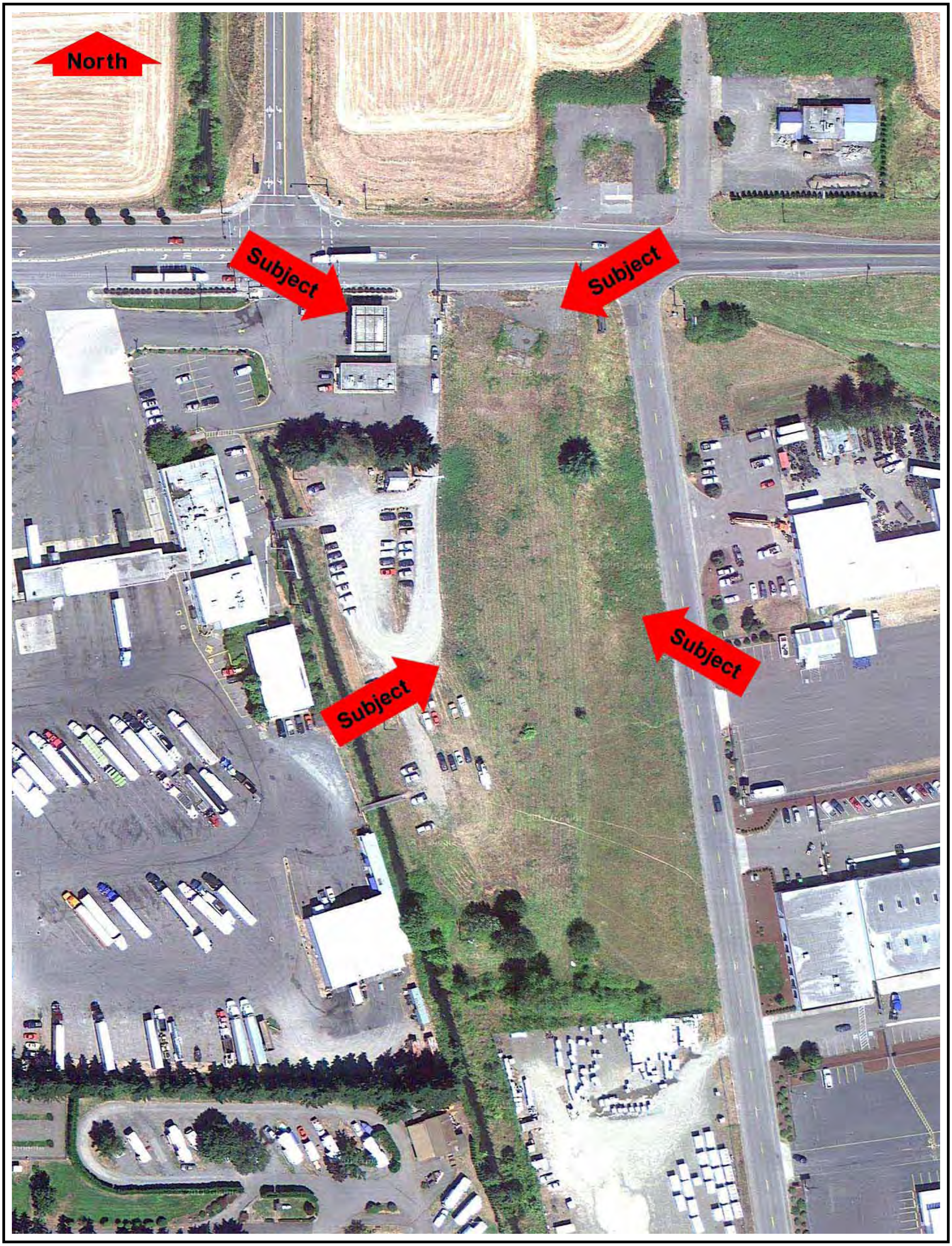


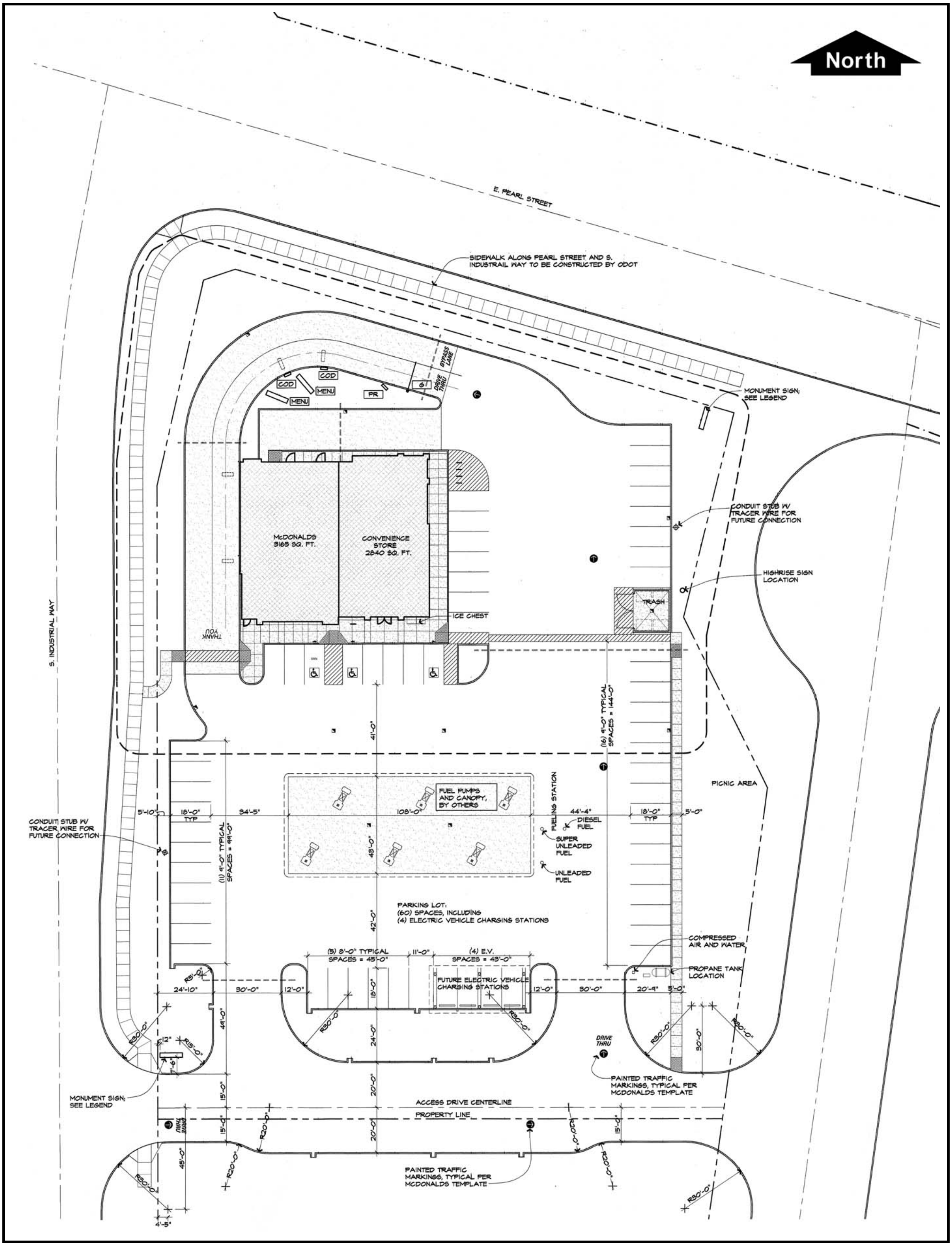
Neighborhood Zoning Map


NATIONAL FLOOD INSURANCE PROGRAM
FIRM
FLOOD INSURANCE RATE MAP
LANE COUNTY, OREGON AND INCORPORATED AREAS
PANEL 643 OF 2975
(SEE MAP INDEX FOR PANELS NOT PRINTED)
CONTAINS:
COMMUNITY NUMBER PANEL SUFFIX
COBURG, CITY OF 410119 0643 F
LANE COUNTY, UNINCORPORATED AREAS 415591 0643 F
North
MAP NUMBER 41039C0643 F
EFFECTIVE DATE: JUNE 2, 1999
Federal Emergency Management Agency
LEGEND
SPECIAL FLOOD HAZARD AREAS INUNDATED BY 100-YEAR FLOOD
ZONE A No base flood elevations determined.
ZONE AE Base flood elevations determined.
ZONE AH Flood depths of 1 to 3 feet (usually areas of ponding); base flood elevations determined.
ZONE AO Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.
ZONE A99 To be protected from 100-year flood by Federal flood protection system under construction; no base flood elevations determined.
ZONE V Coastal flood with velocity hazard (wave action); no base flood elevations determined.
ZONE VE Coastal flood with velocity hazard (wave action); base flood elevations determined.
FLOODWAY AREAS IN ZONE AE
OTHER FLOOD AREAS
ZONE X Areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 100-year flood.
OTHER AREAS
ZONE X Areas determined to be outside 500-year floodplain.
ZONE D Areas in which flood hazards are undetermined.
UNDEVELOPED COASTAL BARRIERS
Identified 1983
Identified 1990
Otherwise Protected Areas
Coastal barrier areas are normally located within or adjacent to Special Flood Hazard Areas.
Floodplain Boundary
Floodway Boundary
Zone D Boundary
Boundary Dividing Special Flood Hazard Zones, and Boundary Dividing Areas of Different Coastal Base Flood Elevations Within Special Flood Hazard Zones.
513
Base Flood Elevation Line; Elevation in Feet. See Map Index for Elevation Datum.
Cross Section Line
(EL 987)
Base Flood Elevation in Feet Where Uniform Within Zone. See Map Index for Elevation Datum.
RM7
Elevation Reference Mark
M2
River Mile
97°07'30", 32°22'30"
Horizontal Coordinates Based on North American Datum of 1927 (NAD 27) Projection.
CITY OF COBURG
410119
CITY OF COBURG
LANE COUNTY
44
ZONE X
ZONE A
VAN DUYN
ZONE X
Subject
SOUTHERN
PACIFIC
ZONE X
ZONE A
COBURG
60
CITY OF COBURG
410119
ZONE A
ZONE X
SOUTHERN
CORPORATE LIMITS
LANE COUNTY
UNINCORPORATED AREAS
415591
45
CITY OF COBURG
LANE COUNTY
ROAD
38
ZONE A
PACIFIC
ZONE A

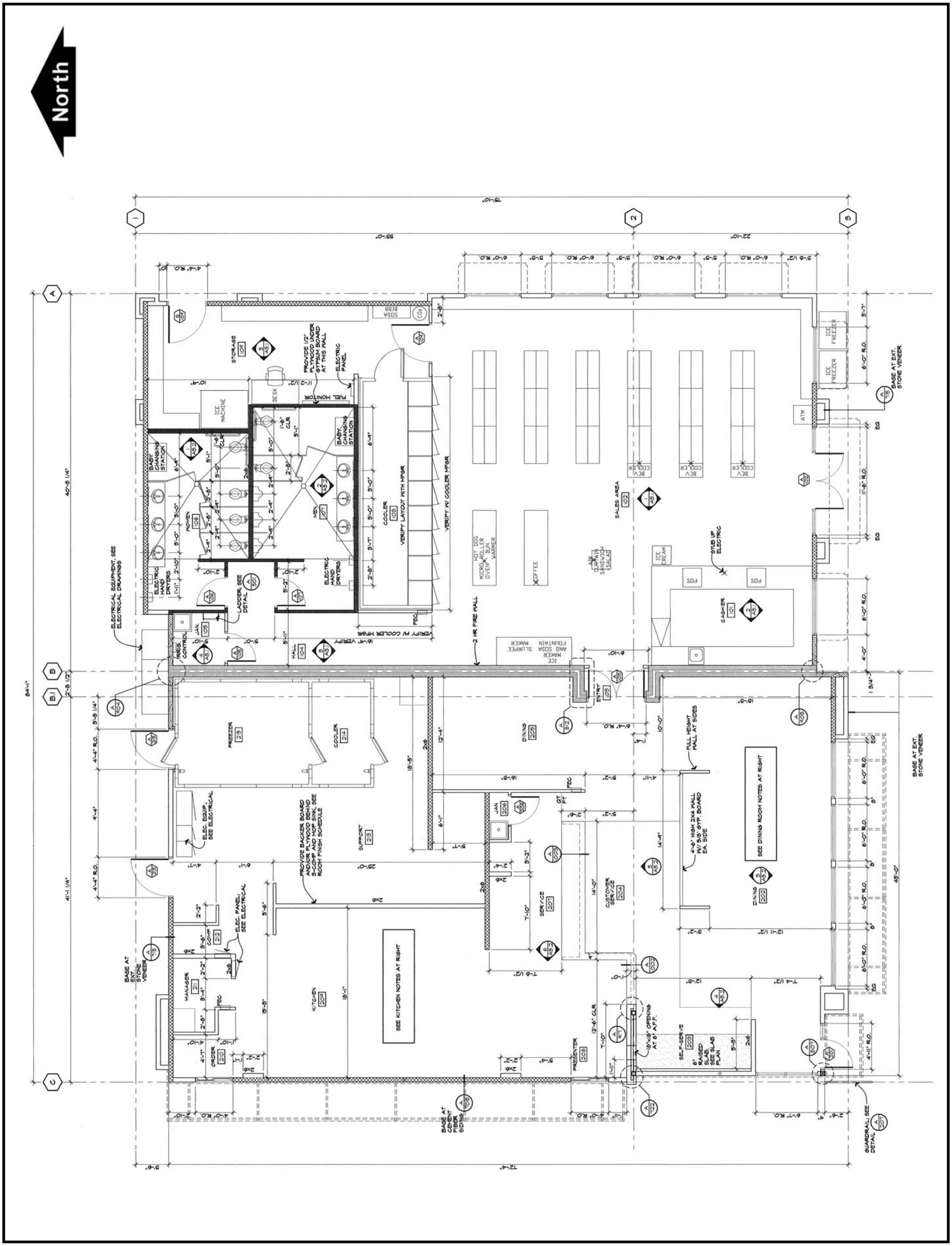


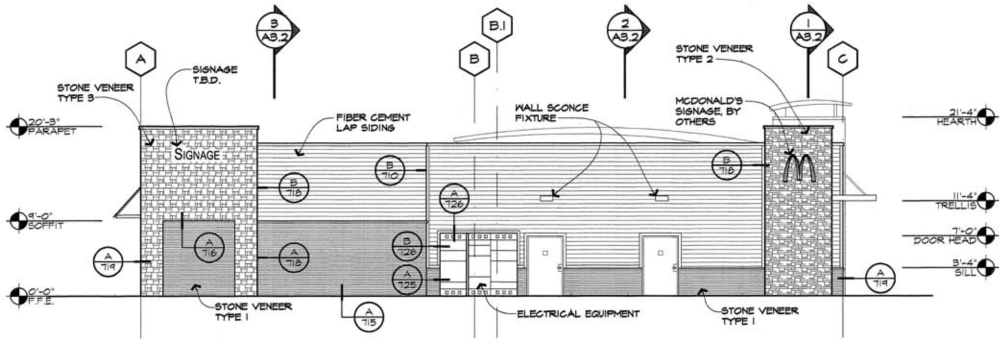
Subject Plat Map


North
Subject
Subject
Subject
Subject



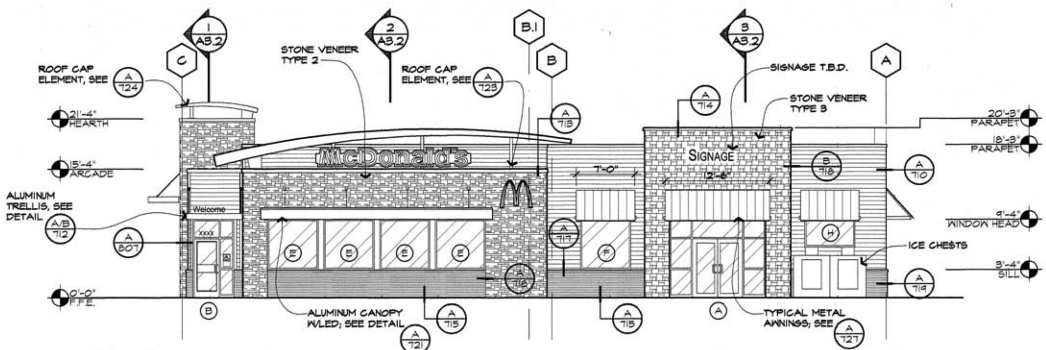
Subject Blueprints - Site Plan


North



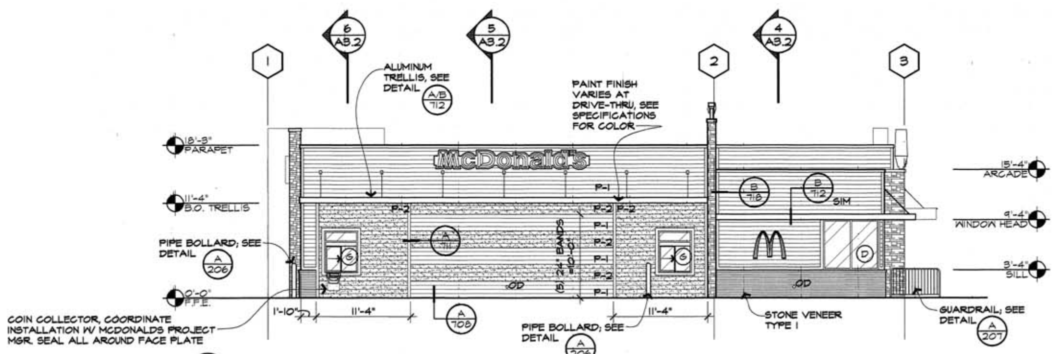
3 / A3.1 NORTH ELEVATION

SCALE: 1/8" = 1'-0"



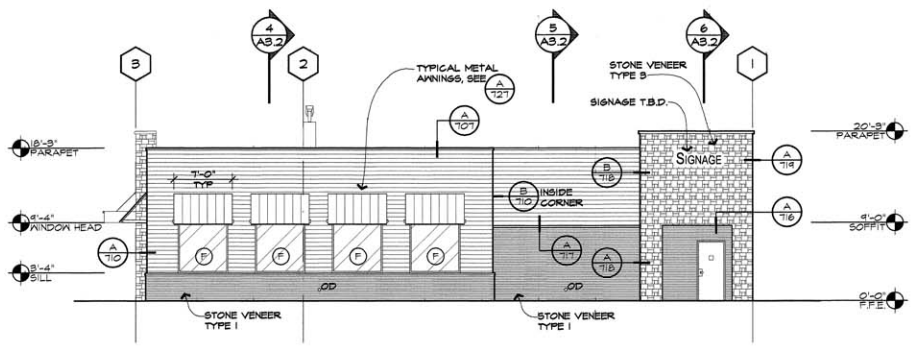
1 / A3.1 SOUTH ELEVATION

SCALE: 1/8" = 1'-0"



2 / A3.1 WEST ELEVATION

SCALE: 1/8" = 1'-0"



4 / A3.1 EAST ELEVATION

SCALE: 1/8" = 1'-0"

View looking east along Pearl Street through its intersection with Industrial Way.
The subject is on the far side of the intersection, on the right.

View looking west along Pearl Street, toward its intersection with Industrial Way.
The subject is on the left.

View looking north along Industrial Way, which is currently under construction, toward its intersection with Pearl Street. The subject is on the immediate right.

View looking south along the new Industrial Way
right of way. The subject is on the left.

View looking north along the existing Roberts Road right of way. Note that its current intersection with Pearl Street will be closed and it will be converted into a cul-de-sac.

View looking south along Roberts Road. The subject is on the immediate right.

View looking east along the access road being built across the south side of the subject site and the north side of the adjacent lot to the south, which will connect Industrial Way and Roberts Road.

View looking west along the access road being built on the south side of the subject site.

View looking northeast of the subject property from its southwest corner. The access road is visible on the right.

View looking southwest of the subject property from its northeast corner.

View looking southwest of the underground storage tanks being installed.

View of one of the three submersible turbine pumps and containment
sumps being installed atop the underground storage tanks.

View looking west of the excavation where the fueling center's canopy will be built.


View of one of the six canopy footing forms being installed. Note that it is seven feet in diameter, which is substantially oversized relative to typical practices.

View looking southwest of the foundation excavation, foundation forming, and underground plumbing underway.

CITY OF COBURG • P.O. BOX 8316 • COBURG COBURG OREGON OREGON 97408 • 541-682-7850 FAX 541-485-0655

TO: **INTERESTED PARTIES**

FROM: Petra Schuetz, Planning Director

SUBJECT: **NEW ADDRESS**

DATE: October 20, 2012

The City of Coburg has issued a new and deleted an old address:

AT

Unaddressed – Formally a portion of 32910 East Pearl Street/Coburg OR, 97408

Assessor's Map: 16-03-33-00 Tax Lots 00500, 00501, 00502

ADD

[McDonalds portion of building]
91027 South Coburg Industrial Way
COBURG, OR 97408

AND

['Convenience Store' portion of building]
91039 South Coburg Industrial Way
COBURG, OR 97408

Attached is a copy of a map showing the above referenced location. Please update your records at your earliest convenience.

You may contact me if you have any questions or concerns at the Coburg Planning Department, 541-682-7871, petra.schuetz@ci.coburg.or.us, P.O. Box 8316, Coburg, Oregon 97408.

Petra Schuetz

Planning Director

Cc:

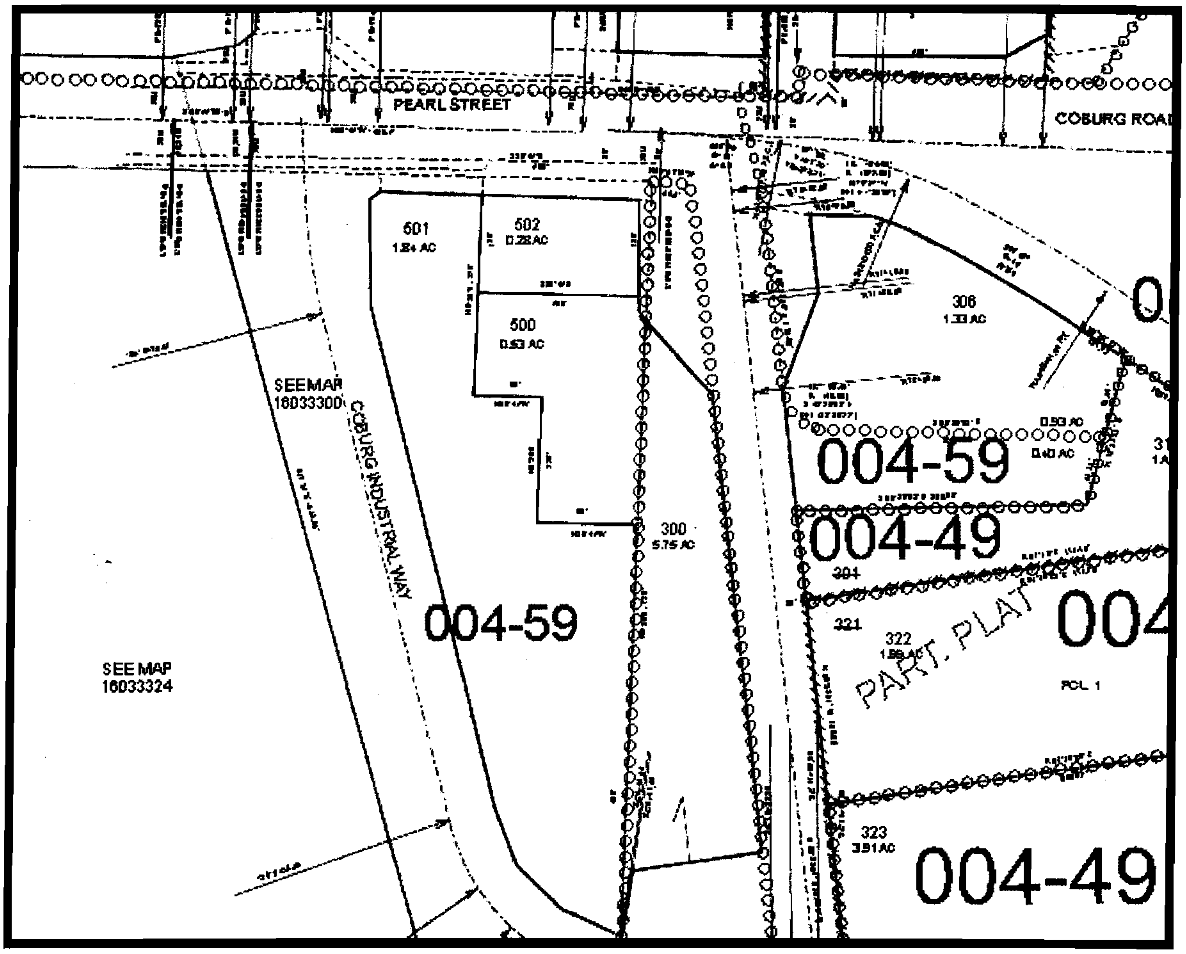
Charter Communications
Coburg Police Department
Coburg Postmaster
Coburg Public Works
Coburg Rural Fire Protection District
Coburg Sanitary Service
Lane Council of Governments GIS/Centerline Data
Lane Council of Governments RLID
Lane County Elections
Lane County Street Naming Committee Chair (LCOG)
Lane County Tax & Assessment

Northwest Natural Gas
Pacific Power & Light
Qwest Communications
The Building Department/Mortier
US Postal Service
Property Owner: Coburg 5, LLC.
Applicant: Coburg 5, LLC.
Surveyor: n/a
FILE

NEW COBURG ADDRESS

October 20, 2011

Assessor's Map: 16-03-33-00 Tax Lot 00500, 00501, 00502



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7191-1951406 CSV

After Recording Return To
First American Title
600 Country Club Road
Eugene, OR 97401

Lane County Clerk
Lane County Deeds & Records
2012-046241
09/12/2012 01:18:59 PM
RPR-DEED Cnt=1 Stn=6 CASHIER 01
$20.00 $11.00 $10.00 $20.00 $16.00 $77.00

Recorded at the request of
and after recording return to:

Branch Engineering, Inc.
310 5th Street
Springfield, OR 97477

for Lands described in
Exhibits A & B
Send Tax Statements to:

Coburg 5, LLC
PO Box 71458
Springfield, Or
97475

for Lands described in Exhibit C
Send Tax Statements to:

Pape Properties, Inc.
PO Box 407
Eugene, OR 97440

The true consideration for this conveyance is $ 200,000.00 .

PROPERTY LINE ADJUSTMENT DEED

The parties to this transfer are (1) Coburg 5, LLC, an Oregon Limited Liability Company, hereinafter referred to as Party A and being a Grantee/Grantor herein, (2) Coburg 5, LLC, an Oregon Limited Liability Company, hereinafter referred to as Party B and being a Grantee/Grantor herein, and (3) Pape Properties, Inc., an Oregon Corporation hereinafter referred to as Party C and being a Grantee/Grantor herein.

This Deed is intended to adjust the boundary lines between parcels of real property owned by Parties A, B, and C as shown on that Property Line Adjustment Survey filed August 31, 2012 as County Survey File No. 42436 and granted approval by the City of Coburg on August 10, 2012 as Planning No. LLA-01-12. The parties are entering into this Deed to agree on the property lines separating their parcels to comply with City of Coburg Land Use Regulations and the provisions of Oregon Revised Statutes 92.190(4).

The legal description of Party A's property prior to this adjustment is all of those lands conveyed in that Statutory Special Warranty Deed recorded on May 31, 2002 as Reception Number 2002-042311 in the Lane County Oregon Official Records.

The legal description of Party B's property prior to this adjustment is all of those lands conveyed in that Statutory Special Warranty Deed recorded on May 31, 2002 as Reception Number 2002-042314 in the Lane County Oregon Official Records.

The legal description of Party C's property prior to this adjustment is all of those lands conveyed in that Bargain and Sale Deed recorded on May 1, 1996 on Reel 2168R as Instrument Number 9628521 in the Lane County Oregon Official Records.

The lines being adjusted herein are the common lines between the lands of Parties A, B, and C.

WHEREAS the Parties desire to adjust said common lines and **WHEREAS** the Parties are agreeable to execute a transfer of property through means of an approved Property Line Adjustment and this Deed.

THEREFORE, for purposes of accomplishing this Property Line Adjustment:

Parties B and C hereby transfer and convey all of their right, title and interest in and to the property described on "Exhibit A" to Party A as said exhibit is attached hereto and made a part hereof. And

Parties A and C hereby transfer and convey all of their right, title and interest in and to the property described on "Exhibit B" to Party B as said exhibit is attached hereto and made a part hereof.

Parties A and B hereby transfer and convey all of their right, title and interest in and to the property described on "Exhibit C" to Party C as said exhibit is attached hereto and made a part hereof.

The description of Party A's property after this adjustment is described on "Exhibit A" attached hereto and made a part hereof.

The description of Party B's property after this adjustment is described on "Exhibit B" attached hereto and made a part hereof.

The description of Party C's property after this adjustment is described on "Exhibit C" attached hereto and made a part hereof.

Before signing or accepting this instrument, the person transferring fee title should inquire about the person's rights, if any, under ORS 195.300, 195.301 and 195.305 to 195.336 and Sections 5 to 11, Chapter 424, Oregon Laws 2007, Sections 2 to 9 and 17, Chapter 855, Oregon Laws 2009, and Sections 2 to 7, Chapter 8, Oregon Laws 2010. This instrument does not allow use of the property described in this instrument in violation of applicable land use laws and regulations. Before signing or accepting this instrument, the person acquiring fee title to the property should check with the appropriate city or county planning department to verify that the unit of land being transferred is a lawfully established lot or parcel, as defined in ORS 92.010 or 215.010, to verify the approved uses of the lot or parcel, to determine any limits on lawsuits against farming or forest practices, as defined in ORS 30.930, and to inquire about the rights of neighboring property owners, if any, under ORS 195.300, 195.301 and 195.305 to 195.336 and Sections 5 to 11, Chapter 424, Oregon Laws 2007, Sections 2 to 9 and 17, Chapter 855, Oregon Laws 2009, and Sections 2 to 7, Chapter 8, Oregon Laws 2010.

Dated this 11 day of September, 2012.

PARTIES A & B: COBURG 5, LLC

Signature: ____________ Printed Name: John A. Anderson

Title: managing member

STATE OF OREGON)
County of Lane)ss

On this 11 day of September, 2012, before me personally appeared John A. Anderson who is the managing member of Coburg 5, LLC on behalf of Coburg 5, LLC.

OFFICIAL SEAL
CARYN GEORGIA ROSHTO
NOTARY PUBLIC - OREGON
COMMISSION NO. 442832
MY COMMISSION EXPIRES OCTOBER 3, 2013

Notary Public for Oregon

PARTY C: PAPE PROPERTIES, INC.

Signature: ____________ Printed Name: Robert J. Riecke

Title: President

STATE OF OREGON)
County of Lane)ss

On this 12 day of September, 2012, before me personally appeared Robert J. Riecke who is the director of Pape Properties, Inc., an Oregon Corporation on behalf of Pape Properties, Inc.

OFFICIAL SEAL
CARYN GEORGIA ROSHTO
NOTARY PUBLIC - OREGON
COMMISSION NO. 442832
MY COMMISSION EXPIRES OCTOBER 3, 2013

Notary Public for Oregon

EXHIBIT A

LANDS OF PARTY A (COBURG 5, LLC) AFTER PROPERTY LINE ADJUSTMENT

SITUATED in the City of Coburg, Lane County, State of Oregon in the East 1/2 of Section 33, Township 16 South, Range 3 West of the Willamette Meridian and described as follows:

COMMENCING at a point on the west margin of Roberts Road, lying 30.00 feet westerly, by perpendicular measurement, from Station R27+60.65, said point also lying South 81°15'10" West, 60.04 feet from the southwest corner of Parcel 1 of Land Partition Plat Number 93-P0315 as platted and recorded in the Lane County Oregon Partition Plat Records; THENCE along said westerly margin of Roberts Road, North 06°33'13" West, 1398.18 feet to the **POINT OF BEGINNING**; **THENCE** leaving said westerly margin, South 75°43'32" West, 261.65 feet to a point on the eastern and southern margins of that Conveyance of Access Rights and Warranty Deed from Coburg 5, LLC to Oregon Department of Transportation recorded on May 25, 2012 as Reception Number 2012-025867 in the Lane County Oregon Official Records and that Bargain and Sale Deed from Pape Properties, Inc., to Oregon Department of Transportation recorded June 25, 2012 as Reception Number 2012-031732 in the Lane County Oregon Official Records; **THENCE** along said last margin North 14°17'25" West, 281.78 feet to an angle point; **THENCE** continuing along last said margin North 01°28'57" West, 93.35 feet to an angle point; **THENCE** continuing along last said margin North 56°51'10" East, 14.88 feet to an angle point; **THENCE** continuing along said last margin South 88°11'26" East, 231.11 feet to an angle point; **THENCE** continuing along last said margin South 00°24'59" East, 93.54 feet to an angle point; **THENCE** continuing along said margin South 40°23'56" East, 102.35 feet to a point on the aforesaid westerly margin of Roberts Road; **THENCE** along said westerly margin, South 06'33'13" East, 132.10 feet, more or less, returning to the **POINT OF BEGINNING.**

REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
MAY 12, 2011
DANIEL ADAM NELSON
#84832

EXPIRES: 12/31/2012

EXHIBIT B

LANDS OF PARTY B (COBURG 5, LLC) AFTER PROPERTY LINE ADJUSTMENT

SITUATED in the City of Coburg, Lane County, State of Oregon in the East 1/2 of Section 33, Township 16 South, Range 3 West of the Willamette Meridian and described as follows:

COMMENCING at a point on the west margin of Roberts Road, lying 30.00 feet westerly, by perpendicular measurement, from Station R27+60.65, said point also lying South 81°15'10" West, 60.04 feet from the southwest corner of Parcel 1 of Land Partition Plat Number 93-P0315 as platted and recorded in the Lane County Oregon Partition Plat Records; THENCE along said westerly margin of Roberts Road, North 06°33'13" West, 1398.18 feet to the **POINT OF BEGINNING; THENCE** leaving said westerly margin, South 75°43'32" West, 261.65 feet to a point on the eastern and northern margin of that Conveyance of Access Rights and Warranty Deed from Coburg 5, LLC to Oregon Department of Transportation recorded on May 25, 2012 as Reception Number 2012-025867 in the Lane County Oregon Official Records; **THENCE** along said last margin South 14°17'25" East, 174.70 feet to an angle point; **THENCE** continuing along last said margin South 23°39'30" East, 49.03 feet to an angle point; **THENCE** continuing along last said margin South 47°59'51" East, 56.89 feet to an angle point; **THENCE** continuing along said last margin South 66°56'30" East, 53.60 feet to an angle point; **THENCE** continuing along last said margin North 09°47'00" East, 54.01 feet to an angle point; **THENCE** continuing along said margin North 81°33'13" East, 121.95 feet to a point on the aforesaid westerly margin of Roberts Road; **THENCE** along said westerly margin, North 06°33'13" West 268.38 feet, more or less, returning to the **POINT OF BEGINNING.**
This legal description is based on bearings and distances in that Property Line Adjustment Survey as described above.

EXHIBIT C

LANDS OF PARTY C (PAPE PROPERTIES, INC.)
AFTER PROPERTY LINE ADJUSTMENT

SITUATED in the City of Coburg, Lane County, State of Oregon in the East 1/2 of Section 33, Township 16 South, Range 3 West of the Willamette Meridian and described as follows:

BEGINNING at a point on the west margin of Roberts Road, lying 30.00 feet westerly, by perpendicular measurement, from Station R27+60.65, said point also lying South 81°15'10" West, 60.04 feet from the southwest corner of Parcel 1 of Land Partition Plat Number 93-P0315 as platted and recorded in the Lane County Oregon Partition Plat Records; THENCE along said westerly margin of Roberts Road, North 06°33'13" West, 947.73 feet to a point on the southern margin of that Bargain and Sale Deed from Pape Properties, Inc. to Oregon Department of Transportation recorded on June 25, 2012 as Reception Number 2012-031732 in the Lane County Oregon Official Records; **THENCE** leaving said westerly margin of Roberts Road, and along said southern margin North 44°27'10" West, 37.23 feet; **THENCE** continuing along last said margin South 89°03'22" West, 99.49 feet to an angle point; **THENCE** continuing along last said margin North 87°41'15" West, 177.83 feet to the centerline of Muddy Creek; **THENCE** along said centerline South 15°47'34" East, 1032.88 feet, more or less, to a point lying South 81°15'10" West, 131.85 feet from the point of beginning; **THENCE** North 81°15'10" East, 131.85 feet, more or less, returning to the **POINT OF BEGINNING.**
This legal description is based on bearings and distances in that Property Line Adjustment Survey as described above.

REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
MAY 12, 2011
DANIEL ADAM NELSON
#84832

EXPIRES: 12/31/2012

7199-1544045

After Recording Return To
First American Title
600 Country Club Road
Eugene, OR 97401

File 7500 003
Drawing 11B-5-5

QUITCLAIM DEED

EUGENE TRUCK HAVEN, INC., an Oregon corporation, doing business as Truck 'N Travel, Grantor, being the holder of a leasehold interest in the hereinafter described property, as evidenced by an unrecorded lease, for no monetary consideration does relinquish and forever quitclaim unto the **STATE OF OREGON, by and through its DEPARTMENT OF TRANSPORTATION,** Grantee, all of Grantor's right, title, and interest in and to the property described as **Parcels 2, 3 and 4 on Exhibit "A" dated 3/24/2010**, attached hereto and by this reference made a part hereof.

And subordinate all Grantor's right of access, if any, in and to the real property, to the access rights conveyed in that certain Conveyance of Access Rights and Warranty Deed heretofore granted by Coburg 5, LLC to the State of Oregon, by and through its Department of Transportation, the property described as **Parcel 1 on Exhibit "A" dated 3/24/2010**, attached hereto and made a part hereof.

Grantor agrees that the consideration recited herein is just compensation for the property or property rights conveyed, including any and all damages to Grantor's remaining property, if any, which may result from the acquisition or use of said property or property rights. However, the consideration does not include damages resulting from any use or activity by Grantee beyond or outside of those uses expressed herein, if any, or damages arising from any negligence.

SEND TAX STATEMENT TO: NO CHANGE

RETURN TO
OREGON DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY SECTION
4040 FAIRVIEW INDUSTRIAL DRIVE SE, MS#2
SALEM OR 97302-1142

Map and Tax Lot #: 16-03-33-00-501 & 502 and
16-03-33-24--2800 & 2900
Property Address: 32850, 32906 & 32910 East Pearl Street
Coburg, OR 97408

Lane County Clerk
Lane County Deeds & Records
2012-025870
05/25/2012 02:51:44 PM
RPR-DEED Cnt=1 Stn=8 CASHIER 02
$25.00 $11.00 $10.00 $16.00
$62.00

In construing this document, where the context so requires, the singular includes the plural and all grammatical changes shall be made so that this document shall apply equally to corporations and to individuals.

It is understood and agreed that the delivery of this document is hereby tendered and that terms and obligations hereof shall not become binding upon the State of Oregon Department of Transportation, unless and until accepted and approved by the recording of this document.

Dated this 2 day of April ,20 12 .

EUGENE TRUCK HAVEN, INC., an Oregon corporation, doing business as Truck 'N' Travel

By ______________________
President

By ______________________
Secretary

STATE OF OREGON, County of Lane

Dated April 2 ,20 12 . Personally appeared JOHN A. ANDERSON and JAMES S. ANDERSON Jr., who, being sworn, stated that they are the President and Secretary of Eugene Truck Haven, Inc., an Oregon corporation, and that this instrument was voluntarily signed on behalf of the corporation by authority of its Board of Directors. Before me:

OFFICIAL SEAL
MONA D ARMSTRONG
NOTARY PUBLIC - OREGON
COMMISSION NO. 453395
MY COMMISSION EXPIRES NOVEMBER 24, 2014

Mona Armstrong
Notary Public for Oregon
My Commission expires 11-24-14

Accepted on behalf of the Oregon Department of Transportation

____

File 7500003
Drawing 11B-5-5
3/24/2010

PARCEL 1 – Access Only

A tract of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being that property described in two Statutory Special Warranty Deeds to Coburg 5, LLC, both recorded May 31, 2002 as Instrument No.'s 2002-042312 and 2002-042313, Lane County Official Records; and that portion of vacated Stuart Way vacated by Ordinance No. 196, recorded October 12, 2005 as Instrument No. 2005-081097, Lane County Official Records inuring to said property.

PARCEL 2 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in two Statutory Special Warranty Deeds to Coburg 5, LLC, both recorded May 31, 2002 as Instrument No.'s 2002-042311 and 2002-042314, Lane County Official Records; the said parcel being that portion of said property included in a strip of land 63.00 feet in width, lying on the Southerly side of the 'P' center line of Pearl Street, which center line is described as follows:

Beginning at Engineer's center line Station 'P' 13+00.00, said station being 1,311.41 feet South and 1,233.12 feet West of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 88° 11′ 21″ East 2,100.00 feet to Engineer's center line Station 'P' 34+00.00.

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

This parcel of land contains 5,370 square feet, more or less.

File 7500003
Drawing 11B-5-5
3/24/2010

PARCEL 3 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Statutory Special Warranty Deed to Coburg 5, LLC, recorded May 31, 2002 as Instrument No. 2002-042311, Lane County Official Records; the said parcel being that portion of said property included in a strip of land variable in width, lying on the Easterly side of the 'SC' center line, which center line is described as follows:

Beginning at Engineer's center line Station 'SC' 0+99.18, said station being 1,350.35 feet South and 1.72 feet West of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 3° 34′ 47″ East 70.28 feet; thence on a 572.96 foot radius curve left (the long chord of which bears South 9° 03′ 27″ East 109.39 feet) 109.55 feet; thence South 14° 32′ 07″ East 456.48 feet; thence on a 180.00 foot radius curve left (the long chord of which bears South 52° 44′ 11″ East 222.63 feet) 240.02 feet; thence North 89° 03′ 44″ East 148.39 feet to Engineer's center line Station 'SC' 11+23.90.

The width in feet of said strip of land is as follows:

Station	to	Station	Width on Easterly Side of Center Line
'SC' 1+60.00		'SC' 1+69.16	71.00
'SC' 1+69.16		'SC' 1+77.00	71.00 in a straight line to 58.00
'SC' 1+77.00		'SC' 2+79.01	58.00 in a straight line to 45.00
'SC' 2+79.01		'SC' 7+35.49	45.00 in a straight line to 43.00
'SC' 7+35.49		'SC' 8+00.00	43.00 in a straight line to 42.00
'SC' 8+00.00		'SC' 8+75.00	42.00 in a straight line to 43.00
'SC' 8+75.00		'SC' 9+45.00	43.00 in a straight line to 40.00
'SC' 9+45.00		'SC' 9+47.00	40.00 in a straight line to 94.00
'SC' 9+47.00		'SC' 10+82.85	94.00 in a straight line to 111.00

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

ALSO that portion of said property lying on the Westerly and Southerly sides of the 'SC' center line.

EXCEPT therefrom Parcel 2.

This parcel of land contains 81,570 square feet, more or less.

PARCEL 4 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Statutory Special Warranty Deed to Coburg 5, LLC, recorded May 31, 2002 as Instrument No. 2002-042314, Lane County Official Records; the said parcel being that portion of said property included in a strip of land variable in width, lying on the Westerly side of the 'R' center line of Roberts Road, which center line is described as follows:

Beginning at Engineer's center line Station 'R' 10+00.00, said station being 1,362.26 feet South and 375.02 feet East of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 6° 32′ 49″ East 900.00 feet to Engineer's center line Station 'R' 19+00.00.

The width in feet of said strip of land is as follows:

Station	to	Station	Width on Westerly Side of Center Line
'R' 10+52.00		'R' 11+45.00	77.00 in a straight line to 87.00
'R' 11+45.00		'R' 12+30.00	87.00 in a straight line to 30.00

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

EXCEPT therefrom Parcel 2.

This parcel of land contains 1,035 square feet, more or less.

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After Recording Return To
First American Title
600 Country Club Road
Eugene, OR 97401

7. 15440451

File 7500 003
Drawing 11B-5-5

CONVEYANCE OF ACCESS RIGHTS and WARRANTY DEED

For the true and actual consideration of $2,980,000.00, **COBURG 5, LLC**, Grantor, as the owner of the property described as to **Parcel 1 on Exhibit "A" dated 3/24/2010**, attached hereto and by this reference made a part hereof, does convey and relinquish unto the **STATE OF OREGON, by and through its DEPARTMENT OF TRANSPORTATION,** Grantee, all abutter's rights of access between the real property hereinabove described and Pearl Street and between the Westerly side of the new street on the 'SC' center line Northerly of Engineer's Station 'SC' 3+80.00, EXCEPT, however,

Access rights are reserved unto Grantor and grantor's heirs, successors and assigns, for the service of the above-described property, to and from said property and Pearl Street at the following place(s), in the following width(s):

Hwy. Engr's Sta.	Side of Hwy.	Width
P 21+13	Southerly	50'

The access rights reserved herein are subject to, and may only be exercised in accordance with, the statutes and administrative rules applicable to access control and road approaches. Such access is contingent upon issuance of an approach road permit, and no access rights may be exercised or construction of an approach road begun unless, and until, a standard Approach Road Permit application is submitted and a permit issued by the Oregon Department of Transportation. The approach road may only be constructed or maintained upon issuance of such permit and in accordance with such permit. If the State constructs the approach road during a highway project, Grantor is required to sign a standard Approach Road Permit to ensure proper operation and maintenance of the approach road.

Grantor represents and warrants that no one, other than Grantor, is using or entitled to use the access rights herein conveyed and does covenant to and with Grantee, its successors and assigns, that Grantor is the legal owner of the above-mentioned property.

RETURN TO
OREGON DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY SECTION
4040 FAIRVIEW INDUSTRIAL DRIVE SE, MS#2
SALEM OR 97302-1142

Map and Tax Lot #: 16-03-33-00-501 & 502
16-03-33-24-2800 & 2900
Property Address:32850, 32906 & 32910 East Pearl Street
Coburg, OR 97408

Lane County Clerk
Lane County Deeds & Records
2012-025867
05/25/2012 02:51:44 PM
RPR-DEED Cnt=2 Stn=8 CASHIER 02
$30.00 $5.00 $11.00 $10.00 $16.00
$72.00

GRANTOR ALSO CONVEYS UNTO the **STATE OF OREGON, by and through its DEPARTMENT OF TRANSPORTATION,** Grantee, fee title to the property described as **Parcel 2, 3 and 4 on Exhibit "A" dated 3/24/2010** attached hereto and by this reference made a part hereof.

TOGETHER WITH all abutter's rights of access, if any, between the above-described Parcel 2 and Grantor's remaining real property, also;

TOGETHER WITH all abutter's rights of access, if any, as to Parcel 3, between the Easterly side of the new street on the 'SC' center line Northerly of Engineer's Station 'SC' 3+80.00 and Grantor's remaining real property.

Grantor covenants to and with Grantee, its successors and assigns, that grantor is the owner of said property which is free from encumbrances, except for easements, conditions, and restrictions of record, and will warrant the same from all lawful claims whatsoever, except as stated herein.

Grantor agrees that the consideration recited herein is just compensation for the property or property rights conveyed, including any and all damages to Grantor's remaining property, if any, which may result from the acquisition or use of said property or property rights. However, the consideration does not include damages resulting from any use or activity by Grantee beyond or outside of those uses expressed herein, if any, or damages arising from any negligence.

In construing this document, where the context so requires, the singular includes the plural and all grammatical changes shall be made so that this document shall apply equally to corporations and to individuals.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

File 7500 003
Drawing 11B-5-5

The statement above is required by law to be included in this instrument. PLEASE NOTE: the property described in this instrument is not a "lot" or "parcel" as defined in ORS 92.010 or 215.010. Nevertheless, the property is a legally created unit of land as described in ORS 92.010 (8) (d) or (e).

It is understood and agreed that the delivery of this document is hereby tendered and that terms and obligations hereof shall not become binding upon the State of Oregon Department of Transportation, unless and until accepted and approved by the recording of this document.

Dated this 9th day of MARCH, 2012.

COBURG 5, LLC

Member / Manager

Member / Manager

STATE OF OREGON, County of LANE

Dated MARCH 9, 2012. Personally appeared the above named JOHN ANDERSON and JAMES ANDERSON, Members / Managers of Coburg 5, LLC, who acknowledged the foregoing instrument to be their voluntary act. Before me:

OFFICIAL SEAL
RANDY D BRUSVEN
NOTARY PUBLIC-OREGON
COMMISSION NO. 452081
MY COMMISSION EXPIRES SEPTEMBER 08, 2014

Notary Public for Oregon
My Commission expires 9/8/2014

Accepted on behalf of the Oregon Department of Transportation

File 7500003
Drawing 11B-5-5
3/24/2010

PARCEL 1 – Access Only

A tract of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being that property described in two Statutory Special Warranty Deeds to Coburg 5, LLC, both recorded May 31, 2002 as Instrument No.'s 2002-042312 and 2002-042313, Lane County Official Records; and that portion of vacated Stuart Way vacated by Ordinance No. 196, recorded October 12, 2005 as Instrument No. 2005-081097, Lane County Official Records inuring to said property.

PARCEL 2 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in two Statutory Special Warranty Deeds to Coburg 5, LLC, both recorded May 31, 2002 as Instrument No.'s 2002-042311 and 2002-042314, Lane County Official Records; the said parcel being that portion of said property included in a strip of land 63.00 feet in width, lying on the Southerly side of the 'P' center line of Pearl Street, which center line is described as follows:

Beginning at Engineer's center line Station 'P' 13+00.00, said station being 1,311.41 feet South and 1,233.12 feet West of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 88° 11′ 21″ East 2,100.00 feet to Engineer's center line Station 'P' 34+00.00.

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

This parcel of land contains 5,370 square feet, more or less.

PARCEL 3 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Statutory Special Warranty Deed to Coburg 5, LLC, recorded May 31, 2002 as Instrument No. 2002-042311, Lane County Official Records; the said parcel being that portion of said property included in a strip of land variable in width, lying on the Easterly side of the 'SC' center line, which center line is described as follows:

Beginning at Engineer's center line Station 'SC' 0+99.18, said station being 1,350.35 feet South and 1.72 feet West of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 3° 34′ 47″ East 70.28 feet; thence on a 572.96 foot radius curve left (the long chord of which bears South 9° 03′ 27″ East 109.39 feet) 109.55 feet; thence South 14° 32′ 07″ East 456.48 feet; thence on a 180.00 foot radius curve left (the long chord of which bears South 52° 44′ 11″ East 222.63 feet) 240.02 feet; thence North 89° 03′ 44″ East 148.39 feet to Engineer's center line Station 'SC' 11+23.90.

The width in feet of said strip of land is as follows:

Station	to	Station	Width on Easterly Side of Center Line
'SC' 1+60.00		'SC' 1+69.16	71.00
'SC' 1+69.16		'SC' 1+77.00	71.00 in a straight line to 58.00
'SC' 1+77.00		'SC' 2+79.01	58.00 in a straight line to 45.00
'SC' 2+79.01		'SC' 7+35.49	45.00 in a straight line to 43.00
'SC' 7+35.49		'SC' 8+00.00	43.00 in a straight line to 42.00
'SC' 8+00.00		'SC' 8+75.00	42.00 in a straight line to 43.00
'SC' 8+75.00		'SC' 9+45.00	43.00 in a straight line to 40.00
'SC' 9+45.00		'SC' 9+47.00	40.00 in a straight line to 94.00
'SC' 9+47.00		'SC' 10+82.85	94.00 in a straight line to 111.00

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

ALSO that portion of said property lying on the Westerly and Southerly sides of the 'SC' center line.

EXCEPT therefrom Parcel 2.

This parcel of land contains 81,570 square feet, more or less.

File 7500003
Drawing 11B-5-5
3/24/2010

PARCEL 4 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Statutory Special Warranty Deed to Coburg 5, LLC, recorded May 31, 2002 as Instrument No. 2002-042314, Lane County Official Records; the said parcel being that portion of said property included in a strip of land variable in width, lying on the Westerly side of the 'R' center line of Roberts Road, which center line is described as follows:

Beginning at Engineer's center line Station 'R' 10+00.00, said station being 1,362.26 feet South and 375.02 feet East of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 6° 32′ 49″ East 900.00 feet to Engineer's center line Station 'R' 19+00.00.

The width in feet of said strip of land is as follows:

Station	to	Station	Width on Westerly Side of Center Line
'R' 10+52.00		'R' 11+45.00	77.00 in a straight line to 87.00
'R' 11+45.00		'R' 12+30.00	87.00 in a straight line to 30.00

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

EXCEPT therefrom Parcel 2.

This parcel of land contains 1,035 square feet, more or less.

After Recording Return to, and
Send Tax Statements to:
Lane County Public Works
Right of Way Management Section
3040 N. Delta Highway
Eugene, Oregon 97408

11829

..ETURN TO:
..E GROUP
...y Club Parkway
Eugene, Oregon 97401

Division of Chief Deputy Clerk
Lane County Deeds and Records
2002-089555
$10.00
00358255200200895550030033
11/18/2002 10:39:40 AM
RPR-DEEDCO Cnt=1 Stn=8 CASHIER 01
$10.00

WARRANTY DEED

COBURG 5, LLC, hereinafter called GRANTOR, for the true and actual consideration of ONE HUNDRED EIGHT THOUSAND THREE HUNDRED NINETY THREE AND 50/100 dollars ($108,393.50), conveys to LANE COUNTY, a political subdivision of the State of Oregon, hereinafter called GRANTEE, fee simple interest in all that real property situated in Lane County, State of Oregon, described as follows:

> Parcels of land lying in the Southeast one-quarter of the Northwest one-quarter (SE ¼ NW ¼) and the Southwest one-quarter of the Northeast one-quarter (SW ¼ NE ¼) of Section 33, Township 16 South, Range 3 West of the Willamette Meridian, Lane County, Oregon, and being a portion of those tracts of land conveyed to COBURG 5, LLC, by those certain deeds recorded May 31, 2002, Recorder's Reception Numbers 2002-042311, 2002-042312, and 2002-042314, and by that certain deed recorded June 12, 2002, Recorder's Reception Number 2002-045302, LANE COUNTY OREGON DEED RECORDS, included in a strip of land variable meters in width lying on the southerly side of the centerline of Pearl Street as surveyed by Lane County in 2001; the centerline and widths in meters being described as follows:
>
> Beginning at Engineers' Centerline Station P 0+540.000 POT, said station being 443.815 meters South and 983.511 meters East of the Brass Cap marking the Southwest Corner of the Isaac Van Duyn Donation Land Claim Number 61 in Section 32, Township 16 South, Range 3 West of the Willamette Meridian, Lane County, Oregon; run thence South 88° 11' 26" East, 360.000 meters to Engineers' Centerline Station P 0+900.00 POT; and there ending, all in Lane County, Oregon.

The widths in meters of the strip of land herein described are as follows:

STATION TO STATION		WIDTH ON SOUTH'LY SIDE OF C/LINE
P 0+540.000 POT	P 0+580.000 POT	12.192 meters tapering on a straight line to 15 meters

STATION TO STATION		WIDTH ON SOUTH'LY SIDE OF C/LINE
P 0+580.000 POT	P 0+630.000 POT	15 meters
P 0+630.000 POT	P 0+634.968 POT	15 meters tapering on a straight line to 19.500 meters
P 0+634.968 POT	P 0+653.256 POT	19.500 meters tapering on a straight line to 23 meters
P 0+653.256 POT	P 0+668.000 POT	23 meters tapering on a straight line to 16.500 meters
P 0+668.000 POT	P 0+690.000 POT	16.500 meters tapering on a straight line to 15 meters
P 0+690.000 POT	P 0+739.043 POT	15 meters
P 0+739.043 POT	P 0+739.119 POT	15 meters tapering on a straight line to 15.240 meters
P 0+739.119 POT	P 0+760.224 POT	15.240 meters
P 0+760.224 POT	P 0+760.148 POT	15.240 meters tapering back on a straight line to 15 meters
P 0+760.148 POT	P 0+869.598 POT	15 meters.

The southerly line of the above described strip of land crosses GRANTOR'S northerly, interior and easterly property lines opposite approximate Engineers' Centerline Stations P 0+540 POT, P 0+635 POT, P 0+653 POT and P 0+870 POT.

The parcel of land to which this description applies contains 0.0982 of a hectare, more or less, exclusive of existing right of way.

The bearings used herein are based on a bearing of South 43° 27' 04.6" East between two found brass caps marking Lane County control points LCCM 481 and LCCM 480, said bearing based on the Oregon Coordinate System, (NAD 83), South Zone.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING INTEREST

TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN O.R.S. 30.930.

Dated this 15 day of NOVEMBER, 2002.

COBURG 5, LLC

John A. Anderson, Managing Partner

James S. Anderson, Jr., Managing Partner

STATE OF OREGON)
) ss.
County of Lane)

On NOVEMBER 15, 2002, personally appeared the above-named John A. Anderson and James S. Anderson, Jr. and acknowledged the foregoing instrument to be their voluntary act before me.

OFFICIAL SEAL
SUSAN G. MROCZKO
NOTARY PUBLIC - OREGON
COMMISSION NO. 349781
MY COMMISSION EXPIRES OCTOBER 10, 2005

Notary Public for Oregon

My Commission Expires: 10-10-2005

This conveyance is accepted and approved for recording on behalf of Lane County.

William A. Van Vactor
County Administrator

APPROVED AS TO FORM
Date 11/1/02 lane county
OFFICE OF LEGAL COUNSEL

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36

Division of Chief Deputy Clerk
Lane County Deeds and Records
2002-042311
$36.00
00300027200200423110030036
05/31/2002 02:06:49 PM
RPR-DEED Cnt=1 Stn=6 CASHIER 08
$15.00 $11.00 $10.00

After Recording Return to:
Rohn M. Roberts
Arnold Gallagher Saydack Percell & Roberts, P.C.
800 Willamette Street, Suite 800
Eugene, OR 97401

Until a Change is Requested
Mail Tax Statements To:
Coburg 5, LLC
c/o 32910 E. Pearl Street
Coburg, OR 97408

Tax Account No.: 42109

GRANTOR:
James S. Anderson and Greta Anderson,
Trustees of the Jim and Greta Anderson Living Trust

GRANTEE:
Coburg 5, LLC,
an Oregon Limited Liability Company

STATUTORY SPECIAL WARRANTY DEED

James S. Anderson and Greta Anderson, Trustees of the Jim and Greta Anderson Living Trust, hereinafter called Grantor, hereby conveys and specially warrants to Coburg 5, LLC, hereinafter called Grantee, and all of Grantee's heirs, successors and assigns, all of that certain real property with all tenements, hereditaments and appurtenances thereto belonging or in any wise appertaining, free of all encumbrances created or suffered by Grantor except as specifically set forth herein, situated in the County of Lane, State of Oregon, described as follows, to-wit:

See Exhibit A attached hereto and by this reference specifically made a part hereof.

To Have and to Hold the same unto the Grantee and Grantee's heirs, successors and assigns forever. And Grantor hereby covenants to and with the Grantee and Grantee's heirs, successors and assigns that the real property is free from encumbrances created or suffered by Grantor save and except for easements, conditions, restrictions, leases of record, Deed of Trust, and Assignment of Leases and Rents in favor of Pacific Continental Bank. The true and actual consideration for this conveyance is good and valuable consideration other than cash, which is the whole consideration.

In construing this deed, where the context so requires, the singular includes the plural and all grammatical changes shall be made so that this deed shall apply equally to companies and to individuals.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

IN WITNESS WHEREOF, Grantor has executed this instrument effective this 10th day of May, 2002.

Grantor:
JIM AND GRETA ANDERSON LIVING TRUST

By: James S. Anderson, Trustee
James S. Anderson, Trustee

By: Greta Anderson, Trustee
Greta Anderson, Trustee

STATE OF OREGON)
) ss.
County of Lane)

This instrument was acknowledged before me on May 10, 2002, by James S. Anderson and Greta Anderson, Trustees of the Jim and Greta Anderson Living Trust.

Notary Public for Oregon
My Commission Expires: 10/5/05

OFFICIAL SEAL
ROHN M ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO. 348348
MY COMMISSION EXPIRES OCT 5, 2005

EXHIBIT "A"

Beginning at the Southeast corner of the Jonathan Thomas Donation Land Claim No. 60, in Township 16 South, Range 3 West of the Willamette Meridian; and running thence North 0° 18' East along the East boundary of said claim 20.60 chains; thence North 89° 41' West 10 chains; thence North 0° 18' East 20 chains to the center of County Road No. 254; thence North 89° 41' West along the centerline of the County Road 1240.9 feet to the true point of beginning; thence North 89° 41' West along said road 409.1 feet to the center of an irrigation ditch; thence South 17° 18' East 822.52 feet; thence South 89° 19' East 157.87 feet; thence North 0° 30' East 435.0 feet, more or less, to a point which is South 0° 30' West 320.0 feet from the South line of said County Road; thence North 89° 41' West 90.0 feet; thence North 0° 30' East 110.0 feet; thence North 89° 41' West 60.0 feet; thence North 0° 30' East 210.0 feet to the South line of said County Road; thence South 89° 41' East 150.0 feet; thence North 0° 30' East 30.0 feet to the true point of beginning in Lane County, Oregon.

EXCEPT THEREFROM that portion lying within the County Road on the North.

ALSO EXCEPT THEREFROM that portion conveyed to Lane County by instrument recorded June 26, 1980, Reel 1080, Reception No. 80-31804, Official Records of Lane County, Oregon.

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36

Division of Chief Deputy Clerk
Lane County Deeds and Records

2002-042314

$36.00

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05/31/2002 02:06:49 PM

RPR-DEED Cnt=1 Stn=6 CASHIER 08
$15.00 $11.00 $10.00

After Recording Return to:
Rohn M. Roberts
Arnold Gallagher Saydack Percell & Roberts, P.C.
800 Willamette Street, Suite 800
Eugene, OR 97401

Until a Change is Requested
Mail Tax Statements To:
Coburg 5, LLC
c/o 32910 E. Pearl Street
Coburg, OR 97408

Tax Account Nos.: 42083 & 42117

GRANTOR:
James S. Anderson and Greta Anderson,
Trustees of the Jim and Greta Anderson Living Trust

GRANTEE:
Coburg 5, LLC,
an Oregon Limited Liability Company

STATUTORY SPECIAL WARRANTY DEED

James S. Anderson and Greta Anderson, Trustees of the Jim and Greta Anderson Living Trust, hereinafter called Grantor, hereby conveys and specially warrants to Coburg 5, LLC, hereinafter called Grantee, and all of Grantee's heirs, successors and assigns, all of that certain real property with all tenements, hereditaments and appurtenances thereto belonging or in any wise appertaining, free of all encumbrances created or suffered by Grantor except as specifically set forth herein, situated in the County of Lane, State of Oregon, described as follows, to-wit:

See Exhibit A attached hereto and by this reference specifically made a part hereof.

To Have and to Hold the same unto the Grantee and Grantee's heirs, successors and assigns forever. And Grantor hereby covenants to and with the Grantee and Grantee's heirs, successors and assigns that the real property is free from encumbrances created or suffered by Grantor save and except for easements, conditions, restrictions, leases of record, Deed of Trust, and Assignment of Leases and Rents in favor of Pacific Continental Bank. The true and actual consideration for this conveyance is good and valuable consideration other than cash, which is the whole consideration.

In construing this deed, where the context so requires, the singular includes the plural and all grammatical changes shall be made so that this deed shall apply equally to companies and to individuals.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

IN WITNESS WHEREOF, Grantor has executed this instrument effective this 10th day of May, 2002.

Grantor:
JIM AND GRETA ANDERSON LIVING TRUST

By: James S. Anderson, Trustee
James S. Anderson, Trustee

By: Greta Anderson, Trustee
Greta Anderson, Trustee

STATE OF OREGON)
) ss.
County of Lane)

This instrument was acknowledged before me on May 10, 2002, by James S. Anderson and Greta Anderson, Trustees of the Jim and Greta Anderson Living Trust.

Notary Public for Oregon
My Commission Expires: 10/5/05

OFFICIAL SEAL
ROHN M ROBERTS
NOTARY PUBLIC-OREGON
COMMISSION NO. 348348
MY COMMISSION EXPIRES OCT 5, 2005

EXHIBIT "A"

Beginning at the Southeast corner of the Jonathan Thomas Donation Land Claim No. 60, Township 16 South, Range 3 West, Willamette Meridian, Lane County, Oregon; and running thence North 0° 18' East along the East boundary of said claim 20.6 chains; thence North 89° 41' West 10 chains; thence North 0° 18' East 20 chains to the center of County Road No. 254; thence North 89° 41' West along the center line of the County Road, 1240.9 feet to the true point of beginning; thence North 89° 41' West along said road 409.1 feet to the center of an irrigation ditch; thence South 17° 18' East along middle of said irrigation ditch 822.52 feet; thence South 89° 19' East 157.87 feet; thence North 0° 30' East 785 feet, more or less, to the true point of beginning, in Lane County, Oregon.

EXCEPT THEREFROM that portion lying within the County Road on the North.

ALSO EXCEPT THEREFROM that portion conveyed to Lane County by instrument recorded June 26, 1980, Reel 1080, Reception No. 80-31804, Official Records of Lane County, Oregon.

AND ALSO EXCEPT that portion described as follows:

Beginning at the Southeast corner of the Jonathan Thomas Donation Land Claim No. 60, in Township 16 South, Range 3 West of the Willamette Meridian, Lane County, Oregon; and running thence North 0° 18' East along the East boundary of said claim 20.60 chains; thence North 89° 41' West 10 chains; thence North 0° 18' East 20 chains to the center of County Road No. 254; thence North 89° 41' West along the centerline of the County Road 1240.9 feet to the true point of beginning; thence North 89° 41' West along said road 409.1 feet to the center of an irrigation ditch; thence South 17° 18' East 822.52 feet; thence South 89° 19' East 157.87 feet; thence North 0° 30' East 435.0 feet, more or less, to a point which is South 0° 30' West 320.0 feet from the South line of said County Road; thence North 89° 41' West 90.0 feet; thence North 0° 30' East 110.0 feet; thence North 89° 41' West 60.0 feet; thence North 0° 30' East 210.0 feet to the South line of said County Road; thence South 89° 41' East 150.0 feet; thence North 0° 30' East 30.0 feet to the true point of beginning, in Lane County, Oregon.

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COBURG, OREGON
Pearl Street & Interstate 5
L/C: 036-0427

SMALL TOWN OIL LEASE AND OPERATING AGREEMENT

This Small Town Oil Lease and Operating Agreement (this "Agreement") dated _______________, is between **EUGENE TRUCK HAVEN, INC., an Oregon corporation** ("Company"), with its principal place of business at 32910 East Pearl Street, Coburg, Oregon 97408 and **McDONALD'S USA, LLC, a Delaware limited liability company** ("McDonald's"), with its principal place of business at One McDonald's Plaza, Oak Brook, Illinois 60523.

PRELIMINARY STATEMENTS

A. Company is the owner of the Lessee's interest in the real property described on Exhibit A attached ("Real Property"), attached hereto pursuant to the terms of that certain Ground Lease dated ___________________, by and between Coburg 5, LLC, as Lessor ("Ground Lessor"), and Company, as Lessee. In addition, Company is/shall be the owner of the Common Building (as hereafter defined) constructed upon such real property. As used herein, the term "Premises" shall include the Real Property and Common Building .

B. McDonald's wishes to lease a portion of the building (the "McDonald's Premises") in which Company intends to operate a convenience store on the Premises (the "Common Building") and to have the exclusive right to operate a quick-service restaurant (the "McDonald's Restaurant") on the Premises.

C. Company is willing to lease the McDonald's Premises to McDonald's and to grant McDonald's the exclusive right to operate a quick-service restaurant on the Premises under the terms and conditions contained in this Agreement.

TERMS OF THE AGREEMENT

In consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Company and McDonald's agree and covenant as follows:

1. PREMISES:

Company leases to McDonald's the McDonald's Premises and grants McDonald's the exclusive right to operate a quick-service restaurant on the Premises. The McDonald's Premises consists of approximately 3,165 square feet of space as depicted on Exhibit B attached.

Company grants to McDonald's, appurtenant to the McDonald's Premises: (i) a non-exclusive easement over all of those portions of the Premises shown on Exhibit B as parking and driveway areas for ingress/egress and parking purposes for the benefit of McDonald's, its invitees, licensees, assigns, subtenants and patrons; (ii) an exclusive easement for the operation of a drive-thru as set forth on Exhibit B, including but not limited to, a drive-thru lane, directional signage, vehicle detector, concrete pad and menu board; (iii) a non-exclusive easement for pedestrian ingress and egress to and from the McDonald's Premises, over, upon, through and across the Premises; (iv) a license to use, coupled with McDonald's easement, such utilities and related facilities supplied, installed or otherwise controlled by Company; (v) an exclusive easement for the installation, repair, maintenance, operation, replacement and renewal of the signage set forth on Exhibit D together with the necessary electrical conduit; (vi) the right to use the trash corral and dumpster shown on Exhibit B in common with Company for the purpose of disposing of the trash from the McDonald's Premises; (vii) the right for McDonald's invitees, licensees, subtenants, employees and patrons to use the restrooms located in the Common Building; and (viii) air rights over the Common Building and the right to place antennae on the roof of the Common Building.

McDonald's grants and conveys to Company a non-exclusive easement for pedestrian ingress and egress, to and from the Premises, over, upon, through and across those portions of the McDonald's Premises which are open to the public for business. McDonald's and Company agree that all easement areas on the Premises shall not be changed without the consent of the other party, which consent shall not be unreasonably withheld or delayed.

2. TERM:

McDonald's shall occupy the McDonald's Premises for a term commencing upon final execution of this Agreement and ending 10 years from the date upon which McDonald's opens for business.

Company agrees that the term of this Agreement shall be automatically extended for 6 successive option periods of 5 years each, upon the same terms and conditions contained in this Agreement. No notice or act, whatsoever, shall be required by McDonald's to extend the term of this Agreement. McDonald's may elect to terminate this Agreement as of the end of the primary term or any option period by sending written notice to Company at least 60 days prior to the expiration of the current term or option period, whichever is applicable.

When the term of this Agreement is ascertainable, Company and McDonald's shall enter into a supplement which shall specify the actual date for the expiration of the original term of this Agreement and for the commencement of accrual of rent payable by McDonald's.

3. RENT:

A. Initial Rent: McDonald's covenants and agrees to pay to Company, as rent for the initial term, not less than $18,000.00 per year (the "Minimum Rent"). The Minimum Rent shall be payable in monthly installments of $1,500.00 on or before the 15th of each month for the then-current month. In addition, McDonald's shall pay 6% of Gross Sales (hereafter defined) in excess of $300,000.00 per Lease Year (hereafter defined) generated from the McDonald's Premises up to $1,000,000.00. The annual rent paid by McDonald's in any Lease Year shall not exceed $60,000.00 ("Maximum Annual Rent").

McDonald's shall provide Company, on or before the 30th of each month, a statement disclosing the total annual Gross Sales as of the end of the previous calendar month, together with the percentage rent due for the previous calendar month, if any. The total percentage rent paid in any Lease Year shall not exceed the difference between the Maximum Annual Rent and the Minimum Rent. Notwithstanding anything to the contrary, no percentage rent shall be due in any Lease Year unless and until the total annual Gross Sales for such Lease Year reaches $300,000.00. For purposes of this Agreement, the first "Lease Year" shall commence on the rent commencement date and end on the last day of the 11th full month following the rent commencement date. Each subsequent

Lease Year shall be the 12-month period commencing on the day after the last day of the prior Lease Year.

B. **<u>Gross Sales</u>**: Gross Sales shall be computed on sales of McDonald's products sold from the McDonald's Premises prior to the imposition of sales taxes and shall not include (a) the sale (but not the redemption) of gift certificates, (b) non-edible, non-profit promotional items and (c) employee sales. Where coupons, 2-for-1's or other discount promotions are used, only the actual sales price paid to McDonald's shall be included in Gross Sales.

Company shall have the right, upon reasonable notice to McDonald's, to audit McDonald's records on an annual basis and in the event the audit discloses an underpayment of more than 5%, McDonald's shall reimburse Company for the cost of the audit. Any underpayment found during the audit will be paid by McDonald's to Company. Company will reimburse McDonald's for any overpayments found during the audit.

Notwithstanding anything stated above, McDonald's federal, state and local income tax returns, employment records and reports shall not be considered business records available for inspection by Company. Any information obtained by Company pursuant to its audit rights under this Agreement – and all of McDonald's Gross Sales information, no matter how obtained – shall be held confidential.

C. **<u>Option Rent:</u>** McDonald's covenants and agrees to pay to Company, as Minimum Rent for the first five-year option period, and each subsequent option period, not less than $18,000 per Lease Year, payable in monthly installments of $1,500.00. In addition, McDonald's shall pay 6% of Gross Sales in excess of $300,000.00 per Lease Year generated from the McDonald's Premises. The Maximum Annual Rent by McDonald's in any Lease Year during the first five-year option period shall be $67,200.00. The Maximum Annual Rent for the remaining option periods shall be increased by 12% over the Maximum Annual Rent for the immediately preceding option period. Thus, for example, the Maximum Annual Rent for the second five-year option period shall be $75,264.00. Minimum Rent and percentage rent due during the option periods shall be payable at the times and in the manner provided in Paragraph 3A above.

D. **<u>Rent Commencement</u>**: McDonald's liability for rent shall commence to accrue on the date McDonald's opens for business.

E. **<u>Rent Payments</u>**: Rent payments shall be mailed to the address indicated immediately below or to such other address as Company may, in writing, designate from time to time:

Eugene Truck Haven, Inc.
PO Box 71458
Springfield, OR 97475
Federal Tax I.D. #________________

Except as set forth in this Agreement to the contrary, the rent shall constitute McDonald's entire payment for all charges and services related to McDonald's use and occupancy of the McDonald's Premises. On or before 5 days after the date of final execution of this Agreement, Company agrees to provide McDonald's a signed W-9 form (or any successor thereto) which indicates Company's Federal Tax Identification Number.

4. McDONALD'S COVENANTS:

A. **Rent**: McDonald's agrees to pay the rent on the days and in the manner as provided in this Agreement. Any payments not made within 15 days from the date such payments are due shall bear interest at a rate of 12% per year or at a rate equal to the maximum rate allowed by law, whichever is less.

B. **Liens and Encumbrances**: McDonald's agrees not to allow the estate of Company in the McDonald's Premises at any time during the term of this Agreement to become subject to any lien, charge or encumbrance whatsoever, and to indemnify and keep indemnified Company against all such liens, charges and encumbrances.

C. **Insurance**: McDonald's agrees to maintain the following insurance:

1) Property Insurance: McDonald's agrees to insure and keep insured, at its sole cost, its contents in the McDonald's Premises against loss or damage by fire or other hazards normally covered by standard property insurance policies for not less than 100% of their replacement value.

2) Commercial General Liability Insurance: McDonald's shall obtain and keep in force Commercial General Liability Insurance (including completed operations and contractual liability, but excluding products liability and pollution and/or environmental liability) against claims or suits for bodily injuries, including death therefrom, and property damage, arising out of the maintenance, operation or use of the Premises, and caused by the alleged negligence or other misconduct of McDonald's or any of its employees in an amount not less than $5,000,000.00 per occurrence and $5,000,000.00 general aggregate.

3) Product Liability: McDonald's shall obtain and keep in force, at its own expense, for the mutual benefit of Company and McDonald's, product liability insurance, including death therefrom and property damage, arising out of the sale of products from the McDonald's Restaurant or the operation or use of the McDonald's Premises by McDonald's in an amount not less than a single limit of liability of $1,000,000.00 per occurrence.

4) Worker's Compensation: McDonald's further agrees to obtain and keep in force, at its own expense, Worker's Compensation Insurance against claims by its employees who sustain bodily injury while in the course of, and within the scope of, their employment on the McDonald's Premises, in accordance with the provisions of the State's Worker's Compensation laws or similar laws.

5) Employer's Liability Insurance: McDonald's further agrees to obtain and keep in force, at its own expense, Employer's Liability Insurance against claims or suits for bodily injuries, including death therefrom, sustained by any of its employees in the course of, and within the scope of, their employment at the McDonald's Premises, that do not fall within the statutory provisions of the State's Worker's Compensation Act in an amount not less than $100,000.00 for each accident.

6) Additional Insureds: McDonald's shall name Company as an additional insured with a loss payable clause for both McDonald's and Company, as their interests may appear, under its policies required under this Agreement (other than those providing Worker's Compensation and Employer's Liability insurance).

7) Insurance Companies: McDonald's shall maintain all insurance in responsible insurance companies licensed in the state in which the McDonald's Premises are located with no less than an "A" financial rating and size category of "IX" as set by Bests' Key Rating Guide (or, if the Guide is no longer available, a comparable guide).

8) Certificates of Insurance: McDonald's shall deliver to Company, upon request, a certificate of all insurance and of renewals prior to the commencement of operations by McDonald's and as required by Company from time to time during the term of this Agreement. Each policy shall contain a provision that it may not be canceled without 30 days' prior written notice to Company.

9) Self-Insurance: Notwithstanding any provision in this Agreement to the contrary, McDonald's may self insure for all of the insurance coverages required in this Agreement to the extent that it is not prohibited by law from doing so. This provision will not be applicable, however, to any transferee of the operating obligations if the operating obligations of this Agreement are transferred to any entity that is not a subsidiary or parent of McDonald's.

10) No Limitation of Liability: None of the insurance limits required under this Article shall limit McDonald's indemnification obligations as set forth in this Agreement.

D. **Permits**: McDonald's shall be solely responsible for obtaining all appropriate and necessary licenses and permits for the operation of a McDonald's Restaurant on the McDonald's Premises. Where applicable, Company shall provide non-monetary assistance to McDonald's in obtaining all necessary licenses and permits.

E. **Non-Discrimination**: McDonald's covenants and agrees that:

1) No person on the grounds of race, color, disability, ancestry, sex, age, religion or national origin shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the use of the McDonald's Premises.

2) That in the construction of any improvements in the McDonald's Premises, and furnishing of services thereon, no person on the grounds of race, color, disability, ancestry, sex, age, religion or national origin shall be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination.

F. **Compliance with Law**: Except for Company's obligations, McDonald's agrees to comply with all governmental laws, rules and regulations applicable to the use, development or operation of the McDonald's Restaurant in the McDonald's Premises pursuant to the terms of this Agreement.

5. COMPANY'S COVENANTS:

Company covenants and agrees:

A. **Possession, Covenant of Title and Quiet Enjoyment**: McDonald's shall have sole and actual possession of the McDonald's Premises. Company warrants that it is well seized of and has good title to the McDonald's Premises and Premises and all improvements located on the Premises. Company warrants and will defend its title and will indemnify McDonald's against any damage or expense which McDonald's may suffer by reason of any claims against title or defect in the title or description of the McDonald's Premises or Premises. Company also warrants that McDonald's will have the right to use the McDonald's Premises and the Premises as contemplated by this Agreement and will indemnify McDonald's against any damage or expense McDonald's may suffer if McDonald's right to use the McDonald's Premises and the Premises as set forth in this Agreement is impaired in any manner.

B. **Insurance**: Company agrees to maintain, at its sole cost and expense, the following insurance:

1) Property Insurance: Company agrees to insure and keep insured the Premises and the Common Building and other improvements on the Premises, including the McDonald's Premises, against loss or damage by fire or other hazards normally covered by standard property insurance policies for not less than 100% of their replacement value. The policies evidencing such insurance shall, by endorsement or otherwise, provide that the proceeds of such insurance shall be deposited in any bank or trust company of Company's choosing to be held in trust for the repair, restoration and rebuilding of the improvements.

2) Commercial General Liability Coverage: Company shall obtain and keep in force Commercial General Liability Insurance (including completed operations and contractual liability) against claims or suits for bodily injuries, including death therefrom, and property damage, arising out of the ownership, maintenance, operation or use of the Premises, and caused by the alleged negligence or other misconduct of Company or any of its employees in an amount not less than a single limit of liability of $5,000,000.00 per occurrence.

3) Product Liability and Completed Operations: Company shall obtain and keep in force, for the mutual benefit of Company and McDonald's, product liability and completed operations insurance, including death therefrom and property damage, arising out of the sale of petroleum products on the Premises or from the sale of products from the convenience store or the operation or use of the Premises by Company in an amount not less than a single limit of liability of $1,000,000.00 per occurrence.

4) Liquor Liability Insurance: If Company is selling alcoholic beverages from the Premises, then Company shall obtain Liquor Liability Insurance, with limits of liability of not less than $1,000,000.00 per occurrence.

5) Worker's Compensation: Company further agrees to obtain and keep in force Worker's Compensation Insurance against claims by its employees who sustain bodily injury while in the course of, and within the scope of, their employment on the Premises, in accordance with the provisions of the State's Worker's Compensation laws or similar laws.

6) Employer's Liability Insurance: Company further agrees to obtain and keep in force Employer's Liability Insurance against claims or suits for bodily injuries, including death therefrom, sustained by any of its employees in the course of, and within the scope of, their employment at the Premises, that do not fall within the statutory provisions of the State's Worker's Compensation Act in an amount not less than $100,000.00 for each accident.

7) Underground Storage Tank Third-Party Liability and Corrective Action Policy: Company represents to McDonald's that the liability for remediating contamination resulting from underground storage tanks (USTs) is placed by law on the owner and operator of USTs. Therefore, Company being the owner and operator of the USTs, shall have the sole responsibility to remediate any contamination caused by Company's ownership and operation of USTs on the Premises and to settle any third-party liability claims relating to the USTs. Additionally, Company represents to McDonald's that the underground storage tank trust fund which is administered pursuant to the laws and regulations promulgated thereunder by the appropriate agency for the state in which the Premises is located (the "Fund"), covers third-party liability pollution and the cost of remediation of pollution. Company represents and warrants to McDonald's that Company is a participant in the Fund. Company shall provide to McDonald's annually on the anniversary date of this Agreement or more often as requested by McDonald's, proof that Company is a full participant in the Fund, and Company's certification of the then current deductibles and statutory limit under the Fund, of the then current existence of the Fund, and the Fund's ongoing approval by the United States Environmental Protection Agency ("EPA").

If the Premises are located in a state which does not have a state fund or if Company should at any time no longer participate in the Fund, or should the Fund or its equivalent replacement statutory coverage no longer be in existence, or should the Fund levels of insurance fall below the $1,000,000.00 limit of insurance, or should the Fund lose its EPA approval as a means of evidencing financial responsibility, Company agrees it will obtain at its sole cost and expense an Underground Storage Tank Third Party Liability and Corrective Action Policy insuring Company from and against any third-party liability pollution or environmental matter relating to the USTs with limits of not less than $1,000,000.00 with respect to any bodily injury, death, property damage or any environmental clean-up or remediation per occurrence.

8) Additional Insureds: Company shall name McDonald's and any subtenant or assignee of McDonald's as an additional insured with a loss payable clause for both McDonald's and Company, as their interests may appear, under its policies required under this Agreement (other than those providing Worker's Compensation and Employer's Liability insurance).

9) Insurance Companies: Company shall maintain all insurance in responsible insurance companies licensed in the state in which the Premises are located with no less than an "A" financial rating and size category of "IX" as set by Bests' Key Rating Guide (or, if the Guide is no longer available, a comparable guide).

10) Certificates of Insurance: Company shall deliver to McDonald's, upon request, a copy of the Fire and Extended Coverage Policy and a certificate of all other insurance and of renewals prior to the commencement of operations by McDonald's, prior to each renewal, and as required by McDonald's from time to time during the term of this Agreement. Each policy shall contain a provision that it may not be canceled without 30 days' prior written notice to McDonald's.

11) No Limitation of Liability: None of the insurance limits required under this Article shall limit Company's indemnification obligations as set forth in this Agreement.

C. **Compliance with Law**: Company agrees to comply with all governmental laws, rules and regulations, including, but not limited to, all environmental and safety laws, rules and regulations, and the Americans with Disabilities Act applicable to the operation and maintenance of the Premises and Company's other obligations under this Agreement including, but not limited to, all laws, rules and regulations related to underground storage tank systems.

D. **Non-Discrimination**: Company covenants and agrees that:

1) No person on the grounds of race, color, disability, ancestry, sex, age, religion or national origin shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises.

2) That in the construction of any improvements on, over, or under the Premises, and furnishing of services thereon, no person on the grounds of race, color, disability, ancestry, sex, age, religion or national origin shall be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination.

E. **Covenant ~~Operate and to Stay~~[1]To Keep The Common Building Open and the Common Building Restrooms[2] Open ~~for Business~~[3] While McDonald's is Operating and Is [4]Open for Business**: Notwithstanding anything to the contrary contained[5] in this Agreement or otherwise, Company ~~shall operate and stay open to the public during the hours that McDonald's is operating and open to the public.~~ [6]covenants: (i) to keep the Common Building open for unfettered access, ingress and egress by McDonald's and its employees, agents, licensees, contractors, customers, invitees and permittees to all restrooms in the Common Building at and during all hours that McDonald's is operating and is open to the public on the McDonald's Premises; and, (ii) to keep all restrooms in the Common Building open for unfettered access to and use by McDonald's and its employees, agents, licensees, customers, invitees and permittees at and during all hours that McDonald's is operating and is open to the public on the McDonald's Premises. [7]Company acknowledges that if Company breaches the ~~foregoing covenant~~[8]covenants contained in this Article 5E[9], McDonald's will not be able to operate and stay open for business. If Company breaches the ~~covenant~~[10]covenants[11] set forth in this Article 5E, McDonald's shall be entitled to seek any and all [12]damages against Company [13]and bring any and all legal and equitable claims against Company, or any other party, including damages and claims for lost profits.

6. **OPERATION OF McDONALD'S PREMISES AND PREMISES:**

A. **Use**: During the term of this Agreement, McDonald's agrees to cause the McDonald's Premises to be used only for the operation of a McDonald's Restaurant or any other restaurant operated by a franchisee, subsidiary or affiliate of McDonald's.

During the term of this Agreement, Company agrees to cause the remainder of the Premises to be used only for the operation of a fuel facility and convenience store. For purposes of this Agreement, a "fuel facility" shall mean a retail motor fuel outlet, and a "convenience store" shall mean a retail store selling convenience items.

Notwithstanding anything stated herein to the contrary, at any time after the fifth Lease Year, in the event McDonald's generates in excess of One Million Five Hundred

Thousand Dollars ($1,500,000.00) of Gross Sales in a Lease Year from the McDonald's Premises, Company may, on the remainder of the Premises, operate or permit the operation of a restaurant or food service establishment, which offers deli sandwiches, subject to the remaining restrictions contained in Article 6C below.

B. **<u>Hours of Operation</u>**: McDonald's shall operate a minimum of 16 hours a day, 7 days a week and such additional hours as McDonald's may desire. McDonald's shall not, however, be required to operate unless the Premises are open for gasoline sales. At its sole option, McDonald's may close on Thanksgiving Day and Christmas Day.

Provided McDonald's operates a minimum of 16 hours a day as required above, McDonald's will not be obligated to operate during hours which McDonald's shall determine, in its sole discretion, to be unprofitable.

Company agrees that it shall operate for at least the days and for at least the hours that McDonald's operates at the McDonald's Premises. In addition to any remedies available to McDonald's under this Agreement, if Company fails to open or keep open its business on the Premises for any reason other than force majeure, McDonald's shall have the right to abate all payments due under this Agreement for the period of time that this covenant remains broken. Additionally, McDonald's shall be entitled to injunctive and other relief available at law or in equity.

If Company fails to operate its business on the Premises for more than 7 days for any reason other than force majeure, McDonald's shall have the right to terminate this Agreement, upon written notice to Company. Notwithstanding the foregoing, if done pursuant to the requirements of Article 6(L), the non-permanent cessation of gasoline sales by Company for (1) ordinary repairs and maintenance, (2) environmental compliance or (3) remediation of environmental contamination shall not constitute a failure by Company to operate its business. In each of the foregoing circumstances, written request for consent shall be given by Company to McDonald's, which request shall state the anticipated time period for the cessation of gasoline sales. If such stated time period is in excess of 45 days, McDonald's shall have the right to terminate this Agreement within 30 days of the receipt of such notice, which termination shall be effective on the date of McDonald's notice to Company. If such stated time period is less than 45 days or if such time is in excess of 45 days and McDonald's elects not to terminate this Agreement, McDonald's shall have the right to cease operations and abate all rent and monetary obligations due hereunder during such period of cessation of gasoline sales. Should the actual time period of the cessation of gasoline sales exceed 45 days, McDonald's shall have the right to terminate this Agreement within 30 days of the expiration of the 45 day period. If McDonald's exercises its right to terminate hereunder, Company shall pay to McDonald's the termination payment as set forth in Article 9(D) of this Agreement.

C. **<u>Exclusives</u>**: Company agrees that McDonald's shall have the exclusive right to sell the following products from the McDonald's Premises and accordingly Company shall not sell the following products in the Premises: hamburgers, ground meat products served in sandwich form, milk shakes, hot and cold sandwiches prepared on the Premises (including but not limited to deli sandwiches prepared on the Premises), soups, salads, chicken and chicken products, pizza (cooked on the Premises), soft service ice cream, hand-packed ice cream, frozen yogurt (dispensed as soft serve), and french fries. McDonald's agrees that Company shall have the exclusive right to sell or serve the following products from the Premises and accordingly McDonald's shall not sell or serve the following products in the McDonald's Restaurant: deli sandwiches prepared off

Premises (provided Company's merchandising space for such sandwiches is limited to 100 cubic feet of cooler space), fresh donuts and fresh pastries (but specifically excluding fresh baked cookies, and provided Company's merchandising space for such fresh donuts and fresh pastries is limited to 50 cubic feet), pretzels, popcorn, nachos, frozen pizza, prepackaged ice cream and frozen yogurt, and roller grilled hot dogs. Company may also sell newspapers; however, McDonald's reserves the right to provide free newspapers to its restaurant customers. Company also agrees not to sell or permit to be sold on the Premises any products of any national, regional, or local restaurant or food service facility brand-names, including, but not limited to: Arby's, Burger Chef, Burger King, Carl's Jr., Del Taco, Domino's, In and Out Burgers, Jack-in-the-Box, Little Caesar's, Numero Uno, Pizza Hut, Rally's, Shakey's, Sonic, Taco Bell, Wendy's, White Castle, Starbucks, Seattle's Best, Gloria Jean's, Caribou Coffee, Dietrich's Coffee, or Brothers Coffee. Company further agrees that it shall not sell to its customers any prepared coffee, flavored coffees, espresso, latte or cappuccino in the Premises which are sold by a manned operation or in any manner other than self-service. Notwithstanding the foregoing, Company may sell prepackaged third-party branded coffee drinks and coffee beans (whole or ground) and may develop and implement its own proprietary nationally branded coffee program. Notwithstanding anything to the contrary contained herein, Company may use a convection or microwave oven in the Premises.

D. <u>**Adult Products**</u>: Company shall not sell the following in the Premises: pornographic materials or magazines, sexually-oriented materials, drug paraphernalia, firearms or ammunition, fireworks, live bait, or any items that are illegal. Company may sell prophylactics and birth control devices in the Premises provided such are discretely displayed and are not located on a direct travel path from the Premises to the McDonald's Restaurant. Company shall not sell prophylactics and birth control devices in the restrooms at the Premises.

E. <u>**Sale of Alcoholic Beverages**</u>: Company may only sell packaged alcoholic beverages for consumption off of the Premises. If alcoholic beverages are sold, Company agrees to comply with all applicable laws regarding the sale and consumption of alcoholic beverages.

F. <u>**Collection for Charities**</u>: Company covenants and agrees to allow McDonald's to place collection canisters on both Company's and McDonald's counters to collect money for charities such as Ronald McDonald House Charities. Any funds collected will be donated in Company's name.

G. <u>**Common Building Structural Repairs**</u>: Company, at its sole cost, shall maintain, repair, replace and keep in good order and repair the foundation, floor slab, exterior walls, steel frames, roof and all utility lines of the Common Building except for damage caused by the intentional or negligent acts of McDonald's. If Company fails to complete any such maintenance and repair work within 30 days after receipt of McDonald's notice or within 48 hours after notice (whether oral or written provided all oral notices will be confirmed in writing) in the case of any immediate danger to the Premises, the environment or the health and safety of any person, McDonald's shall have the right, but not the obligation, to perform all such work. Company shall reimburse McDonald's for any amounts incurred by McDonald's in performing such work within 30 days after receipt of McDonald's invoice. If Company fails to reimburse McDonald's, McDonald's may withhold rent until such amounts are deemed paid. If any repairs or maintenance cannot with due diligence be completed within the foregoing periods and Company, prior to the expiration of the relevant period, commences to perform the necessary work and completes such work with due diligence, McDonald's shall not have the right to perform such work.

H. **Maintenance and Repairs**: McDonald's agrees that McDonald's will at all times maintain the McDonald's Premises and all improvements, equipment and furnishings located on the McDonald's Premises in safe, good condition and repair, subject to wear and tear and to Company's obligations under this Agreement. McDonald's will also maintain the McDonald's Premises in a clean, orderly and sanitary condition. McDonald's shall replace all light bulbs in the McDonald's Premises as needed.

If McDonald's makes repairs to the McDonald's Premises, McDonald's agrees to indemnify, defend and protect Company, its franchisees, subsidiaries, employees and agents from and against all claims, injury, damage, cost or expenses of any nature arising out of or relating to McDonald's repairs and to restore the McDonald's Premises to substantially the same condition as it was in prior to such repairs.

Company agrees that Company will at all times maintain in safe, good condition and repair, and in clean, orderly and sanitary condition, the remainder of the Premises and all improvements, equipment and furnishings including, but not limited to: the parking lot, walkways, and driveways, the underground storage tank system located on the Premises, the freezer and cooler box, and the HVAC systems servicing the Common Building, as well as the McDonald's Premises. All repairs and any replacement of improvements shall be at least equal to the original work in class and quality. Company shall replace all light bulbs on the remainder of the Premises, including all lot lights, as needed. Company will not, without the prior written consent of McDonald's, place any obstruction in or on the Premises, including supplies and inventory, which will interfere with the unencumbered visibility into or out of the McDonald's Premises or the free flow of access to and from the McDonald's Premises.

Except as set forth in this Agreement, Company shall also maintain the remainder of the Premises, in a clean, orderly and sanitary condition. Company shall further be responsible for maintenance and repair to all utility lines servicing the Premises and should Company need to enter the McDonald's Premises to make any repair or replacements, such entry shall be subject to McDonald's approval.

If Company makes repairs to the McDonald's Premises or the Premises, Company agrees to indemnify, defend and protect McDonald's, its franchisees, subsidiaries, employees and agents from and against all claims, injury, damage, costs or expenses of any nature arising out of or relating to Company's repairs and to restore the McDonald's Premises or the Premises to substantially the same condition as they were prior to Company's repairs.

I. **Easement Area Cleaning**: Company agrees that it will clean and maintain the parking areas and driveways on the Premises, the trash corral, and the restrooms in the Common Building, as follows:

1) Keeping the Premises clear of snow and ice;

2) Keeping the Premises clear of trash, litter and debris;

3) Placing, keeping in repair and replacing, when necessary, appropriate directional signs, striping markers and lines, reserved parking designations, curbs and bumpers;

4) Maintaining all landscaped areas, making such replacement of shrubs and other landscaping as is necessary to maintain all landscaping in a neat, clean and attractive manner and keeping those areas, at all times, adequately weeded, fertilized and watered;

5) Keeping the restrooms and doorways in the Common Building clean and supplying all operating supplies for such restrooms; and

6) Maintaining a satisfactory pest control program in the Common Building.

J. **Utilities**: Company shall cause adequate utilities, including but not limited to electricity, natural gas, water, sewer, and telephone, to be supplied to the Premises and to the McDonald's Premises, and shall bear the cost of all utilities unless otherwise provided herein. Company shall cause the electricity to the McDonald's Premises and the McDonald's signage to be separately metered. If the electricity cannot be separately metered, Company and McDonald's shall cause McDonald's electricity to be submetered from Company's electricity. Company shall also cause the natural gas to the McDonald's Premises to be separately metered. If the natural gas cannot be separately metered, Company and McDonald's shall cause McDonald's natural gas to be submetered from Company's natural gas. If the natural gas cannot be separately metered or submetered, McDonald's agrees to reimburse Company for 60% of the natural gas charges billed to Company. McDonald's shall make such payments to Company within 30 days of its receipt of the Common Area Shared Cost Form (sample form attached as Exhibit F) from Company. Company and McDonald's agree that the water and sewer service to the Premises shall be metered to Company. Company agrees to pay when due all charges for utility services used either by Company or McDonald's and charged to Company as provided in this Agreement. McDonald's agrees to pay when due all charges for electricity to the McDonald's Premises and McDonald's signage and natural gas to the McDonald's Premises if such charges are separately metered or submetered. If the natural gas or electricity is not separately metered, McDonald's shall have the right to audit all natural gas invoices and electricity invoices, as applicable, received by Company for such charges. In the event an interruption of utility service should result from Company's negligence, omission or fault, and should McDonald's business be interrupted thereby, McDonald's rent shall abate until such service is restored.

K. **Trash**: The parties must dispose of all trash and other materials generated from their operations in accordance with procedures established by law. All trash requiring special handling shall be placed in separate disposal containers and shall be disposed of by the party generating such trash at its sole cost and shall not be commingled with the day-to-day trash. The day-to-day trash shall be placed in the dumpsters in the trash corral. Landlord shall pay the first $400.00 of the monthly disposal costs of the day-to-day trash and McDonalds' shall pay one half of any such disposal costs in excess of the foregoing $400.00 amount for the monthly disposal costs. Neither party will permit the accumulation of rubbish or trash or allow an unsafe condition on their respective premises and each party will regularly remove its trash to the trash corral.

L. **Closure of Operations for Maintenance or Repair**: During the term of this Agreement:

1) McDonald's may, with Company's prior written consent, which shall not be unreasonably withheld or delayed, close the McDonald's Restaurant in the McDonald's Premises for any necessary maintenance, upgrading or remodeling.

2) Company may, with McDonald's prior written consent, which shall not be unreasonably withheld or delayed, close its operation on the Premises for any necessary maintenance, upgrading or remodeling. If Company closes its operation on the Premises pursuant to this Article 6(L), McDonald's rental obligation shall abate until such time as Company re-opens its operation on the Premises.

3) Company and McDonald's agree to each use their best efforts to cause any maintenance, upgrading or remodeling to be performed during the hours of 11:00 p.m. and 6:00 a.m. The parties further agree to use their best efforts to minimize the duration of the time their respective operations remain closed for the purpose of maintenance, upgrading or remodeling.

M. **Operating Conduct**: During the term of this Agreement, Company and McDonald's shall each:

1) Conduct their operations in an orderly manner and so as not to annoy, disturb or be offensive to customers, patrons or others on the McDonald's Premises and/or the Premises.

2) Control the conduct, demeanor and appearance of their officers, members, employees, agents and representatives and, upon the objection of the other party concerning the conduct, demeanor or appearance of any such person, immediately take all necessary steps to correct the cause of such objection.

There will be no smoking by employees of either Company or McDonald's in the Common Building, or in any areas where flammable items are located.

3) Furnish good, prompt, courteous and efficient service, adequate to meet all reasonable demands therefore.

4) Operate the HVAC system(s) servicing their respective operations at all times reasonably necessary to maintain a consistent and reasonable temperature within the Common Building.

5) Each party shall arrange for deliveries to its facility to be scheduled at those times that will provide minimum interference with the other party's operation on the Premises.

6) Neither party will use or permit any reception of radio or television broadcasts, nor use or permit the use of any objectionable advertising medium, including, but not limited to, loudspeakers, phonographs, public address systems, sound amplifiers or strobe or flashing lights without the prior written consent of the other party. Such consent, if given, may be revoked at any time at the consenting party's sole discretion. Neither party will solicit business or hold demonstrations in the easement areas shown on Exhibit B, nor shall any materials be placed in, delivered to, or placed upon any automobiles parked in the parking areas or any other easement area. Notwithstanding the above, Company may use an intercom system to communicate with its customers at the pump islands, provided that the use of such intercom does not interfere with McDonald's operations. In addition, notwithstanding the above, McDonald's may use a loudspeaker system in the operation of its drive-thru, and may permit the

reception of television broadcasts produced as part of McDonald's internal broadcast system.

N. **Customer Pathway:** Company shall not use that portion of the Premises shown on Exhibit B as "Customer Pathway" from the floor to the ceiling for the sale of any products, or the placement of any inventory, merchandise, equipment, advertising material supplies or shelves, and shall cause the Customer Pathway to be free and clear of all items at all times. The Customer Pathway shall be a contiguous minimum of 4-foot wide path from the main entrance to the Common Building to the McDonald's Premises.

O. **Access**: Company shall provide McDonald's with the means of access to McDonald's equipment and supplies located within the Premises during all times the Premises are open for gasoline sales and at other times as the parties shall mutually agree.

P. **Security Gate**: McDonald's shall have the right to install a security gate and/or doors between the McDonald's Premises and the remainder of the Premises. McDonald's shall control the security gate and/or doors and McDonald's shall have the right to close the security gate and/or doors at such times as McDonald's is not open for business.

Q. **Telephones and ATMS**: Company shall be responsible for, and shall be entitled to all proceeds from any pay telephones installed at or on the Premises. Company shall further be entitled to install an automatic teller machine ("ATM") on the Premises. McDonald's shall have the right to consent to the locations of any pay telephones or ATMs. Company shall bear all liability associated with such pay telephones or ATM.

R. **New Site Orientation Checklist**: Company and McDonald's will use their good faith efforts to establish and maintain ongoing communications relating to operating issues on the Premises. To facilitate the establishment of this communication, the parties agree to meet and complete the New Site Orientation Checklist (a sample of which is attached as Exhibit E) within 60 days after the final execution of this Agreement, and within 60 days after either McDonald's or Company assigns or sublets its interest pursuant to this Agreement, to define each party's rights and obligations in the day-to-day operations of their businesses. If there is any conflict between the provisions of the New Site Orientation Checklist and this Agreement, the terms of this Agreement shall control. The parties further agree to meet 60 to 90 days after the McDonald's Restaurant and Company's operations open for business to review and revise, if necessary, each party's respective rights and obligations in the day-to-day operations of their businesses.

7. CONSTRUCTION AND TITLE TO IMPROVEMENTS:

A. **Construction**: Within 30 days after the final execution of this Agreement, McDonald's and Company shall agree on plans and specifications for the improvements and signage to be constructed and installed on the Premises (the "Plans"). If the parties do not agree on the Plans within such 30 days, either party may, but shall not be obligated to, terminate this Agreement prior to the time the Plans are agreed to by McDonald's and Company.

Company shall commence construction of the improvements on the Premises within 30 days after Company and McDonald's agree on the Plans. Company shall construct the Common Building. Company shall also install all improvements necessary for the operation of its fuel facility on the Premises, including but not limited to, the installation of its underground storage tank systems, fuel pumps, and canopies. Company shall further perform all of the work set forth on Exhibit C as Company's obligation ("Company's

Work") and shall deliver the McDonald's Premises to McDonald's in such a condition as to allow McDonald's to install its Trade Fixtures (hereafter defined). Company promises to: (a) provide affidavits, statements and waivers reasonably required by McDonald's to insure that all mechanics' and materialmen's lien rights have been released; (b) perform all work in a good workmanlike manner; (c) indemnify, defend and hold McDonald's harmless from all costs, claims and damages arising out of or related to Company's Work; and (d) obtain all necessary permits and governmental approvals to perform Company's Work and provide McDonald's with satisfactory proof that permits and approvals have been obtained.

McDonald's shall reimburse Company for that portion of Company's Work identified on Exhibit C as work reimbursed by McDonald's, provided such reimbursement shall not exceed $95,000.00 (the "Maximum Reimbursement Amount"). McDonald's shall pay Company this reimbursement in two separate payments. The first payment (the "First Payment") shall be paid to Company 60 days after Company commences Company's Work, provided McDonald's has received a written invoice from Company that (i) states the percentage of Company's Work completed as of the end of the aforesaid 60 day period, and (ii) such percentage has been verified by McDonald's project manager. The First Payment shall be in an amount equal to a percentage of the Maximum Reimbursement Amount, which percentage shall be the same as the lesser of (x) the percentage of Company's Work completed as of the end of the aforesaid 60-day period, as evidenced by Company's invoice verified by McDonald's project manager, or (y) 50%. The second payment (the "Second Payment") shall be an amount equal to the balance of the actual total reimbursable amount after subtracting the amount of the First Payment. The sum of the First Payment and the Second Payment shall not in any event exceed the Maximum Reimbursement Amount. The Second Payment shall be paid to Company within 30 days after the last of all of the following conditions have been satisfied: (i) the McDonald's Restaurant on the Premises has opened for business, (ii) Company has completed all punchlist items, and (iii) McDonald's has received an invoice from Company for the Second Payment, which invoice has been verified by McDonald's project manager and which invoice shall itemize each item of Company's Work to be reimbursed by McDonald's and shall show that the costs thereof add up to the actual total reimbursable amount.

Company shall complete Company's Work within 120 days after the final execution of the Agreement (the "Completion Period"). If Company fails to complete Company's Work within the Completion Period, McDonald's shall have the right to complete Company's Work. Company shall reimburse McDonald's for any costs McDonald's incurs due to Company's failure to complete Company's Work within the Completion Period within 30 days after receipt of McDonald's invoice. McDonald's shall have no obligation to reimburse Company for any of Company's Work to the extent such work was performed by McDonald's.

The parties acknowledge and agree that McDonald's may sublease or sub-sublease the McDonald's Premises to a franchisee ("Operator") who will operate the McDonald's Restaurant. The parties further acknowledge that Operator, at its sole cost and expense, may wish to make changes to the McDonald's Premises or request extras to be performed by Company's contractor in conjunction with Company's Work. The parties agree that as a condition precedent to the commencement of Company's Work, the parties shall each sign, and cause Operator and Company's contractor to sign, an Agreement Regarding Operator Changes and Extras (the "Extras Agreement"), a form of which is attached hereto as Exhibit G. Pursuant to the Extras Agreement, the parties shall agree that Operator and Company's contractor shall enter into a separate and independent contract under which Company's contractor shall perform work or provide services directly for Operator, and Operator shall pay Company's contractor directly for such work or services. Such work shall specifically include, by way of example and without limitation, the work described in Exhibit C attached hereto as work to be performed by Company's contractor for or on behalf of Operator.

B. **Trade Fixtures**: McDonald's shall have the right to install, at its sole cost, trade fixtures, machinery, equipment, furniture, signage, personal property or other identifying characteristics ("Trade Fixtures") in, on or about the McDonald's Premises. Trade Fixtures shall be the property of McDonald's and shall not become the property of Company or a part of the Premises no matter how affixed to the McDonald's Premises. Company shall have no right, title or interest in the Trade Fixtures, and upon McDonald's request, shall execute and deliver any consent or waiver forms evidencing same. Company agrees that Trade Fixtures may be removed from the McDonald's Premises by vendors, lessors, chattel mortgagees or owners at any time upon default in the terms of any financing or other documents, free and clear of any claims or liens of Company.

Company grants to McDonald's a 30 day period following the expiration or termination of this Agreement within which to remove all of its Trade Fixtures. McDonald's agrees to remove its Trade Fixtures at a time mutually agreed upon and will repair any damage caused by such removal, ordinary wear and tear excepted.

C. **Leasehold Improvements**: McDonald's shall have the right to make alterations, additions and improvements ("Leasehold Improvements") in, on or about the McDonald's Premises from time to time, with Company's prior written consent, which shall not be unreasonably withheld. All Leasehold Improvements shall be the property of McDonald's. Company agrees to execute documents, make appearances and otherwise cooperate with McDonald's in making any Leasehold Improvements. McDonald's shall have the right, but not the obligation, to remove any Leasehold Improvements from time to time. If McDonald's fails to remove any Leasehold Improvements within 30 days after the expiration or termination of this Agreement, the Leasehold Improvements will be considered abandoned. The definition of Leasehold Improvements shall not include Trade Fixtures.

8. SIGNAGE & ADVERTISING:

A. **Signage**: Company must provide space on its pole sign for McDonald's signage which space will be acceptable to McDonald's. In addition, McDonald's shall be permitted to install the signage set forth on Exhibit D. If McDonald's cannot obtain acceptable signage, in McDonald's sole opinion, then McDonald's may terminate this Agreement upon 30 days' prior written notice to Company. McDonald's may install such signage and promotional materials within the McDonald's Premises as McDonald's deems appropriate. Company agrees not to do anything to interfere with the visibility of McDonald's exterior or interior signage.

Company further agrees that McDonald's shall have the right to use 50% of the pump topper signs on Company's multi-product dispensers or equivalent advertising space under its fuel canopy. Company also agrees that McDonald's may install drive-thru merchandising on the Premises as McDonald's deems appropriate, provided such merchandising shall not interfere with Company's signage or merchandising nor shall such merchandising block any access to the Premises. Company also agrees that any merchandising placed in or on the Premises shall not interfere with the visibility into or out of the McDonald's Premises or the free flow of access to the McDonald's Premises.

McDonald's and Company each agree to maintain their respective signage in good condition and repair.

B. **Advertising**: Company agrees that all products marketed directly to adults, including but not limited to, cigarettes, liquor, beer and wine, and prophylactics, birth control devices, or other adult-oriented items, shall not be advertised or promoted anywhere on the Premises, whether inside or outside of the Common Building, within 3 feet of the McDonald's name or trademarks.

Company and McDonald's agree to work together to develop advertising and promotions for the Company's fuel facility and convenience store and McDonald's Restaurant for the benefit of the operations on the Premises. Company and McDonald's agree to meet at regular intervals throughout the term of this Agreement to review the advertising and promotions used at the Premises. Company and McDonald's shall share equally all costs associated with any agreed upon joint advertising or promotions. Additionally, McDonald's and Company will each make a good faith effort to participate in all promotions sponsored or suggested by McDonald's Corporation, McDonald's USA, LLC, or the brand oil company under which Company is operating its fuel facility.

9. RIGHT TO TERMINATE:

A. **McDonald's Right To Terminate**: In addition to McDonald's right to terminate as provided elsewhere in this Agreement, McDonald's may terminate this Agreement if:

1) McDonald's is unable to obtain any necessary permits and/or approval required to operate a McDonald's Restaurant from the McDonald's Premises.

2) McDonald's finds asbestos-containing materials on the Premises.

3) McDonald's Gross Sales during any consecutive 12 month period of time after McDonald's opens for business do not equal or exceed $400,000.00; provided, however, that McDonald's cannot exercise this right to terminate until after the conclusion of the second Lease Year.

4) At any time after the second Lease Year, McDonald's elects to change its use of the McDonald's Premises and Company does not consent to such change, which consent may be withheld in Company's sole discretion.

5) At any time after the second Lease Year, Company elects to change its use of the Premises and McDonald's does not consent to such change, which consent may be withheld in McDonald's sole discretion.

6) McDonald's Gross Sales during any consecutive 12 month period of time after the fifth Lease Year equal or exceed $900,000.00. However, this right to terminate shall not apply in the event Company and McDonald's agree, within 60 days after the date of the notice to terminate, that improvements to the Premises will be made at Company's expense within an acceptable time frame to optimize McDonald's sales, including but not limited to increased seating, parking, and/or kitchen space.

B. **Company's Right To Terminate**: In addition to Company's right to terminate as provided elsewhere in this Agreement, Company may terminate this Agreement if

McDonald's Gross Sales during any consecutive 12 month period of time after McDonald's opens for business do not equal or exceed $400,000.00; provided, however, that Company cannot exercise this right to terminate until after the conclusion of the second Lease Year.

C. **Termination Date**: If either party exercises its right to terminate pursuant to this Article 9, it shall do so by written notice to the other party and this Agreement shall terminate 90 days after the date of the written notice.

D. **If Either Party Exercises Its Termination Rights**: If Company exercises its right to terminate this Agreement pursuant to Article 9(B) or if McDonald's exercises its right to terminate this Agreement pursuant to Article 9(A)(5), then Company will pay to McDonald's, within 60 days after the termination of this Agreement, the appropriate termination payment as set forth below.

If McDonald's exercises its right to terminate this Agreement pursuant to Article 9(A)(3), or (4) hereof, then McDonald's will pay to Company, within 60 days after the termination of this Agreement, the appropriate termination payment as set forth below.

The termination payment shall be determined pursuant to the following:

Lease Year	Payment
3 - 5	$60,000.00
6 - 10	45,000.00
Option Periods	30,000.00

If McDonald's exercises its right to terminate pursuant to Article 9(A)(6), McDonald's agrees to pay Company pursuant to the payment schedule set forth above, as well as to reimburse Company for the unamortized portion of the improvements in the McDonald's Premises, excluding Leasehold Improvements and Trade Fixtures. The unamortized portion of the improvements in the McDonald's Premises shall mean the value of the McDonald's Premises depreciated under the straight line method (based on the depreciation schedules under Generally Accepted Accounting Principles or a 10 year depreciation basis, whichever is shorter) as shown in a schedule of depreciation signed and certified by Company's accountant as being true and correct setting forth the amount of depreciation of the McDonald's Premises.

E. **No Further Rights**: Except those provisions expressly surviving termination of this Agreement, if either party exercises its right to terminate pursuant to any applicable provisions of this Agreement, the parties shall have no further rights, duties or obligations under this Agreement, except that all rent and other monetary obligations due prior to the termination of this Agreement will be paid and that all rent and other monetary obligations that have been prepaid by either party, shall be prorated for the applicable period.

10. ASSIGNMENT AND SUBLETTING:

This Agreement shall not be assigned without the express written consent of the non-assigning party. Notwithstanding the above, McDonald's may, without the consent of Company, sublet or assign this Agreement to a subsidiary, affiliate, franchisee, licensee or partner of McDonald’s USA, LLC or McDonald’s Corporation, or to a franchisee of any affiliate or subsidiary of McDonald’s USA, LLC or McDonald’s Corporation, provided that McDonald's remains ultimately liable for its obligations contained in this Agreement, except as provided for in Article 15. In connection with any request by Company for McDonald’s to consent to an assignment or subletting, Company agrees to pay to McDonald’s, on demand, a review fee in an amount equal to the greater of (i) twenty-five hundred dollars ($2,500); or (ii) the actual cost and legal fees incurred by McDonald’s, including fees for outside counsel or consultants, in connection with its review.

11. <u>McDONALD'S DEFAULT</u>:

If McDonald's defaults in its payment of rent or in its performance of any obligations under this Agreement and fails to cure such default within 30 days after receipt of Company's written notice, Company shall have the right to terminate this Agreement. Anything contained in this Agreement to the contrary notwithstanding, if any default shall occur which cannot with due diligence be cured within a period of 30 days, and McDonald's, prior to the expiration of 30 days from and after receipt of the written notice, commences to eliminate the cause of such default, then Company shall not have the right to terminate this Agreement by reason of such default.

12. <u>HOLDING OVER</u>:

If McDonald's continues to occupy the McDonald's Premises after the last day of the term of this Agreement, including any option periods, and Company elects to accept rent thereafter, a tenancy from month-to-month only shall be created, and not for any longer period and may be terminated by either party on 30 days' notice.

13. <u>CONDEMNATION</u>:

If the whole or any part of the Premises is taken or condemned by any competent authority for any public use or purpose during the term of this Agreement, McDonald's reserves unto itself the right to claim and prosecute its claim in all appropriate courts and agencies for an award or damages for such taking based upon its interest under this Agreement, including, but not limited to, alterations, improvements, equipment, signage, interruption of business, moving expenses and other damages available under applicable law, without impairing any rights of Company for the taking of or injury to the reversion. If, in McDonald's reasonable and sole discretion, the condemnation materially affects the operation of McDonald's Restaurant at the McDonald's Premises, McDonald's may elect to terminate this Agreement, which termination shall be effective on the date when possession of the Premises, or the applicable portion of the Premises shall be acquired by the condemning authority.

14. <u>DAMAGE TO IMPROVEMENTS</u>:

If all or any part of the McDonald's Premises or the Premises are damaged or destroyed by fire or other cause, and McDonald’s is unable to operate, in its sole opinion, and McDonald’s inability to operate exceeds 30 days, McDonald's may terminate this Agreement, which termination shall be effective on the date the Premises or the applicable portion of the Premises are damaged or destroyed.

15. <u>EMPLOYEES</u>:

A. McDonald's has no authority to employ persons on behalf of Company and no employees or independent contractors of McDonald's shall be deemed to be employees or agents of Company, such persons at all times remaining McDonald's employees or independent contractors working for McDonald's. McDonald's has the sole and exclusive control over its labor and employee relations policies, and its policies relating to wages, hours and working conditions of its employees. McDonald's has sole and exclusive right over the terms as to which it will engage and contract with independent contractors. McDonald's has the sole and exclusive right to hire, transfer, suspend, lay off, recall, promote, assign, discipline, adjust grievances and discharge its employees. McDonald's has the sole and exclusive right to enter into and to terminate contracts with independent contractors.

Company has no authority to employ persons on behalf of McDonald's and no employees or independent contractors of Company shall be deemed to be employees or agents of McDonald's, such persons at all times remaining Company's employees or independent contractors working for Company. Company has the sole and exclusive control over its labor and employee relations policies, and its policies relating to wages, hours and working conditions of its employees. Company has the sole and exclusive right over the terms as to which it will engage and contract with independent contractors. Company has the sole and exclusive right to hire, transfer, suspend, lay off, recall, promote, assign, discipline, adjust grievances and discharge its employees. Company has the sole and exclusive right to enter into and to terminate contracts with independent contractors.

B. McDonald's is solely responsible for all salaries and other compensation of all of its employees as well as all payroll taxes to appropriate government authorities payable as a result of services performed under this Agreement. McDonald's is solely responsible for all contractually required payments to independent contractors hired by McDonald's.

Company is solely responsible for all salaries and other compensation of all of its employees as well as all payroll taxes to appropriate government authorities payable as a result of services performed under this Agreement. Company is solely responsible for all contractually required payments to independent contractors hired by Company.

C. McDonald's will comply with any applicable federal, state or local law, ordinance, rule, or regulation regarding its employees, including federal or state laws or regulations regarding minimum compensation, overtime and equal opportunities for employment.

Company will comply with any applicable federal, state or local law, ordinance, rule or regulation regarding its employees, including federal or state laws or regulations regarding minimum compensation, overtime and equal opportunities for employment.

D. McDonald's warrants that its employees, while working in connection with this Agreement, will comply with any and all applicable federal, state or local laws, rules and regulations and ordinances.

Company warrants that its employees, while working in connection with this Agreement, will comply with any and all applicable federal, state and local laws, rules and regulations and ordinances.

E. In the event McDonald's sublets or assigns this Agreement as permitted by Article 10 of this Agreement, the party to whom this Agreement is sublet or assigned will be ultimately responsible for all of the provisions of this Article 15.

F. Company and McDonald's may each place employment signs or advertisements of a temporary nature on their respective premises. McDonald's and Company shall have the right to place such employment signs or advertisements on the other party's premises with the prior consent of the other party, which consent shall not be unreasonably withheld or delayed.

G. Company reserves the right to designate area(s) for employee parking for Company, provided such designation shall apply in a non-discriminatory fashion to all employees while working on the Premises, and Company agrees to take reasonable steps to require its respective employees to park in such designated area(s). Company may seek the approval of McDonald’s to designate area(s) for employee parking for McDonald’s, provided such designation shall apply in a non-discriminatory fashion to all employees while working on the Premises, and, if McDonald’s approves of any such employee parking areas, McDonald’s agrees to take reasonable steps to require its respective employees to park in such designated area(s).

16. <u>INDEMNIFICATION</u>:

A. McDonald's agrees to indemnify, defend and hold Company, its agents, contractors and employees, harmless from any liability, loss, cost, expense, including attorney's fees, or claims of any nature resulting from any damage to person or property arising out of (i) the failure of McDonald's, or McDonald's agents, employees, servants, licensees or contractors, in any respect, to keep the McDonald's Premises (other than easements and other areas under the control of Company) in a safe condition; or (ii) the failure of McDonald's, or McDonald's agents, employees, servants, licensees or contractors, in any respect, to comply with and perform all of McDonald's obligations set forth in this Agreement; or (iii) McDonald's use of the McDonald's Premises. This indemnity specifically includes an indemnity for any environmental contamination discovered on or from the Premises caused solely as a direct result of McDonald's operation of the McDonald's Restaurant on the McDonald's Premises or by the negligence or willful misconduct of McDonald's, or its employees, agents, contractors or franchisees.

B. Company agrees to indemnify, defend and hold McDonald's, its agents, contractors, franchisees, subsidiaries and employees, harmless from any liability, loss, cost, expense, including attorney's fees, or claims of any nature resulting from any damage to person or property arising out of (i) the failure of Company, or Company's agents, employees, servants, licensees or contractors, to keep the Premises (other than the McDonald's Premises) in a safe condition; or (ii) the failure of Company, or Company's agents, employees, servants, licensees or contractors, in any respect, to comply with and perform all of Company's obligations set forth in this Agreement; or (iii) Company's use of the Premises. This indemnity specifically includes an indemnity for any and all liability and obligations which may arise due to UST leakage, fuel spills, gasoline fumes, a release of any hazardous substance or petroleum product to the environment or liability under any hazardous waste statute, toxic waste cleanup statute, or other applicable federal, state, county or municipal laws, rules, regulations, requirements and ordinances pertaining to the environment.

C. McDonald's and Company agree to notify each other immediately by telephone, and in writing within 10 days, after either receives any such complaint or claim. The delivery of written notification shall include a copy of all correspondence and exhibits if a claim is filed, and shall additionally include a copy of all pleadings if a complaint is filed. McDonald's and Company agree to cooperate with each other in the defense of the claim or complaint. This Article 16 shall survive the expiration or termination of this Agreement.

17. Intentionally omitted.

18. <u>CONSENT OR APPROVAL</u>:

Except as set forth elsewhere in the Agreement, where either party's consent is required under this Agreement, such consent shall not be unreasonably delayed or withheld. In the event either party fails to respond to a request for consent within 30 days after written demand, and such consent request notes the automatic approval provisions of this Agreement, such request shall be deemed granted.

19. <u>COMPANY'S DEFAULT</u>:

If Company does not cure or diligently commence to cure a default within 30 days after written notice from McDonald's or within 48 hours after notice (whether oral or written provided all oral notices will be confirmed in writing) in the case of any immediate danger to the Premises, the McDonald's Premises, the property thereon, or the environment or to the health and safety of any person, then McDonald's may elect, at its option, to (i) terminate this Agreement or (ii) cure Company's default(s) and deduct its costs to cure Company's default(s) from rent and all monetary obligations thereafter accruing and extend the term of this Agreement, if necessary, until full credit has been obtained by McDonald's. In the event Company fails to complete Company's Work within the Completion Period (as described in paragraph 7A of this Agreement), and McDonald's elects to terminate this Agreement in accordance with this Article 19, Company agrees to reimburse McDonald's and/or its sublessee for all title, survey, engineering, improvements, trade fixtures, signage, advertising and financing. Additionally, McDonald's shall have all of its available rights and remedies at law or in equity in the event of Company's default under this Agreement.

20. <u>MISCELLANEOUS PROVISIONS</u>:

A. **<u>Relationship</u>**: McDonald's is an independent contractor. Nothing contained in or done pursuant to this Agreement shall be construed as creating a partnership, agency, joint employer or joint venture relationship. Except as otherwise expressly provided in this Agreement, no party shall become bound, with respect to third parties, by any representation, act or omission of the other party.

B. **<u>Entire Agreement and Amendments</u>**: This Agreement constitutes the entire understanding between the parties and supersedes all previous agreements or negotiations, whether written or oral, and shall not be modified or amended except by written agreement duly executed by and delivered to all parties.

C. **<u>Severability</u>**: The provisions of this Agreement shall be severable and the invalidity of any provision, or portion thereof, shall not affect the enforceability of the remaining provisions.

D. **<u>Attorney's Fees</u>**: In any action to construe or enforce the terms and conditions of this Agreement, the prevailing party (as determined by a court of competent jurisdiction, if necessary) in such action and in any appeals taken therefrom, shall be entitled to recover its reasonable attorney's fees and costs.

E. **<u>Waiver</u>**: Failure or delay on the part of either party to exercise any right, power, privilege or remedy under this Agreement, or to notify the other of a violation, default or breach of this Agreement, or to terminate this Agreement as a result thereof, shall not constitute a waiver thereof. No modification or waiver by either party of any provision shall be deemed to have been made unless made in writing and signed by both parties.

F. **Force Majeure**: Neither party shall be liable to the other party for damages for its failure to perform due to contingencies beyond its reasonable control, including, but not limited to, fire, storm, flood, earthquake, explosion, accidents, public disorders, sabotage, lockouts, labor disputes, labor shortages, strikes, riots, or acts of God.

G. **Jurisdiction**: This Agreement shall be governed by the laws of the State in which the Premises are located.

H. **Remedies Cumulative**: The remedies provided in this Agreement are cumulative, and shall not affect, in any manner, any other remedies that any party may have for any default or breach by the other party. The exercise of any right or remedy shall not constitute a waiver of any other right or remedy under this Agreement or provided by law or equity.

I. **Confidentiality**: Company and McDonald's agree to hold the terms of this Agreement confidential except:

1) To the extent that disclosure may be required by law or auditing or accounting standards or procedures or to enforce that party's rights under the Agreement; or

2) In connection with a sale or transfer or financing of the Premises or any part thereof; or

3) Except as may be otherwise permitted by the terms of this Agreement.

The confidentiality obligations set forth above shall survive the termination of this Agreement.

J. **Notices**: All notices shall be in writing and shall be given by certified mail, return receipt requested, postage prepaid, or by national overnight courier to the parties at the respective addresses set forth below or at such other address(es) as the parties may formally designate, in writing, from time to time.

Eugene Truck Haven, Inc.
PO Box 71458
Springfield, OR 97475
Attn: John Anderson

McDONALD'S USA, LLC
One McDonald's Plaza
Oak Brook, IL 60523
Attn: Director, U.S. Legal Department
L/C: 036-0427

Such notices shall be deemed given when deposited in the United States mail or when delivered to such national overnight courier.

K. **Other Documents**: Company and McDonald's agree to execute and record a short form or memorandum of this Agreement. The cost of all documentary stamps, conveyancing or transfer taxes and recording fees shall be split equally by the parties.

21. AUTHORITY TO SIGN:

The persons signing this Agreement represent that they have all legal authority and power in their respective capacities to bind McDonald's and Company and the Agreement shall not be effective until fully executed and delivered to all parties.

22. TITLE AND SURVEY:

A. Evidence of Title: On or before 10 days after the date of final execution of this Agreement, Company shall provide McDonald's with a legal description of the Premises and an updated leasehold title insurance commitment, report on title, title binder or commitment, with extended coverage, from a title company acceptable to McDonald's, covering the date of recording of the memorandum of lease described in Article 20(K), showing title to the Premises and appurtenant easements in Company (any, a "Title Report"). Alternatively, McDonald's may obtain its own Title Report. If the Title Report discloses any conditions, restrictions, liens, encumbrances, easements or covenants which, in McDonald's opinion, would affect McDonald's use and enjoyment of the Premises and appurtenant easements, Company shall have 30 days from the date McDonald's notifies Company of such defects to make a good faith effort to cure such defects and to furnish a title report, binder or commitment showing such defects cured or removed. In addition, Company shall provide McDonald's with any and all non-disturbance agreements, in form acceptable to McDonald's, from any underlying lessor in the form of Exhibit H attached or mortgagee in the form of Exhibit I attached on or before 30 days after a request by McDonald's. If such defects in title are not so cured, and if such non-disturbance agreements are not provided, within 30 days, McDonald's may, at its option, terminate this Agreement. McDonald's may obtain a final leasehold insurance policy, and as provided in Exhibit C, Company shall reimburse McDonald's for 50% of the cost of the policy on or before 30 days after receiving an invoice for such cost. In the event Company fails to pay such invoice on or before the expiration of such 30-day period, McDonald's may deduct the amount of the invoice from rental payments later due and owing.

B. Survey: Company shall also provide to McDonald's a current certified topographical survey by a licensed surveyor certified to McDonald's. If the survey discloses unsuitable or interfering easements, party wall agreements or encroachments, or that the location, area, dimensions or shape of the Premises are not as represented by Company, then McDonald's shall have the right to terminate this Agreement and declare it null and void and of no further force and effect. As provided in Exhibit C, McDonald’s shall reimburse Company for 50% of the cost of the survey on or before 30 days after receiving an invoice for such cost.

23. ADDENDA AND EXHIBITS:

This Agreement includes the following Addenda and/or Exhibits, which shall take precedence over conflicting provisions (if any) of this Agreement, and are made an integral part of this Agreement and fully incorporated by reference:

Exhibit A: Legal Description of Premises
Exhibit B: Site Plan showing the McDonald's Premises, Easements, and Restrooms
Exhibit C: Company's Work
Exhibit C-1: Design and Construction Overview
Exhibit D: McDonald's Signage
Exhibit E: Sample New Site Orientation Checklist
Exhibit F: Sample Common Area Shared Cost Form
Exhibit G: Form of Agreement Regarding Operator Changes and Extras
Exhibit H: Form of Non disturbance Agreement for Fee Owner
Exhibit I: Form of Non disturbance Agreement for Mortgagee

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized signatories.

EUGENE TRUCK HAVEN, INC.,
an Oregon corporation

By: ______________________________
Name: ______________________________
Title: ______________________________

Date: ______________________________

McDONALD'S USA, LLC,
a Delaware limited liability company

By: ______________________________
Name: ______________________________
Title: ______________________________

Date: ______________________________

{ATTACH FORM W-9 FOR EXECUTION}

ACKNOWLEDGMENT - McDONALD'S
(No Attestation required)

STATE OF ILLINOIS)
) SS:
COUNTY OF DUPAGE)

I, ________________________, a Notary Public in and for the county and state aforesaid, DO HEREBY CERTIFY that __________________________________, as ________________________ of **McDonald's USA, LLC, a Delaware limited liability company,** who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such authorized party appeared before me this day in person and acknowledged that he/she signed, sealed and delivered the said instrument as his/her free and voluntary act as such authorized party and as the free and voluntary act of said company for the uses and purposes therein set forth.

Given under my hand and notarial seal, this ______ day of ____________, _____.

____ My commission expires _____________.
Notary Public

ACKNOWLEDGMENT

STATE OF _____________)
) SS:
COUNTY OF ____________)

I, ____, a Notary Public in and for the county and state aforesaid, DO HEREBY CERTIFY that ___________________________________, ______________________________ of ________________________**,** a __________________ corporation**,** who is personally known to me to be the person whose name is subscribed to the foregoing instrument as such authorized party appeared before me this day in person and acknowledged that he/she signed, sealed and delivered the said instrument as his/her free and voluntary act as such authorized party and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal, this _____ day of ________________, ____.

____________________________________ My commission expires __________________.
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

EXHIBIT B

PLANS OF THE McDONALD'S PREMISES, EASEMENTS AND RESTROOMS

EXHIBIT C
(New McDonald's Locations)

EUGENE TRUCK HAVEN'S WORK

The purpose of this exhibit is to outline who performs and who pays for certain work in the Premises.

I. Eugene Truck Haven agrees at Eugene Truck Haven's sole cost (unless otherwise indicated) to perform the following work for McDonald's benefit (which work is more specifically described in the Design Package and "Plans and Specifications"):

A. Building

- Obtain all necessary permits, including but not limited to McDonald's Kitchen Equipment Exhaust Hood Duct(s), and McDonald's Signs.
- Complete Building Shell and Rough Finished Space including but not limited to; Rough and Finish Mechanical, Finish Floor Tile, Ceiling Grid and Tiles, 2x4 Lighting, Kitchen and Back of House FRP, Hand Sinks, Interior Door Frames, Doors and Hardware, Sheetrock finished per plans and specifications approved by McDonald's.
- Provide and install indoor restrooms in the Eugene Truck Haven C-Store to meet code and any other additional restrooms (ex. employee restrooms) required to meet code requirements and replace FRP in public restrooms with white tile.
- Install Drive-Thru window, window furnished by Eugene Truck Haven.
- Install CO2 Fill Box, Box provided by Eugene Truck Haven.
- Provide and install Markel ceiling heater with line voltage thermostat and fly fan heater.
- Provide and install complete ceiling grid assembly and all light fixtures per approved McDonald's plans provided by Eugene Truck Haven.
- Provide and install interior and exterior doors and Hardware to McDonald's Premises.
- Bring all utilities to McDonald's Premises, Including but not limited to; Phone (4) CAT-5 Lines Minimum, Cable (1) for High Speed Internet Connection(s) and or Television, Satellite Cable (1) from Roof Terminal box to Internet and Television Terminal/ Point of Connection within the McDonald's Space as designated on the plans or by McDonald's Project Manager.
- Sanitary sewer: provide and install sanitary sewer, exterior grease trap for McDonald's exclusive use, pay all tap fees. McDonald's owner/operator shall maintain the grease trap.
- Electrical System: provide, install and perform all electric work including pull wire

through conduit, and final connections to McDonald's Kitchen Equipment. Provide and install 1000 AMP Service Panel, Electric Switchgear and all built in Panels. Connect to Kitchen Equipment Panels and all Electrical Equipment, except POS system. Provide and install conduit for POS system per plans. (McDonald's to provide and install all Hardware, Software and pulled wires for POS and KVS systems).

- Separately meter electricity and provide clean power certification by electrician per drawings and specifications.
- Provide and install complete rough and finish plumbing work including finish connections, fixtures and fittings per approved McDonald's specs and drawings and Kitchen Equipment. Provide and install gas and water for Ice Machine, Beverage System, and Hot Water Heater and make all final connections.
- Provide and install Natural Gas Service lines to leased space with separate meter to McDonald's. Includes HVAC units, Water Heaters and Restaurant's Kitchen Equipment.
- Provide and Install Complete HVAC System including but not limited to; Roof Top units (Per McDonald's Specifications) Ducting, Registers, and Thermostat's, required for McDonald's Kitchen and Dining area, with make-up air and Exhaust Interlock.
- Provide start-ups of system, air balance and testing.
- Provide Roof Top Equipment Pads and penetrations for all McDonald's Roof Top Equipment Including but not limited to; MAC Units, Exhaust Fans and ice machine compressors.
- Provide and install ceiling grid to accommodate McDonald's duct work related to McDonald's installation of the Kitchen Equipment Exhaust Hood Duct. Eugene Truck Haven shall also provide for all required roof penetrations and roof patching.
- Provide and install water heater for the Premises, including but not limited to McDonald's Premises – recovery times and Temperature limits shall be per Specifications, Health Department and McDonald's requirements.
- Kitchen Equipment, Beverage Station, MAC 7 unit for Freezer/Cooler and Drink Systems shall be purchased by McDonald's and installed by McDonald's. (McDonald's shall receive, uncrate, set in place, and secure the McDonald's Interior Kitchen Food Preparation Equipment, Shelving, and Menu Board). Electrical connection by Eugene Truck Haven.
- Eugene Truck Haven shall provide and install Kitchen Equipment Exhaust Hood Duct(s) and Wrap per Code, between Exhaust Hood(s) and Rooftop Exhaust Fan.
- All Final Electrical and Plumbing connections shall be made by Eugene Truck Haven.
- McDonald's shall provide Kitchen Equipment Fire Up and Calibration Contractor.
- Eugene Truck Haven shall provide Kitchen Equipment Fire Suppression System Contractor.

- Eugene Truck Haven shall coordinate the fire up, testing, calibration, and final inspections of the Kitchen Equipment and Fire Suppressing Systems.
- Refrigeration connection and start-up for beverage system, Freezer/Cooler and MAC 7 unit shall be performed by McDonald's.

- Provide and install roof ladder or access to roof for exhaust fan maintenance. McDonald's shall maintain exhaust fans and refrigeration unit for Freezer/Cooler, and Eugene Truck Haven shall maintain HVAC.
- All interior and exterior light fixtures and lamps shall be purchased by Eugene Truck Haven and installed by Eugene Truck Haven.

- McDonald's shall provide and approve Service Counter Wall-Lay Out and Details.
- Eugene Truck Haven shall construct the Service counter walls, and finish kitchen side per kitchen FRP Specification's, Customer Service side with 5/8" Sheetrock -Tape and finish per Dining room Specification's.
- McDonald's to provide and install Corian; Service Counter Top, Window Sills and interior Trim.
- Eugene Truck Haven shall provide and install floor tile using epoxy grout throughout the kitchen per McDonald's Specification's, and the dining room floor tile shall meet or exceed McDonald's Specification for coefficient of friction, all per the McDonald's approved plans and specifications.
- All Floor Tile shall be approved by McDonald's Construction Manager.
- McDonald's shall provide and install front counter and wall finish tile.
- Eugene Truck Haven shall Provide and install FRP over minimum thickness 5/8" Construction Grade Plywood in kitchen and back-of-house areas, and per Building Code requirements.
- Eugene Truck Haven shall provide and install stainless steel corner guard protection in kitchen and back-of-house area.
- Eugene Truck Haven shall provide and install the approved McDonald's Building Trellis System which includes the color matching light fixtures.
- McDonald's shall provide the McDonald's Awnings and Roof Cap Element per McDonald's plans and specifications.
- Eugene Truck Haven shall make all final connections required by local jurisdiction for the Awnings and Roof Cap Element's. (Including light fixtures per McDonald's Specification's).

B. Site

- Obtain all permits.
- Provide McDonald's a copy of the legal description of the Premises, Eugene Truck Haven's title policy for the Premises, and Eugene Truck Haven's A.L.T.A.

survey of the Premises.

- Obtain all necessary zoning and traffic studies and prepare all site and building plans (except décor plans).
- Perform all required site work per mutually acceptable plans – paving, curbing, parking spaces, curb cuts, lot striping and concrete Drive-Thru lane, irrigation, and all landscaping.
- Provide Site and Building access with Asphaltic Concrete surface to support Semi Truck deliveries (4) weeks prior to planned Opening.
- Provide and install shared Trash Enclosure with thickened concrete apron per Eugene Truck Haven's specs, and as reasonably approved by McDonald's.
- Provide and install lot lighting per Eugene Truck Haven specs, and as reasonably approved by McDonald's.
- Provide and install Concrete Bases, Anchors, Electrical Conduit and wire for Menu Board, COD/Speaker, Canopy, "Gateway" sign, and all Directional Signs. Per layout approved by McDonald's Construction Manager.
- Install Drive-Thru loop detectors furnished by Eugene Truck Haven and set the vehicle detector in concrete per McDonald's Construction Project Manager's approval.
- (If no "Gateway Sign" is provided), Provide Conduits, Wiring, Final Connections, Concrete Base, and Anchor's for "Drive-Thru Height Detector" (provided by McDonald's), and install Height Detector.
- Upgrade Drive-Thru lane from Asphalt to Concrete and Drive-Thru lane curbing to Type-C curbing, per McDonald's Specifications, include curb along the Drive-Thru Building Wall, (if applicable).
- Eugene Truck Haven to provide Drive-Thru striping per approved McDonald's plans and specifications prepared by Eugene Truck Haven and stripe the balance of the lot as required at Eugene Truck Haven's expense.

II. McDonald's agrees to perform the following work at McDonald's sole cost:

Building (within McDonald's Premises)

- Provide finishes including decorative paint, Marlite and wallpaper in dining room area per décor plans and specifications.
- Install crew room and manager's office furniture and equipment.
- Provide and install dining room tables, chairs, countertops, divider walls, wall tile and other décor items per décor plans and specifications.

III. Eugene Truck Haven shall install all signage on the Premises, and the cost of such signage shall be split between Eugene Truck Haven and McDonald's [or McDonald's Owner/Operator, if applicable] as indicated:

- **New Road Signs** – Eugene Truck Haven shall provide and install; Sign Foundations, Anchors, Poles/ Supports, Conduits, Wiring, (Installation of

Supplied Sign Faces and Cans), and all final Connections.

- McDonald's Franchisee and Eugene Truck Haven shall each supply and maintain their own Sign Faces and Cans.
- The Direct Costs for; Sign Foundations, Anchors, Poles/ Supports, Conduits, Wiring, (Installation of Supplied Sign Faces and Cans), and final Connections on “Shared Signs” only, shall be split between Eugene Truck Haven and McDonald’s Franchisee 50%/50%.
- McDonald's shall have road-side or top position on shared sign.
- Eugene Truck Haven is responsible for maintaining insurance which covers the signs; provided, however, McDonald’s Franchisee is responsible for maintaining and repairing its sign panels, even in the event of a casualty.

- **Existing High Rise Signs** – For existing signs, McDonald's Franchisee shall pay 100% of cost to retrofit the sign for its signage and Eugene Truck Haven shall pay 100% of the cost to retrofit the sign for Eugene Truck Haven’s signage.
- The Direct Costs to Refurbish the Existing Sign Structure and finishes, (If applicable) and excluding the Sign Faces and Cans, shall be split between Eugene Truck Haven and McDonald’s Franchisee 50%/ 50%.

- **McDonald’s Building, Drive-Thru, and Site Directional Signs-**<u>Eugene Truck Haven shall provide and install;</u> Sign Foundations, Anchors, Poles/ Supports, Conduits, Wiring, and all final Connections for McDonald’s Exterior Signs and Menu’s to include but not limited to: McDonald's Building Sign(s), McDonald's Directional Sign(s), McDonald's Drive-Thru Menu Board(s), McDonald's Drive-Thru Pre-Sell Menu Board(s), McDonald’s Drive-Thru Gateway(s)/ Height Detector(s), and McDonald's Monument Sign(s) (If Applicable).
- McDonald’s Franchisee shall supply and maintain all McDonald’s Sign Faces and Cans.
- Eugene Truck Haven shall install and complete all final connections to all McDonald’s Supplied McDonald’s Exterior Signs, and Menu’s to include but not limited to; McDonald's Building Sign(s), McDonald's Directional Sign(s), McDonald's Drive-Thru Menu Board(s), McDonald's Drive-Thru Pre-Sell Menu Board(s), McDonald’s Drive-Thru Gateway(s)/ Height Detector(s), and McDonald's Monument Sign(s) (If Applicable).
- The Direct Costs for the installation of the McDonald’s Sign Faces and Cans, including but not limited to; McDonald's Building Sign(s), McDonald's Directional Sign(s), McDonald's Drive-Thru Menu Board(s), McDonald's Drive-Thru Pre-Sell Menu Board(s), McDonald’s Drive-Thru Gateway(s)/ Height Detector(s), and McDonald's Monument Sign(s) (If Applicable), shall be the responsibility of McDonald’s Franchisee 100%.

IV. Eugene Truck Haven shall provide an enclosed trash corral to be shared by McDonald's and Eugene Truck Haven, in accordance with specifications to be provided by Eugene Truck Haven and as approved by McDonald's.

Exhibit C-1

STO Design and Construction Overview

This file is located at:

S:\USAReference\Alliances\Co-Branding\Small Town Oil\2002 STO Toolkit/09 Construction & Costs

EXHIBIT D

McDONALD'S SIGNAGE

EXHIBIT E

SAMPLE NEW SITE ORIENTATION CHECKLIST

This file is part of the STO McPop located at:

S:\USAReference\Alliances\Co-Branding\Small Town Oil\STO McPOP.doc

EXHIBIT F

SAMPLE COMMON AREA SHARED COST FORM

This file is located at:

S:\USAReference\Alliances\Co-Branding\Small Town Oil\STO Development & Operating Toolkit\Small Town Oil Invoice.xls

EXHIBIT G

FORM OF AGREEMENT REGARDING OPERATOR CHANGES AND EXTRAS

The purpose of this exhibit is to provide an agreement between McDonald's, Company, McDonald's Operator and Company's Contractor, whereby the parties agree that McDonald's Operator and Company's Contractor will enter into an independent agreement under which Company's Contractor will perform certain work for McDonald's Operator and for which McDonald's Operator will pay Company's Contractor directly.

AGREEMENT REGARDING OPERATOR CHANGES AND EXTRAS

This Agreement dated _____________, 20___, is between McDonald's USA, LLC a Delaware limited liability company ("McDonald's") with its principal place of business at One McDonald's Plaza, Oak Brook, Illinois 60523, _______________, ("Operator"), with its principal place of business at __________________, ______________________________ ("Jobber") with its principal place of business at _____________________ and _______________, ("Contractor") with its principal place of business at ___________________________________, collectively referred to as the "Parties".

Whereas, Jobber is the owner or lessee of the real property located at ______________________, ("Premises"); and

Whereas, McDonald's and Jobber have entered into a certain Small Town Oil Lease and Operating Agreement ("LOP") whereby McDonald's is leasing or subleasing a portion of the building ("McDonald's Premises") in which Jobber intends to operate a convenience store and gas station on the Premises (the "Common Building"); and

Whereas, under the terms and conditions of the LOP, Jobber is responsible for certain development and construction of the McDonald's Premises and the Common Building and improvements; and

Whereas, Jobber has or will be entering into a contract with Contractor to construct the building and various improvements to the Premises specifically including but not limited to the McDonald's Premises and the Common Building; and

Whereas, Operator intends to operate the McDonald's restaurant as a franchisee and sublessee or sub-sublessee of McDonald's and, as such, may wish to make changes to the McDonald's Premises or request extras or additional work be performed by Contractor. The Parties agree that it is in their mutual best interests to agree upon the rights and obligations of the respective Parties with regard to such request.

Now Therefore, in consideration of the foregoing recitals, the terms and conditions contained herein and other good and valuable consideration the adequacy of which is acknowledged, the parties agree as follows:

(1) The Parties agree that Operator and Contractor shall enter into a separate and independent contract under which Contractor shall perform work and/or provide services directly for Operator in conjunction with the work Contractor performs under its contract with Jobber. All such work shall meet or exceed McDonald's standards, specifications and guidelines and such contract shall be subject to the terms and conditions of this Agreement.

(2) Any work performed by Contractor for Operator shall not result in any increase of construction or maintenance cost to Jobber or McDonald's without first obtaining Jobber's and McDonald's written consent, which consent may be withheld in either party's sole discretion.

(3) Any work performed by Contractor for Operator shall not cause a delay in the completion date set forth in the contract between Jobber and Contractor without first obtaining the written consent of Jobber. Such consent shall not be unreasonably withheld or delayed.

(4) Contractor and Operator acknowledge and agree that there will be no structural changes or increase in the total area of the McDonald's Premises without first obtaining the written consent of McDonald's and Jobber, which consent may be withheld in either party's sole discretion.

(5) Contractor agrees that any work performed for Operator shall be billed to and paid directly by the Operator as its sole obligation.

(6) Contractor and Operator agree to defend, indemnify and hold Jobber and McDonald's harmless from any and all claims that may arise as a result of the contract between Contractor and Operator, including, but not limited to, attorneys fees and court costs.

(7) Contractor and Operator agree that any disputes arising out of or under their contract will be resolved between them without making Jobber or McDonald's a party to such dispute or any resulting litigation.

(8) This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of each of the parties.

(9) This Agreement shall not supersede or modify the LOP, but shall be considered as ancillary.

(10) In the event of any conflict, inconsistency or incongruity between the provisions of this Agreement and any of the provisions of the LOP, to the extent that the documents can not be interpreted so as to be consistent, then the provisions of this Agreement shall govern and control.

(11) This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have set their hands and seals as of the day and year first written above.

JOBBER:

By: ______________________________
Its: ______________________________

McDONALD'S USA, LLC

By: ______________________________
Its: ______________________________

CONTRACTOR:

By: ______________________________
Its: ______________________________

OPERATOR:

____

[Attach Acknowledgment]

THIRD QUARTER 2012
GROUNDWATER MONITORING REPORT &
NO FURTHER ACTION REQUEST
Former Coburg Shell Station
32910 East Pearl Street
Coburg, Lane County, Oregon

<u>Prepared for:</u>

Mr. Jim Anderson
Truck 'N Travel (Eugene Truck Haven)
32910 East Pearl Street
Coburg, Lane County, Oregon

<u>Prepared by:</u>

Broadbent & Associates, Inc.
1324 Mangrove Avenue, Suite 212
Chico, California 95926
(530) 566-1400

September 21, 2012

No. 12-08-104

BROADBENT
1324 Mangrove Ave., Suite 212, Chico, CA 95926
[T] 530-566-1400 [F] 530-566-1401
broadbentinc.com

Creating Solutions, Building Trust.

September 21, 2012 Project No. 12-08-104

Truck 'N Travel
32910 East Pearl Street
Coburg, Oregon 97408

Attn.: Mr. Jim Anderson

Re: Third Quarter 2012 Groundwater Monitoring Report and No Further Action Request, Former Coburg Shell Station (Eugene Truck Haven), 32910 East Pearl Street, Coburg, Lane County, Oregon.

Dear Mr. Anderson:

Broadbent & Associates, Inc. is pleased to provide this Third Quarter 2012 Groundwater Monitoring Report and No Further Action Request associated with the Former Coburg Shell Station in Coburg, Lane County, Oregon. This report presents a summary of groundwater monitoring and sampling activities conducted during Third Quarter 2012. This submittal also includes a description of previous groundwater monitoring/sampling events, subsurface investigation, and UST decommissioning activities in an effort to support a request for no further action.

Should you have questions or require additional information, please do not hesitate to contact us at (530) 566-1400.

Sincerely,
BROADBENT & ASSOCIATES, INC.

REGISTERED OREGON ARIC C. MORTON G2290 GEOLOGIST
EXP 1-31-13

Aric C. Morton, R.G.
Associate Geologist

cc: Teresa Danovich
Oregon Department of Environmental Quality
165 E. 7th Avenue, Suite 100
Eugene, OR 97401

THIRD QUARTER 2012 GROUNDWATER MONITORING REPORT
AND NO FURTHER ACTION REQUEST
FORMER COBURG SHELL STATION
COBURG, LANE COUNTY, OREGON

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THIRD QUARTER 2012 GROUNDWATER MONITORING REPORT
AND NO FURTHER ACTION REQUEST
FORMER COBURG SHELL STATION
COBURG, LANE COUNTY, OREGON

1.0 INTRODUCTION

Broadbent & Associates, Inc. (Broadbent) is pleased to present this *Third Quarter 2012 Groundwater Monitoring Report and No Further Action Request* associated with the former Coburg Shell Station, also known as the Eugene Truck Haven, located in Coburg, Lane County, Oregon (Site or Former Coburg Shell). A Site Location Map is presented as Drawing 1. Additional groundwater monitoring and sampling activities were requested by Oregon Department of Environmental Quality (DEQ) to provide additional data to document four groundwater sampling events at the Site. In addition, this report includes information regarding historical investigation and Site decommissioning activities to determine that no further action is required. Details of work performed, discussion of results, and recommendations are provided below.

Facility Name / Address:	Former Coburg Shell Station 32910 East Pearl Street, Coburg, Lane County, Oregon
Broadbent Contact:	Aric Morton, (530) 566-1400
Broadbent Project No.:	12-08-104
Primary Regulatory Agency:	Oregon Department of Environmental Quality (DEQ)
Current phase of project:	No Further Action/Site closure
List of Acronyms / Abbreviations:	See end of report text for list of acronyms/abbreviations used in report.

WORK PERFORMED THIS QUARTER (Third Quarter 2012):

1. Conducted groundwater monitoring and sampling on August 1, 2012.
2. Submit *Third Quarter 2012 Groundwater Monitoring Report and No Further Action Request* (contained herein).

WORK SCHEDULED FOR NEXT QUARTER (Fourth Quarter 2012):

1. Assist DEQ with evaluation of no further action as required to pursue closure of this project.

QUARTERLY MONITORING PLAN SUMMARY:

Groundwater level gauging:	MW-1 though MW-4
Groundwater sample collection:	MW-1 though MW-4
Biodegradation indicator parameter monitoring:	Not applicable.

QUARTERLY RESULTS SUMMARY:

LNAPL

LNAPL observed this quarter:	No	(yes\no)
LNAPL recovered this quarter:	None	(gal)
Cumulative LNAPL recovered:	None	(gal)

Groundwater Elevation and Gradient:

Depth to groundwater:	5.66 (MW-3) to 6.77 (MW-2)	(ft below TOC)
Gradient direction:	Northwest	(compass direction)
Gradient magnitude:	0.0005	(ft/ft)
Average change in elevation:	0.21	(ft since last measurement)

Laboratory Analytical Data Summary:	None

2.0 SCOPE OF WORK

On August 1, 2012 Broadbent conducted groundwater monitoring activities as requested by DEQ. Field methods used during groundwater monitoring are provided in Appendix A. Field data sheets associated with groundwater monitoring and sampling are provided in Appendix B. Depth to water was measured in monitor wells MW-1 though MW-4 associated with the Site. Table 1 provides data associated with depth to water measurements recorded at the Site. Collected groundwater samples MW-1 though MW-4 were submitted to Alpha Analytical (Sparks, Nevada) for analyses of DRO by Northwest Total Petroleum Hydrocarbons - Diesel Extended, GRO by Northwest Total Petroleum Hydrocarbons - Gasoline Extended, and VOCs by EPA Method 8260. DEQ personnel were on-Site during Third Quarter 2012 groundwater monitoring and sampling activities. Additional water level measurements were recorded after groundwater sampling had been performed. Secondary water level measurements are provided in the associated field data sheets in Appendix B.

LNAPL was not observed to be present during monitoring activities, and has not been reported during previous events. Groundwater sample analytical data are provided in Table 2. Drawing 2 is provided as a groundwater elevation contour and Drawing 3 is an analytical summary map for select constituents as sampled on August 1, 2012. Laboratory analytical report and chain of custody record are provided in Appendix C.

3.0 DISCUSSION OF GROUNDWATER MONITORING RESULTS

Laboratory results of Third Quarter 2012 groundwater samples were below laboratory reporting limits for each analyzed constituent. Review of laboratory analytical data in Table 2 indicate that groundwater sampling results associated with on-Site monitor well MW-1 through MW-4 have been below detection limits since Second Quarter 2012. It is noted that minor concentrations of DRO and ORO were reported during the first groundwater sampling event performed during First Quarter 2011.

The groundwater gradient direction was to the northwest at an approximate magnitude of 0.0005 ft/ft. The groundwater gradient direction and magnitude are seasonably variable and are likely related to surface flow in Muddy Creek Irrigation Channel located immediately west of the Site.

Groundwater monitoring and sampling results do not appear to indicate that contaminates of concern are associated with the Former Coburg Shell Station and no further action is warranted. Additional information associated with the request for no further action is provided below.

4.0 NO FURTHER ACTION REQUEST

Site investigation, UST system decommissioning, and groundwater sampling results indicate that no evidence of a release associated with the Former Cobrug Shell Station has occurred. Documentation and laboratory analytical results supporting the request for no further action or Site closure have been prepared as request by DEQ.

4.1 Site Setting/Description

The former Coburg Shell Station is located southeast of the intersection of East Pearl Street and Coburg Industrial Way. The land use in the vicinity of the Site is primarily mixed agricultural, commercial, and industrial. The Site was primarily covered with asphalt or concrete surfacing with the exception of planters located along perimeter boundaries; however, the condition of the existing surface is unknown as decommissioning activities may have removed general surface features and improvements. The Site formerly contained three underground storage tanks (unleaded, premium, and diesel) located on the eastern portion of the Site, a station building, and dispenser islands. Site features (former) and the existing monitor well network is provided as Drawing 2.

4.2 Summary of Previous Investigations

Provided below is a generalized summary of assessment and investigation activities performed at the Site or in the general vicinity.

April 2007

The Oregon Department of Transportation (ODOT) completed a Level 1 Hazardous Materials Corridor Assessment (HMCA) to identify and assess (as possible) the potential presence of environmental conditions along the future work area associated with the Project I-5 @ Coburg Interchange. It is assumed that historical and current uses of various properties along Pearl Street were considered to be of potential concern and ODOT recommended that a Level 2 Preliminary Site Investigation (PSI) be performed along the south side of East Pearl Street between Coburg Industrial Way and Roberts Road.

August – November 2009

ODOT's PSI activities included conduct of a geophysical survey on three tax lots in the area and conduct of subsurface sampling via direct push boring on two of three lots. ODOT advanced four on-Site borings (GP-1 through GP-4) and three additional borings (GP-5 through GP-7) off-Site on property to the east using direct-push techniques. Soil samples were collected in a continuous five (5)-foot long, disposable acetate liners. Soil samples were collected from the acetate liners and immediately transferred into laboratory prepared containers. Temporary wells were constructed in borings GP-2, GP-3, and GP-5 to facilitate the collection of groundwater samples. The seven borings were abandoned immediately after appropriate sample collection. ODOT boring locations are depicted on Drawing 4.

ODOT submitted approximately 20 soil samples and three groundwater samples to Environmental Science Corporation (ESC) laboratory in Mt. Juliet, Tennessee for analysis. ESC's report indicated that petroleum hydrocarbons (select TPH-Dx/Gx, VOCs, and SVOC constituents) were detected in samples collected from borings GP-1, GP-2 and GP-3 which were located on the former Coburg Shell station property. Laboratory analytical results for ODOT's groundwater and soil samples are provided in Table 2 and Table 3 respectively. ODOT summarized field activities in their January 2010 *Level 2 Preliminary Site Investigation* report.

September 2010

DEQ required conduct of additional subsurface investigation activities at the former Coburg Shell property based on results of ODOT's *Level 2 Site Investigation*. EGR & Associates, Inc. (EGR) were contracted to conduct additional subsurface investigation activities including installation of four groundwater monitor wells MW-1 through MW-4 at the Site on September 8, 2010. Locations were selected in order to intercept contamination regardless of the direction of the groundwater gradient and to allow determination of the anticipated seasonal variation in the groundwater flow direction due to the proximity of the Muddy Creek Irrigation Channel. The location of MW-2 was also selected due to its proximity to the area of highest contamination reported by ODOT (GP-2). Monitor wells MW-1 through MW-4 were installed using a direct-push hydraulic drill rig operated by Pacific Northwest Drilling to facilitate the collection of appropriate soil samples down to an approximate depth of 15 feet below land surface (ft. bls) and complete well installation activities. Monitor well locations are provided in Drawing 2. Soil and groundwater samples were collected and submitted to Specialty Analytical in Clackamas, Oregon. Soil sample results of monitor well installation are provided on Drawing 5.

Groundwater was encountered in each boring between eight (8) and nine (9) ft. bls. Soil samples were collected at approximately four (4) ft. bls and at the groundwater interface. Groundwater samples were collected during installation on September 8, 2010 and approximately fifteen days later on September 23, 2012. Laboratory analytical results of groundwater and soil sampling performed by EGR are provided in Tables 2 and 3 respectively. Review of laboratory analytical data of samples collected on September 8, 2010 indicates that 2-Butanone was detected in samples MW-2-8' and MW-3-4'. Total xylenes were also reported in soil sample MW-3-4'. Groundwater detections were limited to TPH-Dx in September 8, 2010 samples from wells MW-2, MW-3, and MW-4. Subsequent sampling in wells MW-1 through MW-4 performed on September 23, 2010 were below detection limits for TPH-Dx. ERG's field activities were summarized in their October 29, 2010 *Monitoring Well Installation and Soil and Groundwater Sampling* report.

May 2012

Decommissioning activities were completed at the Site during the first half of 2012. M&M Services LLC of Grants Pass, Oregon were the prime contractors responsible for Site decommissioning. Broadbent personnel mobilized to the Site on May 15, 2012 to witness removal of the Site's dispenser islands and subsurface conveyance piping to facilitate the collection of appropriate decommissioning samples. Broadbent staff monitored excavated areas using visual and olfactory senses combined with use of a photo-ionization detector (PID) in an effort to determine the presence of volatile organic compounds (VOCs). Piping soil samples (identified as PR-1 through PR-3) were collected underneath former piping runs, and dispenser soil samples (DS-1 through DS-4) were collected under the former dispenser locations. No obvious indicators of petroleum contaminated soils through failure or release from associated piping or dispensers were observed. Decommissioning soil samples associated with the former piping and dispensers were collected at approximately three (3) ft. bls with the exception of PR-1 which was collected at approximately 3.5 ft bls. Collected samples were properly labeled, chilled, and delivered, under chain-of-custody procedure to Alpha Analytical Laboratories, Inc. (Sparks, Nevada) for analysis of gasoline and diesel via TPH-Gx/Dx. Laboratory analyses were performed as requested by DEQ personnel. Dispenser and piping decommissioning soil sample analytical results are provided in Table 3 and Drawing 6.

On May 16, 2012, a representative of Broadbent arrived on-Site to witness removal of the three underground storage tanks (unleaded, premium, and diesel), assist with tank inspection, and facilitate collection of appropriate decommissioning soil samples. Broadbent staff monitored excavated areas using visual and olfactory senses combined with use of the PID for the presence of VOCs. The USTs appeared to be in good condition with no obvious indicators of failure or corrosion, and no significant stained soil or odors were reported. Depth to groundwater within the excavation was estimated to be between six (6) and seven (7) ft. bls. Accordingly, the on-site DEQ representative requested that UST decommissioning soil samples be collected along the excavation sidewalls, above the groundwater interface, at approximately six (6) ft bls. In addition, one soil sample was collected at the location of the vent lines adjacent to the former station building. No staining, significant odors or relatively high PID readings were observed during UST excavation decommissioning and vent line sampling. UST decommissioning soil sample analytical results are provided in Table 3 and Drawing 6.

Broadbent personnel also collected groundwater samples from monitor wells MW-1 through MW-4 on May 16, 2012. Groundwater sampling was performed using low-flow purge and sampling methodology with a peristaltic pump. Collected groundwater samples were submitted to Alpha Analytical Laboratories, Inc. under chain-of-custody record for analysis of TPH-Gx/Dx. No significant odors or sheen were observed during groundwater sampling activities. Laboratory analytical results for the May 16, 2012 sampling event are provided in Table 2.

Broadbent summarized decommissioning observation and confirmation soil sampling activities in their June 11, 2012 *Field Activity and Sampling Report*. A copy of this report was forwarded to M&M Services LLC for inclusion in their decommissioning report.

August 2012

In a July 24, 2012 email, DEQ requested that one more round of groundwater monitoring and sampling be performed at monitor wells MW-1 through MW-4 as four quarters of appropriate data had not been compiled for the Site. The groundwater samples were requested to be analyzed by TPH-Gx/Dx and a full suite of VOCs. Groundwater sampling activities were completed on August 1, 2012. In addition, a copy of the laboratory analytical report is provided in Appendix A. Laboratory analytical results of select constituents have also been provided in Table 2.

4.3 Site Geology

Review of lithologic logs prepared by EGR & Associates, Inc. (EGR) indicates that immediately under the surface was approximately one to two feet of fill material. An interval of sandy silt approximately seven to nine feet was observed underneath the fill in borings for monitor wells MW-1, MW-2, and MW-3. Sandy gravel was observed underlying the sandy silt to an approximate total depth of 15 feet bls in well borings MW-1, MW-2, and MW-3. Well boring MW-4 exhibited sandy silt from approximately one foot bgs to total depth drilled (15 ft bls). Similar subsurface soil conditions above seven ft bls were reported by Broadbent personnel during UST decommissioning observation.

4.4 Hydrogeology and Topography

Groundwater elevations measured on August 1, 2012 yielded a general potentiometric groundwater gradient and magnitude towards the northwest at approximately 0.0005 ft/ft. Review of additional groundwater monitoring data provided in EGR's October 29, 2010 *Monitor Well Installation and Soil and Groundwater Sampling* report indicates that the groundwater gradient and magnitude varied during initial sampling events. EGR's report indicated that the gradient measured immediately after well installation on September 8, 2012 was to the northwest and southwest at a magnitude between 0.0082 ft/ft northwest and 0.0069 ft/ft southwest. Their next monitoring event on September 23, 2012 resulted in a gradient to the northeast and southeast at 0.0044 ft/ft northeast and 0.0023 ft/ft southeast. Table 3 provides historic depth to water measurements, but available data appears to indicate that depth to water at the Site varies between five and seven feet bls. Variations in the groundwater gradient and magnitude are likely attributed to influence from the Muddy Creek Irrigation Channel located along the Site's western border.

In general the topography of the immediate area appears to slope to the north-northwest.

4.5 Relevant Technical Information

Subsurface investigation activities were required at the Site due to the PSI performed by ODOT. Laboratory analytical results indicated the presence of soil and/or groundwater contamination in three exploratory borings GP-1, GP-2 and GP-3. Based on this information, DEQ required Truck 'N Travel, also known as Eugene Truck Haven, to perform investigation activities to assist with identification of the source area of the detections reported by ODOT. Monitor wells MW-1 through MW-4 were installed to assist with identification of potential contamination and provide groundwater monitoring data to determine seasonal variations in the gradient direction and magnitude. The monitor wells were placed strategically in an effort to intercept potential contamination from the UST system. In addition, MW-2 was placed in the assumed down-gradient direction from the northern dispenser island and ODOT's GP-2 location to determine if the islands may be a source area. Soil samples collected during well installation activities did not indicate the presence of constituents of concern. Groundwater samples collected immediately after well installation indicated the presence of TPH-Dx. Subsequent sampling performed approximately 15 days after well installation were below detection limits. Minor detections were observed during First Quarter 2011; however, 2012 groundwater monitoring events have not produced detectable concentrations. In addition, soil samples collected during UST system decommissioning activities were below detection limits in samples submitted for analysis. Decommissioning sampling appears to indicate that the former UST system associated with the former Coburg Shell Station does not appear to be a source of potential contamination. ODOT's results do not appear to be consistent with sampling performed immediately underneath and adjacent to decommissioned UST infrastructure.

4.6 Site Conceptual Model

Broadbent has prepared this generalized Site Conceptual Model (SCM) as part of the evaluation of the Site for no further action and closure. A SCM is prepared to evaluate Site conditions and its setting with respect to hazards which may potentially threaten or impact sensitive receptors if applicable. It includes an identification of the likely source of contamination and/or hazard (if present), and includes a description of the potential exposure pathways to sensitive receptors. The SCM is used to evaluate potential risk assessment and data collection investigations, and should be modified accordingly as new data is collected which may provide additional understanding of a Site's impact to sensitive receptors.

4.6.1 Sources of Contamination

Primary potential sources of contamination include the former USTs, Site dispensers, and underground conveyance piping; however, infrastructure associated with these former UST distribution system components was removed from the Site in May 2012. Laboratory analytical results of appropriate decommissioning soil samples collected underneath the former dispenser and subsurface conveyance piping did not indicate the presence of source area contamination or that a release had occurred. In additional no readily available field evidence or observations indicated the presence of contaminated soil associated with the dispensers and conveyance piping with the exception of minor odors and elevated PID readings at sample PR-2. Broadbent staff monitored excavated areas using visual and olfactory senses combined with use of the PID for the presence of VOCs, and DEQ staff were present during sample collection.

Decommissioning soil samples of the UST basin were collected under the direction of DEQ personnel. Broadbent staff monitored excavated areas using visual and olfactory senses combined with use of the PID for the presence of VOCs. The USTs appeared to be in good condition with no obvious indicators of failure or corrosion, and no significant stained soil or odors were reported. Due to the presence of groundwater at approximately seven (7) ft bls, decommissioning soil samples were collected along the excavation sidewalls, above the groundwater interface, at approximately six (6) ft bls. An excavator was used to facilitate sample collection and appropriate soil samples were collected from the excavator bucket due to the excavation depth. In addition, one soil sample was collected at the location of the vent lines adjacent to the former station building. No staining, significant odors or relatively high PID readings were observed during UST excavation decommissioning and vent line sampling. Soil sample analytical results are provided in Table 3.

Groundwater monitoring and sampling performed in Site monitor wells MW-1 through MW-4 also appear to support that a release has not occurred at the Site. Laboratory analytical results of groundwater sampling performed during 2012 did not appear to indicate the presence of a source on the Site. Laboratory analytical results of groundwater sampling are provided in Table 2.

Based on information provided in Tables 2 and 3 there does not appear to be source area associated with the decommissioned UST system located at the former Coburg Shell Station.

4.6.2 Exposure Pathways

As no sources of contamination have been identified associated with Site it is difficult to determine potential exposure pathways due to the lack of supporting evidence that a past release has occurred at the Site. Groundwater is relatively shallow at the Site and it is possible that construction workers may be exposed to potential contaminated water as the history of the general vicinity includes the existence of multiple service stations and that ODOT’s laboratory indicated the potential presence of constituents of concern. However, ODOT’s results do not appear to be consistent with subsurface decommissioning sampling performed in May 2012.

Potential exposure pathways associated with the Site include human ingestion, absorption, and inhalation via exposure to groundwater, subsurface soil, and soil vapor.

Groundwater

Potential exposure pathways via groundwater are ingestion and absorption; however, these exposure pathways are considered to be incomplete as no readily available source of groundwater contamination has been identified with the Site.

Subsurface Soil

Potential exposure pathways via subsurface soil are ingestion and absorption; however, these exposure pathways are considered to be incomplete as no readily available source of soil contamination has been identified with the Site.

Soil Vapor
The potential exposure pathway via soil vapor is inhalation, however, this exposure pathway is considered to be incomplete at this time as no readily available source of contamination has been identified with the Site.

<u>4.6.3 Potential Receptors</u>
As no known sources of contamination have been documented to be associated with the former Coburg Shell Station, no potential receptors have been identified.

Construction workers may be exposed to groundwater, subsurface soil, and soil vapors in the general area; however, extensive efforts via excavation or drilling would be required to complete this pathway. However, no known source of contamination has been identified with the Site.

5.0 NO FURTHER ACTION RECOMMENDATION

Recent groundwater and UST system decommissioning sampling laboratory analytical results have not indicated the presence of potential contaminates of concern or that a past release has occurred at the Former Coburg Shell Station. Additional data supporting the difficulty of identifying a potential source area or release includes the following:

- Groundwater detections of TPH-Gx and BTXE in ODOT borings GP-2 and GP-3 not supported by detections of TPH-GX and BTXE in GP-2 and GP-3 soil samples.
- No constituents of concern detections in soil samples and inconsistent detections in groundwater (inconsistent) samples collected from monitor well MW-2 which is located in an assumed down-gradient direction from the northern dispenser island and ODOT's GP-2 boring.
- No detections of constituents of concern during groundwater monitoring and sampling performed during 2012.
- Relatively good condition of the steel USTs without the presence of observable holes or corrosion.
- No constituents of concern detections in UST decommissioning soil samples collected along the UST excavation perimeter, under subsurface conveyance piping, and underneath former dispensers especially near ODOT borings.
- No obvious visible indicators of a release via major odors or stained soil observed during UST system decommissioning activities.
- No presence of constituents of concern at levels which require a risk-based closure evaluation.

The above data indicates that the Former Coburg Shell Station does not appear to be a source of potential constituents of concern observed during ODOT's PSI. The results of ODOT's PSI do not appear to reflect conditions of the Former Coburg Shell Station as based on recent groundwater and UST decommissioning sampling analytical results. Based on this information, no further action is recommended for this project and Site closure is requested.

6.0 LIMITATIONS

The findings presented in this report are based upon observations of field personnel, points investigated, results of laboratory tests performed by various laboratories, and our understanding of Oregon Department of Environmental Quality requirements. Our services were performed in accordance with the generally accepted standard of practice at the time this report was written. No other warranty, expressed or implied was made. This report has been prepared for the exclusive use of Truck N Travel also known as the Eugene Truck Haven. It is possible that variations in soil or groundwater conditions could exist beyond points explored in this investigation. Also, changes in Site conditions could occur in the future due to variations in rainfall, temperature, regional water usage, or other factors.

7.0 REFERENCES

Broadbent & Associates, Inc., 2012.*Field Activity and Sampling Report, Former Coburg Shell (Truck 'N Travel), 32910 East Pearl Street, Coburg, Lane County, Oregon.* June 11.

EGR & Associates Inc., 2010. *Monitor Well Installation and Soil and Groundwater Sampling, Coburg Shell Service Station, East Pearl Street, Coburg, Oregon*. October 29.

Oregon Department of Environmental Quality, 2003 (RBCs updated September 15, 2009). *Risk-Based Decision Making for the Remediation of Petroleum Contaminated Sites.* September 22.

Oregon Department of Environmental Quality, 2009. *UST Cleanup Manual.* May.

Oregon Department of Transportation, 2010. *Level 2 Primary Site Investigation I-5@ Coburg Interchange, Phase 1, East Pearl Street from Coburg Industrial Way to Roberts Road*. January.

LIST OF COMMONLY USED ACCRONYMS/ABBREVIATIONS:

BTEX:	benzene, toluene, ethylbenzene, total xylenes
DO:	dissolved oxygen
DRO:	diesel range organics
Eh:	oxidation reduction potential
EPA:	Environmental Protection Agency
Fe^{2+}:	ferrous iron
ft/ft:	feet per foot
gal:	gallons
GRO:	gasoline range organics
LNAPL:	light non-aqueous phase liquid
MTBE:	methyl tertiary butyl ether
MTCA:	Model Toxics Control Act
NO_3:	nitrate as nitrogen
PAHs:	polycyclic aromatic hydrocarbons
RBCs:	Risk-Based Concentrations
SO_4:	sulfate
SVOCs:	semi-volatile organic compounds
TOC:	top of casing
μg/L:	micrograms per liter

TABLE 1
GROUNDWATER ELEVATION DATA
Former Coburg Shell Station
32910 East Pearl Street
COBURG, LANE COUNTY, OREGON

Monitoring Well	Date	Surface Elevation (feet)	Top of Casing Elevation (feet)	Total Depth (feet)	Depth to Water (feet bgs)	Groundwater Elevation (feet)
MW-1	9/8/2010	402.68	402.39	15.00	6.44	395.95
	9/23/2010				6.05	396.34
	1/26/2011				---	---
	5/16/2012				5.95	396.44
	8/1/2012				6.24	396.15
MW-2	9/8/2010	403.32	402.85	15.00	6.76	396.09
	9/23/2010				6.62	396.23
	1/26/2011				---	---
	5/16/2012				7.10	395.75
	8/1/2012				6.77	396.08
MW-3	9/8/2010	402.04	401.77	15.00	5.57	396.20
	9/23/2010				5.17	396.60
	1/26/2011				---	---
	5/16/2012				6.03	395.74
	8/1/2012				5.66	396.11
MW-4	9/8/2010	402.80	402.40	15.00	6.68	395.72
	9/23/2010				5.98	396.42
	1/26/2011				---	---
	5/16/2012				6.71	395.69
	8/1/2012				6.29	396.11

The data within this table collected prior to May 2012 was collected by previous consultants. Broadbent& Associates, Inc. has not verified the accuracy of this information.

TABLE 2
GROUNDWATER ANALYTICAL DATA
Former Coburg Shell Service Station
32910 East Pearl Street
COBURG, LANE COUNTY, OREGON

Table 2 - Groundwater Results

Low Level Polynuclear Aromatic Hydrocarbons (PAH) (µg/L) by EPA Method 8270C

Screening Criteria			1-Methylnaphthalene	2-Methylnaphthalene	Acenaphthene	Acenaphthylene	Anthracene	Benzo(a)anthracene	Benzo[a]pyrene	Benzo[b]fluoranthene	Benzo(g,h,i)perylene	Benzo[k]fluoranthene	Chrysene	Dibenz[a,h]anthracene	Fluoranthene	Fluorene	Indeno(1,2,3-cd)pyrene	Naphthalene	Phenanthrene	Pyrene
ODEQ RBC (µg/L)	Ingestion & Inhalation from Tapwater	Residential	NE	NE	370	NE	1,800	0.029	0.0029	0.029	NE	0.29	2.9	0.0029	1,500	240	0.029	6.2	NE	1,100
		Urban Residential	NE	NE	370	NE	1,800	0.033	0.003	0.03	NE	0.33	3.3	0.0088	1,500	240	0.033	6.2	NE	1,100
		Occupational	NE	NE	1,500	NE	7,300	0.56	0.056	0.56	NE	5.6	56	0.056	5,800	970	0.56	25	NE	4,400
	GW in Excavation	Construction and Excavation Worker	NE	NE	25000	NE	79000	9.1	0.53	5.2	NE	49	910	0.21	9600	14000	2.9	680	NE	5800
	Vapor Intrusion into Buildings	Residential	NE	NE	-	NE	-	-	-	-	NE	-	-	-	-	-	-	29,000	NE	-
		Urban Residential	NE	NE	-	NE	-	-	-	-	NE	-	-	-	-	-	-	29,000	NE	-
		Occupational	NE	NE	-	NE	-	-	-	-	NE	-	-	-	-	-	-	-	NE	-
	Volatilization to Outdoor Air	Residential	NE	NE	-	NE	-	-	-	-	NE	-	-	-	-	-	-	-	NE	-
		Urban Residential	NE	NE	-	NE	-	-	-	-	NE	-	-	-	-	-	-	-	NE	-
		Occupational	NE	NE	-	NE	-	-	-	-	NE	-	-	-	-	-	-	-	NE	-
Well ID	**Sample ID**	**Sample Date**																		
GP2-GW	GP2-GW	9/23/2009	**30**	**54**	**0.12**	<0.05	<0.05	<0.05	<0.05	<0.05	<0.05	<0.05	NA	<0.05	<0.05	**0.09**	<0.05	320 & 240	<0.05	<0.05
GP3-GW	GP3-GW	9/23/2009	**15**	**21**	**0.065**	<0.05	<0.05	<0.05	<0.05	<0.05	<0.05	<0.05	NA	<0.05	<0.05	**0.097**	<0.05	170 & 120	<0.05	<0.05
GP5-GW	GP5-GW	9/23/2009	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	<5.0	NA	NA
MW-1	MW-1	9/8/2010																		
		9/23/2010																		
		1/26/2011			<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486	<0.0486
		5/16/2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
		8/1/2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	<2.0	NA	NA
MW-2	MW-2	9/8/2010																		
		9/23/2010																		
		1/26/2011			<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479	<0.0479
		5/16/2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
		8/1/2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	<2.0	NA	NA
MW-3	MW-3	9/8/2010																		
		9/23/2010																		
		1/26/2011			<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478	<0.0478
		5/16/2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
		8/1/2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	<2.0	NA	NA
MW-4	MW-4	9/8/2010																		
		9/23/2010																		
		1/26/2011			<0.0480	<0.0480	<0.0480	<0.0480	<0.0480	<0.0480	<0.0480	<0.0480	<0.0480	<0.0480	<0.0480	<0.0480	<0.0480	**0.0576**	<0.0480	<0.0480
		5/16/2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
		8/1/2012	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	<2.0	NA	NA

Purgeable Aromatics - Benzene, Toluene, Ethyl benzene, and Xylenes (BTEX) (µg/L) by EPA Method 8021B (1)

Screening Criteria			Methyl tert butyl ether (MTBE)	Benzene	Toluene	Ethylbenzene	Xylenes (Total)	TPH as Diesel (µg/L) by NWTPHDX	TPH as Gasoline (µg/L) by NWTPHGX	TPH as Oil (µg/L) by NWTPHDX
ODEQ RBC (µg/L)	Ingestion & Inhalation from Tapwater	Residential	11	0.35	2,300	1,300	210	0.09	0.1	
		Urban Residential	21	0.70	2,300	1,300	210	0.09	0.1	
		Occupational	64	2.2	9,100	5,400	820	0.36	0.42	
	GW in Excavation	Construction and Excavation Worker	59,000	1,700	200,000	110,000	22,000	>S	13	
	Vapor Intrusion into Buildings	Residential	33,000	160	-	-	59,000	>S	>S	
		Urban Residential	70,000	340	-	-	59,000	>S	>S	
		Occupational	560,000	2,700	-	-	-	>S	>S	
	Volatilization to Outdoor Air	Residential	190,000	2,400	-	-	-	>S	>S	
		Urban Residential	410,000	5,100	-	-	-	>S	>S	
		Occupational	1,100,000	13,000	-	-	-	>S	>S	
Well ID	**Sample ID**	**Sample Date**								
GP2-GW	GP2-GW	9/23/2009	NA	740	8,300	2,100	14,000	680	46,000	<250
GP3-GW	GP3-GW	9/23/2009	NA	400	2,600	940	6,300	170	19,000	<250
GP5-GW	GP5-GW	9/23/2009	NA	<1.0	<5.0	<1.0	<3.0	NA	<100	NA
MW-1	MW-1	9/8/2010						BDL	BDL	BDL
		9/23/2010						<0.152		<0.379
		1/26/2011		<0.300	<1.00	<1.00	<1.00	<0.0777	<100	<0.194
		5/16/2012	NA	NA	NA	NA	NA	<100	<100	<500
		8/1/2012	<.50	<0.30	<.50	<.50	<.50	<100	<100	NA
MW-2	MW-2	9/8/2010						285	BDL	BDL
		9/23/2010						<0.156		<0.391
		1/26/2011		<0.300	<1.00	<1.00	<1.00	**0.139**	<100	**0.199**
		5/16/2012	NA	NA	NA	NA	NA	<100	<100	<500
		8/1/2012	<.50	<0.30	<.50	<.50	<.50	<100	<100	NA
MW-3	MW-3	9/8/2010						198	BDL	BDL
		9/23/2010						<0.157		<0.392
		1/26/2011		<0.300	<1.00	<1.00	<1.00	<0.0764	<100	<0.191
		5/16/2012	NA	NA	NA	NA	NA	<100	<100	<500
		8/1/2012	<.50	<0.30	<.50	<.50	<.50	<100	<100	NA
MW-4	MW-4	9/8/2010						295	BDL	BDL
		9/23/2010						<0.152		<0.379
		1/26/2011		<0.300	<1.00	<1.00	<1.00	**0.188**	<100	**0.203**
		5/16/2012	NA	NA	NA	NA	NA	<100	<100	<500
		8/1/2012	<.50	<0.30	<.50	<.50	<.50	<100	<100	NA

Notes:

>S = The groundwater RBC exceeds the solubility limit for this analyte
NE : Screening Level Not Established.
- = The RBC for this indirect pathway is not printed since it is assumed that it is not physically possible to exceed the unacceptable risk level by this pathway.
NA : Not Analyzed
NS : Not Sampled due to dry well or inaccessible.
ND : Sample not detected above laboratory detection limits.
v- Reporting Limits were increased due to high concentrations of target analytes

<0.1	Sample not detected above laboratory detection limits.
0.0618	Sample results above laboratory detection limits, but below screening levels.
<0.1	Laboratory detection limit above screening limit.

5.18	Sample results above laboratory detection limits and screening levels for Residential Ingestion and Inhalaiton from Tap Water
5.18	Sample results above laboratory detection limits and screening levels for Urban Residential Ingestion and Inhalaiton from Tap Water
5.18	Sample results above laboratory detection limits and screening levels for Occupation Ingestion and Inhalaiton from Tap Water
5.18	Sample results above laboratory detection limits and screening levels for Excavation or Construction Worker
5.18	Sample results above laboratory detection limits and screening levels for Residential Vapor Intrusion into Buildings
5.18	Sample results above laboratory detection limits and screening levels for Urban Residential Vapor Intrusion into Buildings
5.18	Sample results above laboratory detection limits and screening levels for Occupational Vapor Intrusion into Buildings
5.18	Sample results above laboratory detection limits and screening levels for Residential Volatilization to Outdoor Air
5.18	Sample results above laboratory detection limits and screening levels for Urban Residential Volatilization to Outdoor Air
5.18	Sample results above laboratory detection limits and screening levels for Occupational Volatilization to Outdoor Air

The data within this table collected prior to May 2012 was provided to Broadbent & Associates, Inc. by previous consultants. Broadbent & Associates, Inc. has not verified the accuracy of this information.

TABLE 3
SOIL SAMPLE ANALYTICAL RESULTS
FORMER COBURG SHELL SERVICE STATION
32910 EAST PEARL STREET
COBURG, LANE COUNTY, OREGON

SAMPLE ID	SAMPLE COLLECTION DEPTH (FEET)	DATE	DIESEL RANGE ORGANICS (DRO) (mg/Kg)	OIL RANGE ORGANICS (ORO) (mg/Kg)	GASOLINE RANGE ORGANICS (GRO) (mg/kg)
GP1-4.5	4.5	11/23/2009	<5.4	<13	<0.67
GP1-7.0	7.0	11/23/2009	**6.8**	**150**	<0.63
GP2-2.5/3.0	2.0-3.0	11/23/2009	<5.0	<13	<0.63
GP2-4.5	4.5	11/23/2009	<5.2	<13	<0.65
GP2-9.5	9.5	11/23/2009	<4.5	<11	<0.56
GP3-2.5	2.5	11/23/2009	<5.1	**13**	<0.64
GP3-4.5	4.5	11/23/2009	<5.1	<13	<0.64
GP3-9.5	9.5	11/23/2009	<4.3	<11	<0.54
GP4-2	2.0	11/23/2009	<4.9	<12	<0.62
GP4-4	4.0	11/23/2009	<5.1	<13	<0.64
GP4-9	9.0	11/23/2009	<5.3	<13	<0.66
GP5-2.5	2.5	11/23/2009	<4.7	<12	<0.58
GP5-5	5.0	11/23/2009	<5.2	<13	<0.64
GP5-9.5	9.5	11/23/2009	<5.6	<14	<0.70
GP6-5	5.0	11/23/2009	<5.1	<13	<0.64
GP6-6.5	6.5	11/23/2009	<5.6	<14	<0.69
GP6-9.0	9.0	11/23/2009	<4.5	<11	<0.56
GP7-2	2.0	11/23/2009	<5.0	<13	<0.63
GP7-4	4.0	11/23/2009	<4.4	<11	<0.55
GP7-9	9.0	11/23/2009	<4.5	<11	<0.56
MW-1-4'	4.0	9/8/2010	BDL	BDL	BDL
MW-1-8'	8.0	9/8/2010	BDL	BDL	BDL
MW-2-4'	4.0	9/8/2010	BDL	BDL	BDL
MW-2-8'	8.0	9/8/2010	BDL	BDL	BDL
MW-3-4'	4.0	9/8/2010	BDL	BDL	BDL
MW-3-9'	9.0	9/8/2010	BDL	BDL	BDL
MW-4-4'	4.0	9/8/2010	BDL	BDL	BDL
MW-4-9'	9.0	9/8/2010	BDL	BDL	BDL
PR-1	3.5	5/15/2012	<25	<100	<5.0
PR-2	3.0	5/15/2012	<25	<100	<5.0
PR-3	3.0	5/15/2012	<25	<100	<5.0
DS-1	3.0	5/15/2012	<25	<100	<5.0
DS-2	3.0	5/15/2012	<25	<100	<5.0
DS-3	3.0	5/15/2012	<25	<100	<5.0
DS-4	3.0	5/15/2012	<25	<100	<5.0

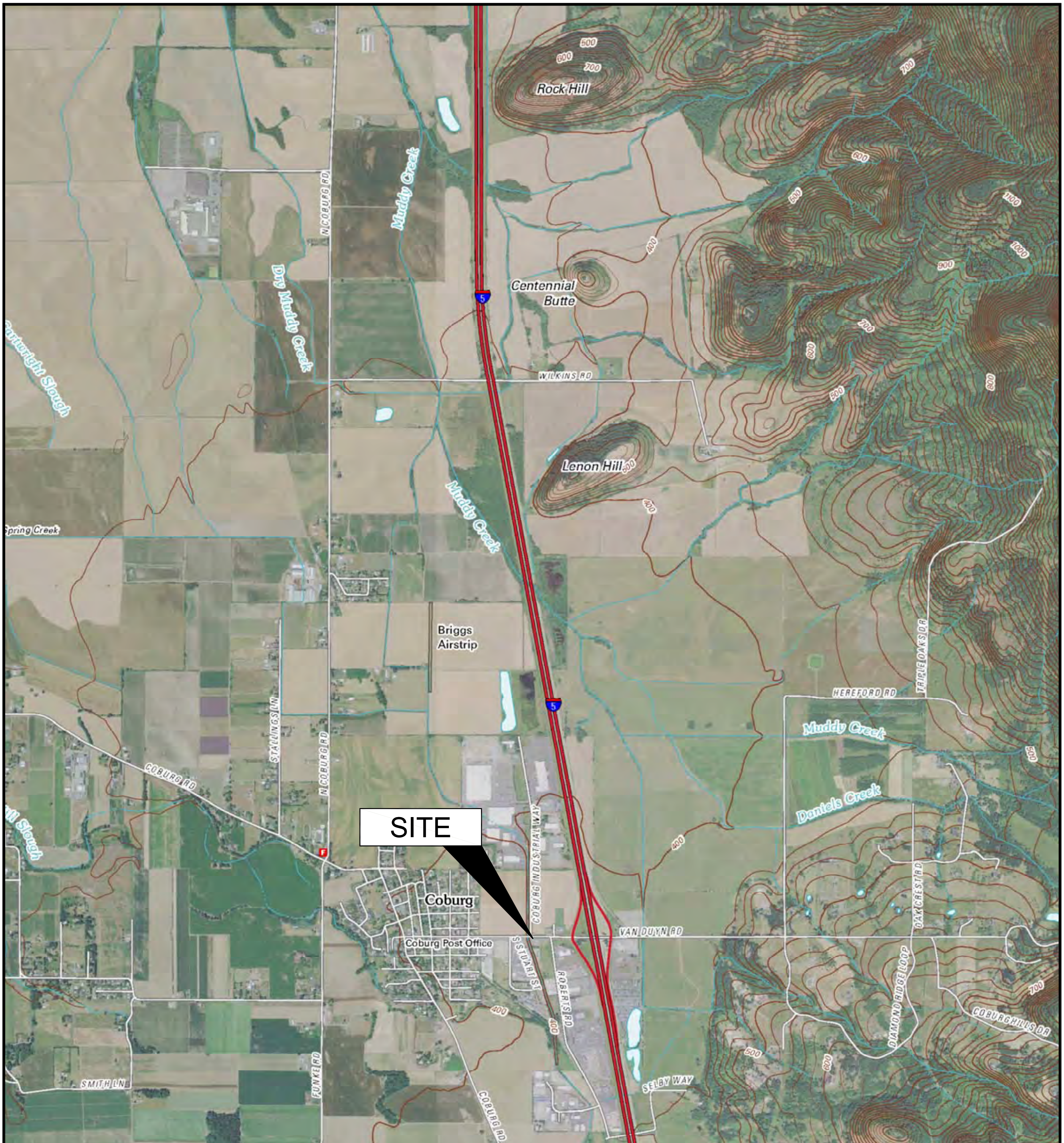
TABLE 3
SOIL SAMPLE ANALYTICAL RESULTS
FORMER COBURG SHELL SERVICE STATION
32910 EAST PEARL STREET
COBURG, LANE COUNTY, OREGON

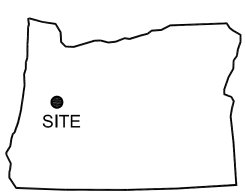
SAMPLE ID	SAMPLE COLLECTION DEPTH (FEET)	DATE	DIESEL RANGE ORGANICS (DRO) (mg/Kg)	OIL RANGE ORGANICS (ORO) (mg/Kg)	GASOLINE RANGE ORGANICS (GRO) (mg/kg)
NE TANK	6.0	5/16/2012	<25	<100	<5.0
N TANK	6.0	5/16/2012	<25	<100	<5.0
E-1 TANK	6.0	5/16/2012	<25	<100	<5.0
E-2 TANK	6.0	5/16/2012	<25	<100	<5.0
W-1 TANK	6.0	5/16/2012	<25	<100	<5.0
W-2 TANK	6.0	5/16/2012	<25	<100	<5.0
S TANK	6.0	5/16/2012	<25	<100	<5.0
VENT	2.5	5/16/2012	<25	<100	<5.0
Occupational RBC - Soil Leaching to Groundwater			**>Max**	**>Max**	**130**
Occupational RBC - Soil Vapor Intrusion into Buildings			**>Max**	**>Max**	**>Max**
Occupational RBC - Soil Volatilization to Outdoor Air			**>Max**	**>Max**	**69,000**
Construction Worker RBC - Soil Ingestion/Dermal Contact/Inhalation			**23,000**	**40,000**	**9,700**
Excavation Worker RBC - Soil Ingestion/Dermal Contact/Inhalation			**>Max**	**>Max**	**>Max**

Notes:

mg/Kg = Milligrams per Kilogram or parts per million, ppm
>Max = The constituent RBC for this pathway is greater than 100,000 mg/Kg. Oregon DEQ believes that it is highly unlikely that such concentrations
--- = Not analyzed
RBC = Risk-Based Concentration Screening Levels (*Risk-Based Decision Making for the Remediation of Petroleum Contaminated Sites,* Oregon DEQ,

<1.0	**Not detected at or above the laboratory method reporting limits**
<1.0	**Laboratory reporting limit above soil RBC**
2.000	**Analyte detected above laboratory reporting limits but below soil RBCs**
5.000	**Analyte detected above laboratory reporting limits and soil RBCs (of applicable color shading)**





N

0 0.5 1.0

APPROXIMATE SCALE (mi)

BROADBENT & ASSOCIATES, INC.
ENGINEERING, WATER RESOURCES & ENVIRONMENTAL
1324 Mangrove Ave. Suite 212 Chico, CA 95926
Project No.: 12-08-104 Date: 08/27/12

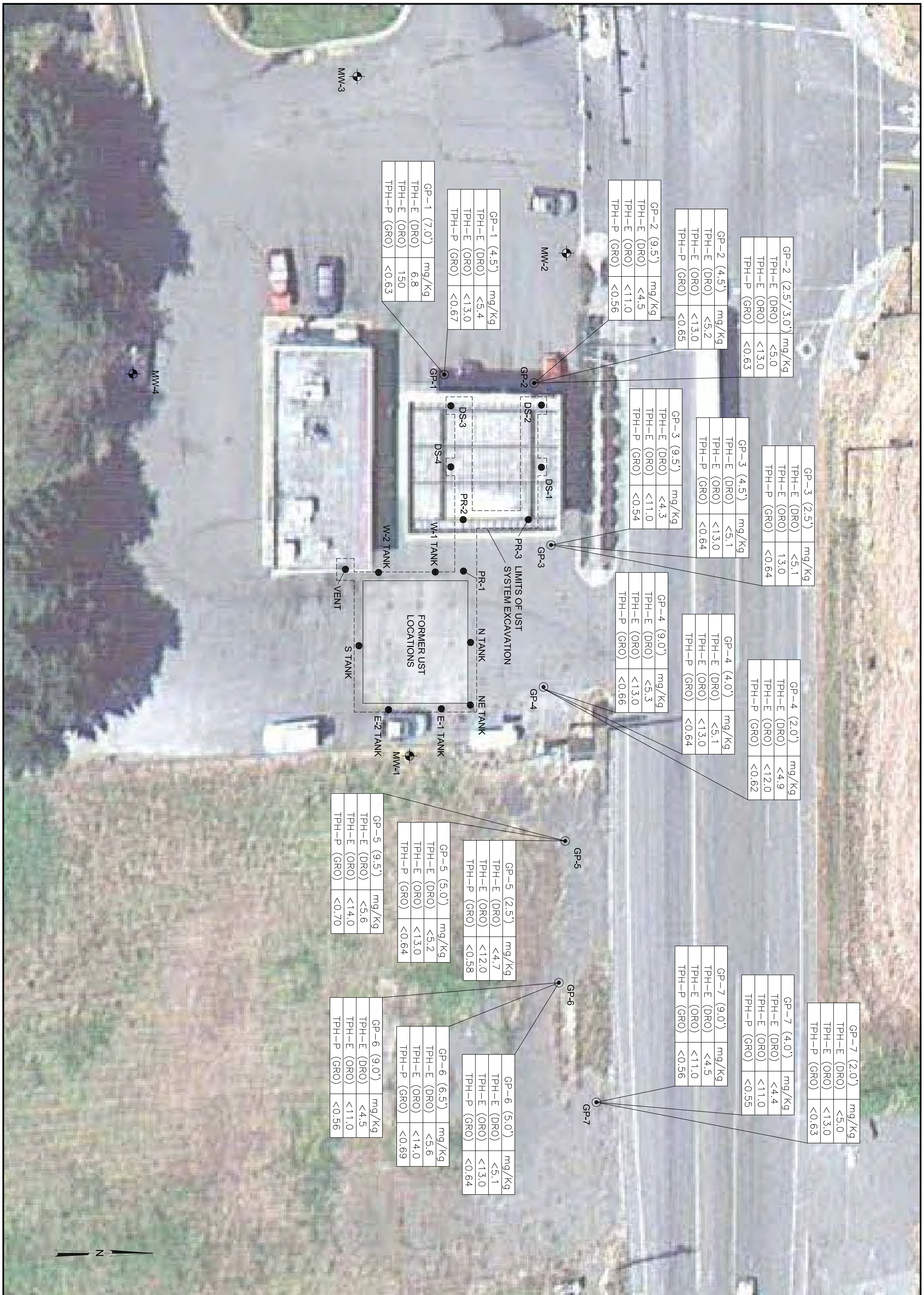
Former Coburg Shell Service Station
32910 E. Pearl Street
Coburg, Lane County, Oregon

Site Location Map

Drawing
1

0 20 40 SCALE (ft)	BROADBENT & ASSOCIATES, INC. ENGINEERING, WATER RESOURCES & ENVIRONMENTAL 1324 Mangrove Ave. Suite 212 Chico, CA 95926 Project No.: 12-08-104 Date: 08/24/12	Former Coburg Shell Service Station 32910 E. Pearl Street Coburg, Lane County, Oregon	Groundwater Elevation Contour Map	Drawing 2

0 20 40 SCALE (ft)	**BROADBENT & ASSOCIATES, INC.** ENGINEERING, WATER RESOURCES & ENVIRONMENTAL 1324 Mangrove Ave. Suite 212 Chico, CA 95926 Project No.: 12-08-104 Date: 08/27/12	Former Coburg Shell Service Station 32910 E. Pearl Street Coburg, Lane County, Oregon	Third Quarter 2012 Groundwater Analytical Results Sample Date: 8/1/12	Drawing 3



0 20 40

SCALE (ft)

BROADBENT & ASSOCIATES, INC.
ENGINEERING, WATER RESOURCES & ENVIRONMENTAL
1324 Mangrove Ave. Suite 212 Chico, CA 95926
Project No.: 12-08-104 Date: 09/14/12

Former Coburg Shell Service Station
32910 E. Pearl Street
Coburg, Lane County, Oregon

ODOT Soil Sample Analytical Results
Sample Date: 11/23/09

Drawing
4

0 20 40 SCALE (ft)	BROADBENT & ASSOCIATES, INC. ENGINEERING, WATER RESOURCES & ENVIRONMENTAL 1324 Mangrove Ave. Suite 212 Chico, CA 95926 Project No.: 12-08-104 Date: 09/14/12	Former Coburg Shell Service Station 32910 E. Pearl Street Coburg, Lane County, Oregon	Monitoring Well Soil Sample Analytical Results Sample Date: 09/08/10	Drawing 5

0 20 40 SCALE (ft)	BROADBENT & ASSOCIATES, INC. ENGINEERING, WATER RESOURCES & ENVIRONMENTAL 1324 Mangrove Ave. Suite 212 Chico, CA 95926 Project No.: 12-08-104 Date: 09/14/12	Former Coburg Shell Service Station 32910 E. Pearl Street Coburg, Lane County, Oregon	Decommissioning Soil Sample Analytical Results Sample Date: 05/15-16/12	Drawing 6

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buildings in the C-1 district.

c. 40-80 percent of ground floor façade facing the street, measured horizontally, shall have windows. The lower edge of these windows shall be no more than 30 inches above the sidewalk.

d. The pitch and style of rooflines shall be comparable to existing historic rooflines, such as a 4 in 12 pitch.

e. Surface detailing is required for blank walls (permitted on non-street facing facades only) and shall include offsets, windows, siding, murals, or other similar features.

f. Weather protection for pedestrians (awnings or canopies). Lighted or bubble awnings are not allowed.

12. Residential Development Standards

a. Dwellings allowed outright above or behind a commercial use shall comply with the following standards:

(1) Parking, Garages, and Driveways. All off-street vehicle parking, including surface lots and garages, shall be oriented to alleys or located in parking areas located behind or to the side of the building; except that side-yards facing a street (i.e., corner yards) shall not be used for surface parking. All garage entrances facing a street (e.g., underground or structured parking) shall be recessed behind the front building elevation by a minimum of 4 feet. On corner lots, garage entrances shall be oriented to a side street when access cannot be provided from an alley. These standards do not apply when prevented by existing developments or topography. Each dwelling unit shall provide the required number of parking and bicycle spaces as required in Article VIII.

(2) Use of Alleys. If more than one four-plex or four or more townhouses are proposed, an alley or private mid-block lane shall be required for vehicle access. Alleys or mid-block lanes are not required when existing developments or topography prevents construction of an alley. As part of the development, the City may require dedication of right-of-way or easements and construction of pathways to provide pedestrian connections through a development site.

(3) Common Areas. A homeowners association or other legal entity shall maintain all common areas (e.g., walkways, drives, courtyards, private alleys, parking courts, etc.) and building exteriors. Copies of any applicable covenants, restrictions, and conditions shall be recorded and provided to the city prior to building permit approval.

b. Single family dwellings on individual lots shall comply with the following standards:

(1) Individual lots with frontage only on local or collector streets.

D. <u>Highway Commercial District (C-2)</u>

1. Purpose

The purpose of the C-2 District is to provide goods and services that primarily serve the traveling public and regional market. The C-2 District is intended to promote a high quality of life through a diverse economy and strong tax base, transition between higher and lower intensity uses, and appropriately scaled commercial uses that fit the small town, historic character of the community.

2. Uses and Structures

a. Permitted Principal Uses and Structures, provided the total ground floor space does not exceed 50,000 square feet of gross floor area per building:

(1) Commercial retail and service businesses, including automobile-related and automobile-dependent uses

(2) Commercial uses requiring outdoor storage, display, or customer service areas, such as vehicle sales, rental and repair, retail lumberyards, greenhouses, and retail building supply

(3) Institutional uses, including religious, human care, educational and social institutions and public and semi-public buildings

(4) Offices for professional services, professions and administrative uses

(5) Service and gasoline stations in compliance with Section VII.D.14

(6) Eating Establishments

(7) Existing agricultural, horticultural and livestock uses (no new uses after September 30, 2005)

(8) Existing manufactured dwelling parks, mobile home parks, and other residential uses (no new residential uses), except per subsection (12)

(9) Existing warehouse and wholesale distribution uses (no new uses after September 30, 2005)

(10) Residential structures and uses for on-site security and/or management personnel in conjunction with and as part of another permitted use, up to 1,000 square feet total floor area

(11) Residential uses, provided they are part of a mixed-use building and all residential uses are on an upper floor (no ground floor residential use)

(12) Transportation facilities, consistent with the City's Transportation System Plan

b. Permitted Accessory Uses and Structures

Customary accessory uses to the permitted and conditional uses in subsections a. and c., provided that structures must be in compliance with the Uniform Building Code and may require a building permit

c. Special Exceptions (Conditional Uses). The following uses are permitted with a conditional use permit pursuant to Article X, provided the total ground floor space does not exceed 50,000 square feet of gross floor area per building.

(1) Commercial recreation facilities including indoor theaters, bowling alleys, indoor skating rinks or similar uses that are conducted wholly within a fully enclosed building that is set back at least 75 feet from any property line shared with the Residential District.

(2) Ambulance service

(3) New warehouse uses located on the south side of Delaney Street as noted in City Resolution 90-14

(4) Truck stops on parcels or lots that do not share more than 75 feet of a property line with the Residential Zone

(5) Increase in building height, as provided in subsection 5, below.

3. Lot Requirements

a. For parcels not served by public sewer:

(1) The minimum lot area shall be 10,000 square feet.

(2) The minimum average lot width shall be 100 feet.

(3) A maximum of 60 percent of the lot may be covered by all buildings.

b. For parcels served by public sewers:

(1) No minimum lot area or width is required.

(2) The maximum allowable lot coverage is 80 percent. The maximum allowable lot coverage is computed by calculating the total area covered by buildings and impervious (paved) surfaces, including accessory structures but not including pedestrian pathways. Compliance with other sections of this code may preclude development of the maximum lot coverage for some land uses.

(3) A minimum of 15 percent of the total area of the site shall be landscaped in accordance with Article VIII, Supplementary District Regulations.

4. Yard Setbacks (measured from the building foundation to the respective property line.)

a. Front Yard setbacks shall be a minimum of 5 feet and a maximum of 20 feet. No parking or loading areas shall be located within the front yard setback.

b. Interior Side Yards and Rear Yards: 10 feet minimum

c. A 25-foot horizontal buffer zone shall be required between development and any adjacent Residential District. This buffer is in addition to any required yard setbacks. This area shall provide landscaping to screen parking, service and delivery areas, and walls without windows or entries. The buffer may contain pedestrian seating any pedestrian pathways shall not contain any off-street parking, or storage of equipment, materials, vehicles, etc. Landscaping shall be in accordance with Article VIII, Section H.

d. Water quality treatment areas may be provided within setback yards, subject to City approval.

e. Additional setbacks on public street frontages may be required to provide for planned widening of an adjacent street, consistent with the City's Transportation System Plan.

f. All developments shall meet applicable fire and building code standards, which may require setbacks different from those listed above.

g. Construction of pathways and fence breaks in yard setbacks may be required to provide pedestrian connections to adjacent neighborhoods or uses, or other districts, or public pathways, consistent with the City's Transportation System Plan, Parks Plan or other applicable Comprehensive Plan policies and Zoning Code provisions.

h. Additional setbacks on public street frontages may be required to provide for planned widening of an adjacent street, consistent with the City's Transportation System Plan.

i. All developments shall meet applicable fire and building code standards, which may require setbacks different from those listed above.

5. Maximum Height Standards

a. The maximum structural height shall be 35 feet.

b. As provided in subsection 2.c (conditional use), a building may exceed this height limitation up to a total height of 45 feet when the new building does not abut a Residential District or an existing residential use.

6. Compliance with Design Standards and Guidelines

a. All uses, structures and development in this district are subject to the applicable design and development standards in Article VIII, Supplementary District Regulations.

7. On-Premise Signs

See Sign Ordinance for requirements.

8. Parking and Access Requirements

See ARTICLE VIII Supplementary District Regulations.

9. Off-Site Signs

See Sign Ordinance for requirements.

10. Vision Clearance.

See Article VIII Supplementary District Regulations.

11. Street Standards

New development shall conform to the City's Street Standards, as adopted in the Transportation System Plan and set forth in Article VIII.

12. Building Orientation

a. The primary entrance to a building shall be oriented to the street. "Oriented to the street" means that the building entrance faces the street, or is connected to the street by a direct and convenient separate pedestrian pathway not exceeding 60 feet in length. Streets used to comply with this standard are public streets or private streets that contain sidewalks and street trees.

b. Building entrances on or within 30 feet of a public or private street shall connect to the street system and transit facilities through separated pedestrian pathways that comply with the federal Americans With Disabilities Act (ADA) and City regulations.

c. When the only street abutting a development is an arterial street, the building's entrance(s) may be oriented to an internal drive when impractical to orient towards the street. The internal drive or street shall have a raised, ADA-compliant pathway connecting the building entrance(s) to the street right-of-way.

d. No loading or delivery areas shall be located adjacent to the Residential District.

13. Building Design Standards

a. All new commercial buildings shall have exterior wall articulation every 20 horizontal feet and shall include varied exterior treatment, e.g., varied materials, painting, etc. along the entire façade.

b. All new commercial buildings shall have display windows on the primary frontage, occupying at least 50% of horizontal linear dimension of wall and located not more than three (3) feet above the finished grade. Display windows shall be recessed in the wall a minimum of three (3) feet, and their contents shall be visible through transparent glass. Windows mounted on the exterior façade, non-transparent glass, and non-glass materials covering the inside or outside of any portion of the display window are prohibited.

14. Standards for Service Stations

In addition to meeting the design and development standards in Article VIII, Service Stations shall comply with the additional standards below:

a. <u>Locational Standards</u>

(1) Service stations in retail commercial shopping centers or as part of another

commercial development shall be adjacent to a public street. Vehicular access to the station may be from an internal drive or private street rather than directly from a public street.

(2) At the time the service station use is established, the site shall not share any property line with an existing residential use or the Residential District.

(3) The minimum distance from the site to the Residential District, or an existing residential, school, park, playground, church, or museum use, shall be 200 feet.

(4) The minimum distance between service station sites shall be 400 feet, except at intersections.

(5) Not more than two (2) service stations shall be located at any given intersection. When two service stations are proposed to be located within x feet of an at-grade intersection, they shall be situated on diagonally opposite corners.

(6) New service stations on the same side of a street or highway shall be no closer than 1,500 feet to any part of any existing building on another service station site. This shall not prevent major renovation of existing structures in accordance with this Code.

b. Site Design

(1) A minimum of fifteen (15) percent of the service station site shall be landscaped in accordance with Article VIII. Existing specimen trees, mature ornamental shrubs, and ground cover shall be preserved whenever possible.

(2) Perimeter Buffering

(i) A fence, hedge or wall shall be erected on all interior property lines.

(ii) Such a fence, hedge or wall shall be a minimum of five (5) feet and a maximum of seven (7) feet in height, except within 40 feet of street rights-of-way, where it may be no higher than three (3) feet in height.

(iii) No portion of any fence, hedge or wall shall be within 15 feet of a street right-of-way.

(iv) The fence, hedge or wall shall screen 70 percent of the view between the service station and adjacent property.

(v) These perimeter buffering requirements does not apply to service stations built as part of a shopping center or other commercial development, or where the service station site shares a property line with another commercial use or development.

(3) Each landscaped and planted area shall be serviced by an underground irrigation system that is remotely operated, unless the applicant submits professional certification that the proposed plant species are drought-tolerant for Coburg's climate and the site conditions. Planted areas must remain

living after planting and shall be continuously maintained by the property owner. If the vegetation fails to survive or is otherwise not maintained in good condition, the property owner shall replace them with an equivalent species and size within 180 days.

c. Access

(1) A service station shall be permitted not more than two curb cuts for each arterial street frontage under City jurisdiction.

(2) Access on County roads and State highways shall be determined by Lane County and the Oregon Department of Transportation, respectively.

d. Signs

See Sign Ordinance for requirements.

e. Exterior Lighting

(1) Freestanding lighting fixtures shall not exceed a height of 20 feet.

(2) Lighting fixtures shall be shielded and not shine or glareoff the property.

f. Operations

(1) All service stations must comply with all applicable state and federal rules and regulations.

E. Light Industrial District (LI)

1. Purpose

The purpose of the LI District is to provide areas for manufacturing, assembly, packaging, wholesaling, related activities, and limited commercial uses that support local industry and are compatible with the surrounding commercial and residential districts. The LI District is intended to promote a high quality of life through a diverse economy and strong tax base, transition between higher and lower intensity uses, and appropriately scaled non-polluting industrial uses that fit the small town, historic character of the community.

2. Uses and Structures

a. Permitted Principal Uses and Structures

(1) Commercial and Service

(a) Office(s) provided the office(s) are integral to a primary industrial use (e.g., administrative offices).

(b) Retail and service commercial uses up to 5,000 square feet in gross floor area per (e.g., convenience markets, restaurants, banks, dry cleaners, retail sales of products made on-site, and similar uses)

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First American Title Company of Oregon
600 Country Club Road
Eugene, OR 97401
Phn - (541)484-2900
Fax - (877)783-9167

FOR ALL QUESTIONS REGARDING THIS PRELIMINARY REPORT, PLEASE CONTACT:
Marcia Lind, Title Officer
Phone: (541)484-2900 - Fax: (877)783-9167 - Email: mlind@firstam.com

Rohn Roberts, Attorney At Law
PO Box 1758, 800 Willamette Street Suite 800
Eugene, OR 97440

Order No.: 7199-1958538
September 19, 2012

Attn:
Phone No.: (541)484-0188 - Fax No.:
Email: rroberts@agsprp.com

Re:

Preliminary Title Report

2006 ALTA Owners Standard Coverage	Liability $	TBD	Premium	$	TBD
2006 ALTA Owners Extended Coverage	Liability $		Premium	$	
2006 ALTA Lenders Standard Coverage	Liability $		Premium	$	
2006 ALTA Lenders Extended Coverage	Liability $		Premium	$	
Endorsement			Premium	$	
Govt Service Charge			Cost	$	60.00
Other			Cost	$	

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 September 10, 2012 at 8:00 a.m., title to the fee simple estate is vested in:

Coburg 5, LLC

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.

3. Easements, or claims of easement, not shown by the public records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.

4. Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the subject land.

5. Any lien, or right to a lien, for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the public records.

The exceptions to coverage 1-5 inclusive as set forth above will remain on any subsequently issued Standard Coverage Title Insurance Policy.

In order to remove these exceptions to coverage in the issuance of an Extended Coverage Policy the following items are required to be furnished to the Company; additional exceptions to coverage may be added upon review of such information:

A. Survey or alternative acceptable to the company
B. Affidavit regarding possession
C. Proof that there is no new construction or remodeling of any improvement located on the premises. In the event of new construction or remodeling the following is required:
  i. Satisfactory evidence that no construction liens will be filed; or
  ii. Adequate security to protect against actual or potential construction liens;
  iii. Payment of additional premiums as required by the Industry Rate Filing approved by the Insurance Division of the State of Oregon

6. Taxes for the fiscal year 2012-2013 a lien due, but not yet payable.

7. City liens, if any, of the City of Coburg.
Note: An inquiry has been directed to the City Clerk and subsequent advice will follow concerning the actual status of such liens.

8. The rights of the public in and to that portion of the premises herein described lying within the limits of streets, roads and highways.

9. Easement, including terms and provisions contained therein:
Recording Information: March 19, 1942, Volume 229, Page 149, Deed Records of Lane County, Oregon
In Favor of: Pacific Telephone and Telegraph Company

Modification and/or amendment by instrument:
Recording Information: November 16, 1978, Reel 953, Reception No. 78-76170, Official Records of Lane County, Oregon.

10. Easement, including terms and provisions contained therein:

Recording Information:	March 26, 1942, Volume 229, Page 407, Deed Records of Lane County, Oregon
In Favor of:	Pacific Telephone and Telegraph Company

11. Easement, including terms and provisions contained therein:

Recording Information:	September 10, 1942 in Book 236, Page 108, Deed Records of Lane County, Oregon
In Favor of:	R. P. Stolsig
For:	An electric pole line

12. Easement, including terms and provisions contained therein:

Recording Information:	April 4, 1947, Volume 345, Page 66, Deed Records of Lane County, Oregon
In Favor of:	Pacific Telephone and Telegraph Company

13. Limited access provisions contained in Deed to the State of Oregon, by and through its State Highway Commission recorded February 14, 1957, Reception No. 6063 Deed of Records, which provides that no right of easement or right of access to, from or across the State Highway other than expressly therein provided for shall attach to the abutting property.

14. Easement, including terms and provisions contained therein:

Recording Information:	December 02, 1960, Reception No. 16910, Deed Records of Lane County, Oregon
In Favor of:	Consumers Power, Inc., a corporation
For:	Right of way

15. Easement, including terms and provisions contained therein:

Recording Information:	October 13, 1976, Reel 816, Reception No. 76-53500, Official Records of Lane County, Oregon.
In Favor of:	Pacific Power & Light Company

16. Easement, including terms and provisions contained therein:

Recording Information:	December 17, 1993 as Instrument No. 9382682
In Favor of:	U S West Communications, Inc., a Colorado Corporation
For:	telecommunications facilities

17. Lease and the terms and conditions thereof as disclosed by Memorandum of Lease.

Lessor:	James S. Anderson and Greta Anderson, Trustees of the Jim and Greta Anderson Living Trust; Greta Anderson, Trustee; James S. Anderson, Jr., Trustee
Lessee:	Web Service Company, Inc.
Dated:	September 15, 1999
Recorded:	February 15, 2000

Recording Information: 2000-009003, Official Records of Lane County, Oregon
(Covers additional property)

18. Agreement for Exclusive and Shared Use of Easements, including the terms and conditions thereof, as disclosed in Memorandum of Contract

State Executed by:	Pape' Properties, Inc.; Basin Tire Service, Inc.; ML Coburg, LLC; McNutt Enterprises, LLC; Marylin Wanlass, Successor Trustee of the Wanlass Trust; Mary Murphy, Trustee of the Kilcrease Family Trust QTIP, and Trustee of the Kilcrease Family Trust; Jack D. Kilcrease II, Trustee of the Kilcrease Family Trust 0, and Trustee of the Kilcrease Family Trust 1; Farwest Transportation Northwest, Inc.; Pacific Detroit Diesel Allison Company; RCM Group, LLC; and Coburg Offsite, Inc.
Recorded:	July 17, 2001
Recording Information:	Instrument No. 2001-044521

Modification and/or amendment by instrument:
Recording Information: July 24, 2003 as Instrument No. 2003-068537

Modification and/or amendment by instrument:
Recording Information: February 15, 2011, Instrument No. 2011-007835

19. Easement, including terms and provisions contained therein:

Recording Information:	September 07, 2012, Instrument No. 2012-045584
In Favor of:	Coburg 5, LLC, an Oregon Limited Liability Company
For:	public sanitary sewer system

20. Limited access provisions contained in Deed from Coburg 5, LLC the State of Oregon, by and through its Department of Transportation recorded May 25, 2012, Instrument No. 2012-025867 Deed of Records, which provides that no right of easement or right of access to, from or across the State Highway other than expressly therein provided for shall attach to the abutting property.

21. Limited access provisions contained in Deed from Pape' Properties, Inc., an Oregon corporation the State of Oregon, by and through its Department of Transportation recorded June 25, 2010, Instrument No. 2012-031732 Deed of Records, which provides that no right of easement or right of access to, from or across the State Highway other than expressly therein provided for shall attach to the abutting property.

22. Any conveyance or encumbrance by Coburg 5, LLC should be executed pursuant to their Operating Agreement , a copy of which should be submitted to this office for inspection.

23. Unrecorded leases or periodic tenancies, if any.

- END OF EXCEPTIONS -

NOTE: This Preliminary Title Report does not include a search for Financing Statements filed in the Office of the Secretary of State, or in a county other than the county wherein the premises are situated, and no liability is assumed if a Financing Statement is filed in the Office of the County Clerk covering fixtures and equipment on the premises wherein the lands are described other than by metes and bounds or under the rectangular survey system or by recorded lot and block.

NOTE: Taxes for the year 2011-2012 PAID IN FULL

Tax Amount:	$4,129.34
Map No.:	16-03-33-00-00300
Property ID:	0042042
Tax Code No.:	00449 (Also covers additional property)

NOTE: Taxes for the year 2011-2012 PAID IN FULL

Tax Amount:	$708.00
Map No.:	16-03-33-00-00500
Property ID:	0042083
Tax Code No.:	00459

NOTE: Taxes for the year 2011-2012 PAID IN FULL

Tax Amount:	$7,480.85
Map No.:	16-03-33-00-00501
Property ID:	0042109
Tax Code No.:	00459 (Also covers additional property)

NOTE: Taxes for the year 2011-2012 PAID IN FULL

Tax Amount:	$768.87
Map No.:	16-03-33-00-00502
Property ID:	0042117
Tax Code No.:	00459

NOTE: According to the public record, the following deed(s) affecting the property herein described have been recorded within 24 months of the effective date of this report: NONE

Situs Address as disclosed on Lane County Tax Roll:

90950 Roberts Road, Coburg, OR 97408

THANK YOU FOR CHOOSING FIRST AMERICAN TITLE!
WE KNOW YOU HAVE A CHOICE!

cc:
cc: Coburg 5 LLC
cc: Rohn Roberts, Attorney At Law
PO Box 1758 800 Willamette Street Suite 800, Eugene, OR 97440

First American Title Insurance Company

SCHEDULE OF EXCLUSIONS FROM COVERAGE

ALTA LOAN POLICY (06/17/06)

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

ALTA OWNER'S POLICY (06/17/06)

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

SCHEDULE OF STANDARD EXCEPTIONS

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, or claims of easement, not shown by the public records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
4. Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the subject land.
5. Any lien" or right to a lien, for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the public records.

NOTE: A SPECIMEN COPY OF THE POLICY FORM (OR FORMS) WILL BE FURNISHED UPON REQUEST TI 149 Rev. 7-22-08

Exhibit "A"

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

SITUATED IN THE CITY OF COBURG, LANE COUNTY, STATE OF OREGON IN THE EAST 1/2 OF SECTION 33, TOWNSHIP 16 SOUTH, RANGE 3 WEST OF THE WILLAMETTE MERIDIAN AND DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE WEST MARGIN OF ROBERTS ROAD, LYING 30.00 FEET WESTERLY, BY PERPENDICULAR MEASUREMENT, FROM STATION R27+60.65, SAID POINT ALSO LYING SOUTH 81°15'10" WEST, 60.04 FEET FROM THE SOUTHWEST CORNER OF PARCEL 1 OF LAND PARTITION PLAT NUMBER 93-P0315 AS PLATTED AND RECORDED IN THE LANE COUNTY OREGON PARTITION PLAT RECORDS; THENCE ALONG SAID WESTERLY MARGIN OF ROBERTS ROAD, NORTH 06°33'13" WEST, 1398.18 FEET TO THE POINT OF BEGINNING; THENCE LEAVING SAID WESTERLY MARGIN, SOUTH 75°43'32" WEST, 261.65 FEET TO A POINT ON THE EASTERN AND SOUTHERN MARGINS OF THAT CONVEYANCE OF ACCESS RIGHTS AND WARRANTY DEED FROM COBURG 5, LLC TO OREGON DEPARTMENT OF TRANSPORTATION RECORDED ON MAY 25, 2012 AS RECEPTION NUMBER 2012-025867 IN THE LANE COUNTY OREGON OFFICIAL RECORDS AND THAT BARGAIN AND SALE DEED FROM PAPE PROPERTIES, INC., TO OREGON DEPARTMENT OF TRANSPORTATION RECORDED JUNE 25, 2012 AS RECEPTION NUMBER 2012-031732 IN THE LANE COUNTY OREGON OFFICIAL RECORDS; THENCE ALONG SAID LAST MARGIN NORTH 14°17'25" WEST, 281.78 FEET TO AN ANGLE POINT; THENCE CONTINUING ALONG LAST SAID MARGIN NORTH 01°28'57" WEST, 93.35 FEET TO AN ANGLE POINT; THENCE CONTINUING ALONG LAST SAID MARGIN NORTH 56°51'10" EAST, 14.88 FEET TO AN ANGLE POINT; THENCE CONTINUING ALONG SAID LAST MARGIN SOUTH 88°11'26" EAST, 231.11 FEET TO AN ANGLE POINT; THENCE CONTINUING ALONG LAST SAID MARGIN SOUTH 00°24'59" EAST, 93.54 FEET TO AN ANGLE POINT; THENCE CONTINUING ALONG SAID MARGIN SOUTH 40°23'56" EAST, 102.35 FEET TO A POINT ON THE AFORESAID WESTERLY MARGIN OF ROBERTS ROAD; THENCE ALONG SAID WESTERLY MARGIN, SOUTH 06'33'13" EAST, 132.10 FEET, MORE OR LESS, RETURNING TO THE POINT OF BEGINNING.

Tax Parcel Number: 0042042, 0042083, 0042109 and 0042117

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Lane County Clerk
Lane County Deeds and Records

2012-045584

$82.00

01315293201200455840040044

09/07/2012 10:39:06 AM

RPR-ESMT Cnt=2 Stn=15 CASHIER 11
$5.00 $20.00 $20.00 $10.00 $11.00 $16.00

Recorded at the request of
and after recording return to:
Branch Engineering, Inc.
310 Fifth Street
Springfield, OR 97477

Grantor/Grantee:
Coburg 5, LLC
PO Box 7608
Coburg OR 97401

Grantor/Grantee:
Pape Properties, Inc.
PO Box 407
Eugene OR 97440

City:
City of Coburg
PO Box 8316
Coburg OR 97408

EASEMENT, COVENANT AND SERVITUDE

The true and actual consideration for this declaration is other than monetary.

RECITALS:

1) COBURG 5, LLC, an Oregon Limited Liability Company, Grantee/Grantor, is the owner of the lands that are described in those Statutory Special Warranty Deeds that were recorded May 31, 2002 at Reception Numbers 2002-042311 and 2002-042314 in the Official Records of Lane County, State of Oregon.
2) Pape' Properties, Inc., an Oregon Corporation, Grantee/Grantor, is the owner of the lands that are described in that Bargain and Sale Deed that was recorded May 1, 1996 at Instrument Number 9628521 on Reel 2168R in the Official Records of Lane County, State of Oregon.
3) Said lands are in the process of being reconfigured via City of Coburg Planning File No. LLA-01-12 in which Coburg 5, LLC will be the sole owner of the burdened and benefitting properties once complete. The burdened and benefitting properties are described in Exhibits 'A' and 'B', respectively, attached hereto and made a part hereof. The burdened and benefitting properties are depicted in Exhibit 'C', attached hereto and made a part hereof.
4) Coburg 5, LLC will be constructing improvements on the benefitting property. The City of Coburg does not yet have a public sanitary sewer system available for the benefitting property. Coburg 5, LLC will be installing a temporary individual on-site sewage disposal system on the burdened property.

DECLARATION OF EASEMENT AND COVENANT:

A) Easement: Grantor hereby conveys to the City of Coburg its successors and assigns, a perpetual nonexclusive easement in, upon, and running with the burdened and benefitting properties allowing the city's officers, agents, employees and representatives to enter and inspect, including by excavation, the on-site sewage disposal system on the burdened and benefitting properties. This easement shall be terminated at such time as use of the individual on-site sewage disposal system has ceased because the structures on the benefitting property are fully served by an adequate public sanitary sewer system or an alternative on-site sewage system located elsewhere. Upon request and a determination that adequate alternative service is available and in use, the City can execute a document requesting the termination of the easement.
B) Covenant: Grantor covenants and agrees not to convey any interest in either the burdened or benefitting properties that results in the severance of the common ownership of these properties unless and until Grantor has granted or reserved a utility easement on the burdened property benefitting the benefitting property in accordance with OAR 340-071-0130. Said easement shall be non-exclusive, perpetual and appurtenant and shall be in a form acceptable to the City. The utility easement shall include the following terms:
    1. Owner(s) of the benefitting property may use the burdened property for purposes of installing, operating and maintaining a drainfield and related facilities for an individual on-site wastewater treatment system.
    2. The burdened property shall not be put to any conflicting use which would be detrimental to the permitted system or contrary to any law (including Oregon Administrative Rule) applicable to the permitted system.

    Further, Grantor covenants that it shall include these covenants in any conveyance of either property.

The Grantor and City intend that these covenants shall run with the land and be binding on the Grantor's heirs, successors and assigns.

IN WITNESS WHEREOF, we have executed this EASEMENT, COVENANT AND SERVITUDE on this ______ day of ____________________________, 2012.

COBURG 5, LLC

Signature:

Printed Name: JOHN A. ANDERSON

Title: Managing Member

STATE OF OREGON)
)ss
County of Lane)

On this 23 day of August, 2012, before me personally appeared JOHN A. ANDERSON who is the MANAGING MEMBER of Coburg 5, LLC on behalf of Coburg 5, LLC and acknowledged the foregoing instrument to be the voluntary act and deed of Coburg 5, LLC.

OFFICIAL SEAL
MONA D ARMSTRONG
NOTARY PUBLIC - OREGON
COMMISSION NO. 453395
MY COMMISSION EXPIRES NOVEMBER 24, 2014

Mona Armstrong
Notary Public for Oregon

PAPE PROPERTIES, INC.

Signature:

Printed Name: ROBERT J RIECKE

Title: PRESIDENT

STATE OF OREGON)
)ss
County of Lane)

On this 24 day of August, 2012, before me personally appeared ROBERT J. RIECKE who is the PRESIDENT of Pape Properties, Inc., an Oregon Corporation on behalf of Pape Properties Inc. and acknowledged the foregoing instrument to be the voluntary act and deed of Pape Properties Inc.

OFFICIAL SEAL
CAROL F DENNER
NOTARY PUBLIC-OREGON
COMMISSION NO. 464838
MY COMMISSION EXPIRES FEBRUARY 03, 2016

Carol F Denner
Notary Public for Oregon

City of Coburg accepts this conveyance of real property or easement

Signature:

Printed Name: PETRA SCHUETZ

Title: CITY ADMINISTRATOR

EXHIBIT A

Burdened Property Legal Description

COMMENCING at a point on the west margin of Roberts Road, lying 30.00 feet westerly, by perpendicular measurement, from Station R27+60.65, said point also lying South 81°15'10" West, 60.04 feet from the southwest corner of Parcel 1 of Land Partition Plat Number 93-P0315 as platted and recorded in the Lane County Oregon Partition Plat Records; THENCE along said westerly margin of Roberts Road, North 06°33'13" West, 1398.18 feet to the **POINT OF BEGINNING; THENCE** leaving said westerly margin, South 75°43'32" West, 261.65 feet to a point on the eastern and northern margin of that Conveyance of Access Rights and Warranty Deed from Coburg 5, LLC to Oregon Department of Transportation recorded on May 25, 2012 as Reception Number 2012-025867 in the Lane County Oregon Official Records; **THENCE** along said last margin South 14°17'25" East, 174.70 feet to an angle point; **THENCE** continuing along last said margin South 23°39'30" East, 49.03 feet to an angle point; **THENCE** continuing along last said margin South 47°59'51" East, 56.89 feet to an angle point; **THENCE** continuing along said last margin South 66°56'30" East, 53.60 feet to an angle point; **THENCE** continuing along last said margin North 09°47'00" East, 54.01 feet to an angle point; **THENCE** continuing along said margin North 81°33'13" East, 121.95 feet to a point on the aforesaid westerly margin of Roberts Road; **THENCE** along said westerly margin, North 06'33'13" West, 268.38 feet, more or less, returning to the **POINT OF BEGINNING.**

This legal description is based on bearings and distances in a boundary survey prepared by Branch Engineering Inc. under Project Number 11-097. Said boundary survey is to be filed in the Lane County Survey Files at the completion of the property reconfiguratoin via City of Coburg Planning File No. LLA-01-12.

EXHIBIT B

Benefitting Property Legal Description

COMMENCING at a point on the west margin of Roberts Road, lying 30.00 feet westerly, by perpendicular measurement, from Station R27+60.65, said point also lying South 81°15'10" West, 60.04 feet from the southwest corner of Parcel 1 of Land Partition Plat Number 93-P0315 as platted and recorded in the Lane County Oregon Partition Plat Records; THENCE along said westerly margin of Roberts Road, North 06°33'13" West, 1398.18 feet to the **POINT OF BEGINNING; THENCE** leaving said westerly margin, South 75°43'32" West, 261.65 feet to a point on the eastern and southern margins of that Conveyance of Access Rights and Warranty Deed from Coburg 5, LLC to Oregon Department of Transportation recorded on May 25, 2012 as Reception Number 2012-025867 in the Lane County Oregon Official Records and that Bargain and Sale Deed from Pape Properties, Inc., to Oregon Department of Transportation recorded June 25, 2012 as Reception Number 2012-031732 in the Lane County Oregon Official Records; **THENCE** along said last margin North 14°17'25" West, 281.78 feet to an angle point; **THENCE** continuing along last said margin North 01°28'57" West, 93.35 feet to an angle point; **THENCE** continuing along last said margin North 56°51'10" East, 14.88 feet to an angle point; **THENCE** continuing along said last margin South 88°11'26" East, 231.11 feet to an angle point; **THENCE** continuing along last said margin South 00°24'59" East, 93.54 feet to an angle point; **THENCE** continuing along said margin South 40°23'56" East, 102.35 feet to a point on the aforesaid westerly margin of Roberts Road; **THENCE** along said westerly margin, South 06'33'13" East, 132.10 feet, more or less, returning to the **POINT OF BEGINNING.**

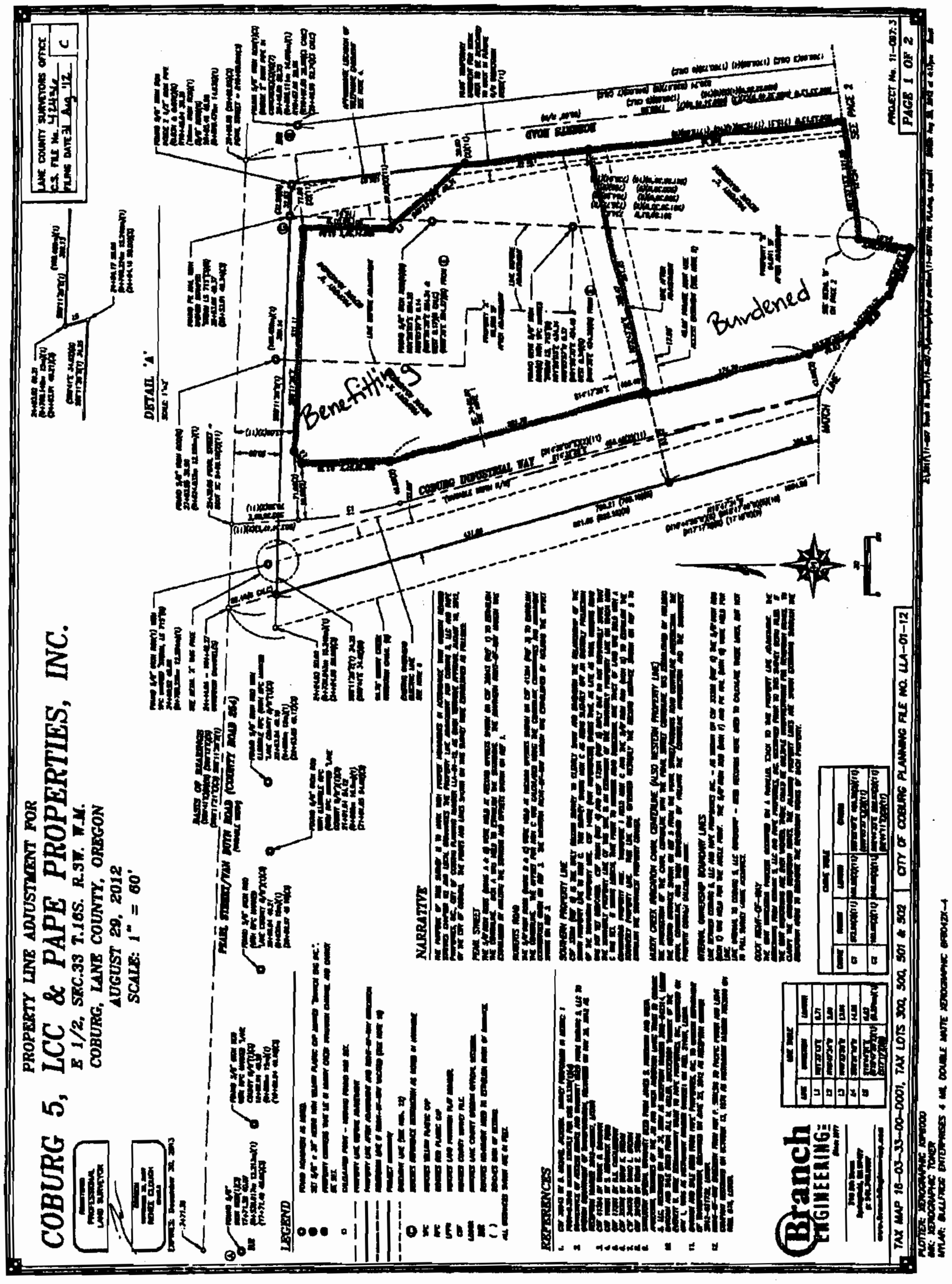
This legal description is based on bearings and distances in a boundary survey prepared by Branch Engineering Inc. under Project Number 11-097. Said boundary survey is to be filed in the Lane County Survey Files at the completion of the property reconfiguratoin via City of Coburg Planning File No. LLA-01-12.

REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
NOVEMBER 30, 2007
RENEE CLOUGH
69162LS

RENEWAL DATE: 12/31/2013

EXHIBIT C
Depiction of Burdened and Benefitting Properties



After Recording Return To
First American Title
600 Country Club Road
Eugene, OR 97401

File 7500 003
Drawing 11B-5-5

CONVEYANCE OF ACCESS RIGHTS and WARRANTY DEED

For the true and actual consideration of $2,980,000.00, **COBURG 5, LLC**, Grantor, as the owner of the property described as to **Parcel 1 on Exhibit "A" dated 3/24/2010**, attached hereto and by this reference made a part hereof, does convey and relinquish unto the **STATE OF OREGON, by and through its DEPARTMENT OF TRANSPORTATION**, Grantee, all abutter's rights of access between the real property hereinabove described and Pearl Street and between the Westerly side of the new street on the 'SC' center line Northerly of Engineer's Station 'SC' 3+80.00, EXCEPT, however,

Access rights are reserved unto Grantor and grantor's heirs, successors and assigns, for the service of the above-described property, to and from said property and Pearl Street at the following place(s), in the following width(s):

Hwy. Engr's Sta.	Side of Hwy.	Width
P 21+13	Southerly	50'

The access rights reserved herein are subject to, and may only be exercised in accordance with, the statutes and administrative rules applicable to access control and road approaches. Such access is contingent upon issuance of an approach road permit, and no access rights may be exercised or construction of an approach road begun unless, and until, a standard Approach Road Permit application is submitted and a permit issued by the Oregon Department of Transportation. The approach road may only be constructed or maintained upon issuance of such permit and in accordance with such permit. If the State constructs the approach road during a highway project, Grantor is required to sign a standard Approach Road Permit to ensure proper operation and maintenance of the approach road.

Grantor represents and warrants that no one, other than Grantor, is using or entitled to use the access rights herein conveyed and does covenant to and with Grantee, its successors and assigns, that Grantor is the legal owner of the above-mentioned property.

RETURN TO
OREGON DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY SECTION
4040 FAIRVIEW INDUSTRIAL DRIVE SE, MS#2
SALEM OR 97302-1142

Map and Tax Lot #: 16-03-33-00-501 & 502
16-03-33-24-2800 & 2900
Property Address: 32850, 32906 & 32910 East Pearl Street
Coburg, OR 97408

Lane County Clerk
Lane County Deeds & Records
2012-025867
05/25/2012 02:51:44 PM
RPR-DEED Cnt=2 Stn=8 CASHIER 02
$30.00 $5.00 $11.00 $10.00 $16.00
$72.00

GRANTOR ALSO CONVEYS UNTO the **STATE OF OREGON, by and through its DEPARTMENT OF TRANSPORTATION,** Grantee, fee title to the property described as **Parcel 2, 3 and 4 on Exhibit "A" dated 3/24/2010** attached hereto and by this reference made a part hereof.

TOGETHER WITH all abutter's rights of access, if any, between the above-described Parcel 2 and Grantor's remaining real property, also;

TOGETHER WITH all abutter's rights of access, if any, as to Parcel 3, between the Easterly side of the new street on the 'SC' center line Northerly of Engineer's Station 'SC' 3+80.00 and Grantor's remaining real property.

Grantor covenants to and with Grantee, its successors and assigns, that grantor is the owner of said property which is free from encumbrances, except for easements, conditions, and restrictions of record, and will warrant the same from all lawful claims whatsoever, except as stated herein.

Grantor agrees that the consideration recited herein is just compensation for the property or property rights conveyed, including any and all damages to Grantor's remaining property, if any, which may result from the acquisition or use of said property or property rights. However, the consideration does not include damages resulting from any use or activity by Grantee beyond or outside of those uses expressed herein, if any, or damages arising from any negligence.

In construing this document, where the context so requires, the singular includes the plural and all grammatical changes shall be made so that this document shall apply equally to corporations and to individuals.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

File 7500 003
Drawing 11B-5-5

The statement above is required by law to be included in this instrument. PLEASE NOTE: the property described in this instrument is not a "lot" or "parcel" as defined in ORS 92.010 or 215.010. Nevertheless, the property is a legally created unit of land as described in ORS 92.010 (8) (d) or (e).

It is understood and agreed that the delivery of this document is hereby tendered and that terms and obligations hereof shall not become binding upon the State of Oregon Department of Transportation, unless and until accepted and approved by the recording of this document.

Dated this 9th day of MARCH, 2012.

COBURG 5, LLC

Member / Manager

Member / Manager

STATE OF OREGON, County of LANE

Dated MARCH 9, 2012. Personally appeared the above named JOHN ANDERSON and JAMES ANDERSON, Members / Managers of Coburg 5, LLC, who acknowledged the foregoing instrument to be their voluntary act. Before me:

OFFICIAL SEAL
RANDY D BRUSVEN
NOTARY PUBLIC-OREGON
COMMISSION NO. 452081
MY COMMISSION EXPIRES SEPTEMBER 08, 2014

Notary Public for Oregon
My Commission expires 9/8/2014

Accepted on behalf of the Oregon Department of Transportation

File 7500003
Drawing 11B-5-5
3/24/2010

PARCEL 1 – Access Only

A tract of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being that property described in two Statutory Special Warranty Deeds to Coburg 5, LLC, both recorded May 31, 2002 as Instrument No.'s 2002-042312 and 2002-042313, Lane County Official Records; and that portion of vacated Stuart Way vacated by Ordinance No. 196, recorded October 12, 2005 as Instrument No. 2005-081097, Lane County Official Records inuring to said property.

PARCEL 2 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in two Statutory Special Warranty Deeds to Coburg 5, LLC, both recorded May 31, 2002 as Instrument No.'s 2002-042311 and 2002-042314, Lane County Official Records; the said parcel being that portion of said property included in a strip of land 63.00 feet in width, lying on the Southerly side of the 'P' center line of Pearl Street, which center line is described as follows:

Beginning at Engineer's center line Station 'P' 13+00.00, said station being 1,311.41 feet South and 1,233.12 feet West of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 88° 11′ 21″ East 2,100.00 feet to Engineer's center line Station 'P' 34+00.00.

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

This parcel of land contains 5,370 square feet, more or less.

PARCEL 3 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Statutory Special Warranty Deed to Coburg 5, LLC, recorded May 31, 2002 as Instrument No. 2002-042311, Lane County Official Records; the said parcel being that portion of said property included in a strip of land variable in width, lying on the Easterly side of the 'SC' center line, which center line is described as follows:

Beginning at Engineer's center line Station 'SC' 0+99.18, said station being 1,350.35 feet South and 1.72 feet West of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 3° 34′ 47″ East 70.28 feet; thence on a 572.96 foot radius curve left (the long chord of which bears South 9° 03′ 27″ East 109.39 feet) 109.55 feet; thence South 14° 32′ 07″ East 456.48 feet; thence on a 180.00 foot radius curve left (the long chord of which bears South 52° 44′ 11″ East 222.63 feet) 240.02 feet; thence North 89° 03′ 44″ East 148.39 feet to Engineer's center line Station 'SC' 11+23.90.

The width in feet of said strip of land is as follows:

Station	to	Station	Width on Easterly Side of Center Line
'SC' 1+60.00		'SC' 1+69.16	71.00
'SC' 1+69.16		'SC' 1+77.00	71.00 in a straight line to 58.00
'SC' 1+77.00		'SC' 2+79.01	58.00 in a straight line to 45.00
'SC' 2+79.01		'SC' 7+35.49	45.00 in a straight line to 43.00
'SC' 7+35.49		'SC' 8+00.00	43.00 in a straight line to 42.00
'SC' 8+00.00		'SC' 8+75.00	42.00 in a straight line to 43.00
'SC' 8+75.00		'SC' 9+45.00	43.00 in a straight line to 40.00
'SC' 9+45.00		'SC' 9+47.00	40.00 in a straight line to 94.00
'SC' 9+47.00		'SC' 10+82.85	94.00 in a straight line to 111.00

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

ALSO that portion of said property lying on the Westerly and Southerly sides of the 'SC' center line.

EXCEPT therefrom Parcel 2.

This parcel of land contains 81,570 square feet, more or less.

File 7500003
Drawing 11B-5-5
3/24/2010

PARCEL 4 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Statutory Special Warranty Deed to Coburg 5, LLC, recorded May 31, 2002 as Instrument No. 2002-042314, Lane County Official Records; the said parcel being that portion of said property included in a strip of land variable in width, lying on the Westerly side of the 'R' center line of Roberts Road, which center line is described as follows:

Beginning at Engineer's center line Station 'R' 10+00.00, said station being 1,362.26 feet South and 375.02 feet East of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 6° 32′ 49″ East 900.00 feet to Engineer's center line Station 'R' 19+00.00.

The width in feet of said strip of land is as follows:

Station	to	Station	Width on Westerly Side of Center Line
'R' 10+52.00		'R' 11+45.00	77.00 in a straight line to 87.00
'R' 11+45.00		'R' 12+30.00	87.00 in a straight line to 30.00

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

EXCEPT therefrom Parcel 2.

This parcel of land contains 1,035 square feet, more or less.

7199-1544755
After Recording Return To
First American Title
600 Country Club Road
Eugene, OR 97401

File 7500 006
Map 11B-5-5

BARGAIN and SALE DEED

PAPE' PROPERTIES, INC., an Oregon corporation, Grantor, for the true and actual consideration of **$ 400,000.00** , does convey unto the **STATE OF OREGON, by and through its DEPARTMENT OF TRANSPORTATION,** Grantee, fee title to the property described as **Parcels 1, 2 and 3 on Exhibit "A" dated 3/24/2010**, attached hereto and by this reference made a part hereof.

TOGETHER WITH all abutter's rights of access, if any, as to Parcel 1, between, Pearl Street, and Grantor's remaining real property.

Grantor also grants to Grantee, its successors and assigns, a permanent easement for the construction, operation, and maintenance of drainage facilities over, under, and across the property described as **Parcel 4 on Exhibit "A" dated 3/24/2010**, attached hereto and by this reference made a part hereof.

IT IS UNDERSTOOD that the easement herein granted does not convey any right or interest in the above-described Parcel 4, except for the purposes herein above stated, nor prevent Grantor from the use of said property; provided, however, that such use does not interfere with the rights herein granted.

Grantor also grants to Grantee, its successors and assigns, a temporary easement for a work area for construction purposes over and across the property described as **Parcel 5 on Exhibit "A" dated 3/24/2010**, attached hereto and by this reference made a part hereof.

RETURN TO AND TAX STATEMENT TO:
OREGON DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY SECTION
4040 FAIRVIEW INDUSTRIAL DRIVE SE, MS#2
SALEM OR 97302-1142

Map and Tax Lot #: 16-03-33-00-300

Property Address: 90950 Roberts Road
Coburg, OR 97408

Lane County Clerk
Lane County Deeds & Records
2012-031732
06/25/2012 03:01:35 PM
RPR-DEED Cnt=1 Stn=6 CASHIER 01
$30.00 $11.00 $10.00 $16.00
$67.00

IT IS UNDERSTOOD that the temporary easement rights herein granted shall terminate three (3) years from the date hereof or upon completion of the above-mentioned construction project, whichever is sooner.

IT IS ALSO UNDERSTOOD that the temporary easement herein granted does not convey any right or interest in the above-described Parcel 5, except as stated herein, nor prevent Grantor from the use of said property; provided, however that such use does not interfere with the rights herein granted.

Grantor agrees that the consideration recited herein is just compensation for the property or property rights conveyed, including any and all damages to Grantor's remaining property, if any, which may result from the acquisition or use of said property or property rights. However, the consideration does not include damages resulting from any use or activity by Grantee beyond or outside of those uses expressed herein, if any, or damages arising from any negligence.

In construing this document, where the context so requires, the singular includes the plural and all grammatical changes shall be made so that this document shall apply equally to corporations and to individuals.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

The statement above is required by law to be included in this instrument. PLEASE NOTE: the property described in this instrument is not a "lot" or "parcel" as defined in ORS 92.010 or 215.010. Nevertheless, the property is a legally created unit of land as described in ORS 92.010 (9) (d) or (e).

It is understood and agreed that the delivery of this document is hereby tendered and that terms and obligations hereof shall not become binding upon the State of Oregon Department of Transportation, unless and until accepted and approved by the recording of this document.

Dated this 18 day of MAY ,20 12 .

PAPE' PROPERTIES, INC., an Oregon corporation

By ______________________
President

By Randall Jordan Pape
ASST. Secretary

STATE OF OREGON, County of Lane

Dated May 18 ,20 12 . Personally appeared ROBERT J. RIECKE and RANDALL JORDAN PAPÉ, who, being sworn, stated that they are the President and ASST. Secretary of Pape' Properties, Inc., an Oregon corporation, and that this instrument was voluntarily signed on behalf of the corporation by authority of its Board of Directors. Before me:

OFFICIAL SEAL
CAROL F DENNER
NOTARY PUBLIC-OREGON
COMMISSION NO. 464838
MY COMMISSION EXPIRES FEBRUARY 03, 2016

Carol F Denner
Notary Public for Oregon
My Commission expires 02/03/2016

Accepted on behalf of the Oregon Department of Transportation

____

File 7500006
Drawing 11B-5-5
3/24/2010

PARCEL 1 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Bargain and Sale Deed to Pape' Properties, Inc., recorded May 1, 1996 on Reel 2168R, Instrument No. 9628521 of Lane County Official Records; the said parcel being that portion of said property included in a strip of land 63.00 feet in width, lying on the Southerly side of the 'P' center line of Pearl Street, which center line is described as follows:

Beginning at Engineer's center line Station 'P' 13+00.00, said station being 1,311.41 feet South and 1,233.12 feet West of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 88° 11′ 21″ East 2,100.00 feet to Engineer's center line Station 'P' 34+00.00.

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

This parcel of land contains 486 square feet, more or less.

PARCEL 2 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Bargain and Sale Deed to Pape' Properties, Inc., recorded May 1, 1996 on Reel 2168R, Instrument No. 9628521 of Lane County Official Records; the said parcel being that portion of said property included in a strip of land variable in width, lying on the Westerly side of the 'R' center line of Roberts Road, which center line is described as follows:

Beginning at Engineer's center line Station 'R' 10+00.00, said station being 1,362.26 feet South and 375.02 feet East of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 6° 32′ 49″ East 900.00 feet to Engineer's center line Station 'R' 19+00.00.

The width in feet of said strip of land is as follows:

Station	to	Station	Width on Westerly Side of Center Line
'R' 10+52.00		'R' 11+45.00	77.00 in a straight line to 87.00
'R' 11+45.00		'R' 12+30.00	87.00 in a straight line to 30.00

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

EXCEPT therefrom Parcel 1.

This parcel of land contains 6,044 square feet, more or less.

PARCEL 3 – Fee

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Bargain and Sale Deed to Pape' Properties, Inc., recorded May 1, 1996 on Reel 2168R, Instrument No. 9628521 of Lane County Official Records; the said parcel being that portion of said property included in a strip of land variable in width, lying on each side of the 'SC' center line, which center line is described as follows:

Beginning at Engineer's center line Station 'SC' 0+99.18, said station being 1,350.35 feet South and 1.72 feet West of the Southeast corner of Lot 1, Block1, COBURG INDUSTRIAL PARK, Lane County, Oregon; thence South 3° 34′ 47″ East 70.28 feet; thence on a 572.96 foot radius curve left (the long chord of which bears South 9° 03′ 27″ East 109.39 feet) 109.55 feet; thence South 14° 32′ 07″ East 456.48 feet; thence on a 180.00 foot radius curve left (the long chord of which bears South 52° 44′ 11″ East 222.63 feet) 240.02 feet; thence North 89° 03′ 44″ East 148.39 feet to Engineer's center line Station 'SC' 11+23.90.

The width in feet of said strip of land is as follows:

Station	to	Station	Width on Northerly Side of Center Line
'SC' 9+45.00		'SC' 9+47.00	40.00 in a straight line to 94.00
'SC' 9+47.00		'SC' 10+82.85	94.00 in a straight line to 111.00
'SC' 10+82.85		'SC' 11+00.00	111.00

Station	to	Station	Width on Southerly Side of Center Line
'SC' 8+48.00		'SC' 9+75.51	100.00 in a straight line to 43.00
'SC' 9+75.51		'SC' 10+75.00	43.00
'SC' 10+75.00		'SC' 11+00.63	43.00 in a straight line to 70.00

Bearings are based on County Survey No. 41364, filed January 23, 2009, Lane County, Oregon.

This parcel of land contains 20,066 square feet, more or less.

PARCEL 4 – Permanent Easement for Drainage Facilities

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Bargain and Sale Deed to Pape' Properties, Inc., recorded May 1, 1996 on Reel 2168R, Instrument No. 9628521 of Lane County Official Records; the said parcel being that portion of said property lying between lines at right angles to the 'SC' center line at Engineer's Stations 'SC' 10+06.00 and 'SC' 10+26.00, and included in a strip of land 57.00 feet in width, lying on the Southerly side of said center line, which center line is described in Parcel 3.

EXCEPT therefrom Parcel 3.

This parcel of land contains 280 square feet, more or less.

PARCEL 5 – Temporary Easement for Work Area (3 years or duration of Project, whichever is sooner)

A parcel of land lying in the John Diamond D.L.C. No. 44, Township 16 South, Range 3 West, W.M., Lane County, Oregon and being a portion of that property described in that Bargain and Sale Deed to Pape' Properties, Inc., recorded May 1, 1996 on Reel 2168R, Instrument No. 9628521 of Lane County Official Records; the said parcel being that portion of said property included in a strip of land 40.00 feet in width, lying on the Westerly side of the 'R' center line of Roberts Road, Southerly of and adjoining Parcel 2, and Northerly of and adjoining Parcel 3.

The 'R' center line of Roberts Road referred to herein is described in Parcel 2.

This parcel of land contains 4,085 square feet, more or less.

Recorded at the request of
and after recording return to:
Muddy Creek Irrigation District
P.O. Box 225
Harrisburg, OR 97446

Division of Chief Deputy Clerk
Lane County Deeds and Records
2009-036313
$36.00
01083923200900363130030039
06/30/2009 09:20:04 AM
RPR-ESMT Cnt=1 Stn=8 CASHIER 02
$15.00 $10.00 $11.00

The true consideration for this Easement Conveyance is No dollars "$0".

MUDDY CREEK IRRIGATION CHANNEL EASEMENTS
OVER THE LANDS OF COBURG 5, LLC
(Affects Tax Map 16-03-33, Tax Lot 501 & Tax Map 16-03-33-24, Tax Lots 2900 & 3000)

THIS INDENTURE MADE and entered into this 23 day of June, 2009, by and between **COBURG 5, LLC**, an Oregon Limited Liability Company, hereinafter referred to as the Grantor, and **MUDDY CREEK IRRIGATION DISTRICT**, hereinafter referred to as the Grantee;

WHEREAS COBURG 5, LLC, an Oregon Limited Liability Company, Grantor, is the owner of the lands that were conveyed in those certain Warranty Deeds that were recorded (1) June 12, 2002 at Recorder's Number 2002-045302 (aka Tax Lots 2800 and 3000 of Tax Map 16-03-33-24); (2) May 31, 2002 at Recorder's Number 2002-042312 (aka Tax Lot 2900) and (3) May 31, 2002 at Recorder's Number 2002-042311 (aka Tax Lot 501 of Tax Map 16-03-33) in the Official Records of Lane County, State of Oregon;

WHEREAS the Muddy Creek Irrigation District, Grantee, has been using an irrigation channel that runs through the above lands of the Grantor as said channel lies in a 66.00-foot wide strip of land that is shown on the survey by R.S. Castleberry for the "Muddy Creek Irrigation Project" that was filed April 1972 as CSF No. 17261 in the Office of the County Surveyor of Lane County, State of Oregon;

AND WHEREAS the Grantee has been unable to determine if a recorded document exists that covers said 66.00-foot wide strip;

WITNESSETH

Grantor hereby grants, bargains, sells and conveys unto the Grantee three each 33.00-foot wide perpetual, non-exclusive easements together with the right to go upon said easement areas hereinafter described for the purpose of maintaining and using ditch and channel facilities for the conveyance of irrigation water which currently exist over those portions of the lands that are described in "EXHIBIT A", "EXHIBIT B" and "EXHIBIT C" as said exhibits are attached hereto and made a part hereof.

SUBJECT TO THE FOLLOWING:

- The grantor reserves unto itself, its heirs and assigns at all times, and without restriction, the right to use said easement areas for purposes not inconsistent with the easements.
- Said easements shall run with the properties herein described and shall be binding on and inure to the benefit of the parties hereto, their heirs, successors or assigns.

TO HAVE AND TO HOLD the above easements to the Grantee, its heirs and assigns forever.

IN WITNESS WHEREOF, the Grantor above named has hereto set its hand and seal this 23 day of June, 2009.

GRANTOR:

COBURG 5, LLC, an Oregon Limited Liability Company

John A. Anderson, Managing Partner

James S. Anderson, Jr., Managing Partner

STATE OF OREGON)
COUNTY OF LANE) SS

On June 23, 2009, personally appeared the above named John A. Anderson and James S. Anderson, Jr. and acknowledged the foregoing to be their voluntary act and deed.

OFFICIAL SEAL
MONA ARMSTRONG
NOTARY PUBLIC-OREGON
COMMISSION NO. 411017
MY COMMISSION EXPIRES NOV. 24, 2010

Mona Armstrong
Notary Public for Oregon

OFFICIAL SEAL
MONA ARMSTRONG
NOTARY PUBLIC-OREGON
COMMISSION NO. 411017
MY COMMISSION EXPIRES NOV. 24, 2010

ACCEPTANCE:

The Conveyance set forth in this instrument conveying title or interest to the Muddy Creek Irrigation District is hereby approved, and the title or interest conveyed herein is hereby accepted.

GRANTEE:

MUDDY CREEK IRRIGATION DISTRICT

BY:
David C. Malpass, President

STATE OF OREGON)
COUNTY OF LANE) SS

On June 23, 2009, personally appeared the above named David C. Malpass and acknowledged the foregoing to be his voluntary act and deed on behalf of the Muddy Creek Irrigation District as its President.

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MY COMMISSION EXPIRES NOV. 24, 2010

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33.00-FOOT WIDE MUDDY CREEK IRRIGATION CHANNEL EASEMENTS

EXHIBIT "A"
(Affects Tax Map 16-03-33, Tax Lot 501)

SITUATED in the City of Coburg, Lane County, State of Oregon in the Northeast 1/4 of Section 33, Township 16 South, Range 3 West of the Willamette Meridian and described as follows:

BEING a portion of the lands that were conveyed to COBURG 5 LLC, an Oregon Limited Liability Company in that certain Warranty Deed that was recorded May 31, 2002 at Recorder's Number 2002-042311 in the Official Records of Lane County, State of Oregon, which portion is more particularly described as follows:

BEING the west 33.00 feet, by perpendicular measurement, of said lands.

EXHIBIT "B"
(Affects Tax Map 16-03-33-24, Tax Lot 2900)

SITUATED in the City of Coburg, Lane County, State of Oregon in the Northeast 1/4 of Section 33, Township 16 South, Range 3 West of the Willamette Meridian and described as follows:

BEING a portion of the lands that were conveyed to COBURG 5 LLC, an Oregon Limited Liability Company in that certain Warranty Deed that was recorded May 31, 2002 at Recorder's Number 2002-042312 in the Official Records of Lane County, State of Oregon, which portion is more particularly described as follows:

BEING the east 33.00 feet, by perpendicular measurement, of said lands.

EXHIBIT "C"
(Affects Tax Map 16-03-33-24, Tax Lot 3000)

SITUATED in the City of Coburg, Lane County, State of Oregon in the Northeast 1/4 and the Southeast 1/4 of Section 33, Township 16 South, Range 3 West of the Willamette Meridian and described as follows:

BEING a portion of the lands that were conveyed to COBURG 5 LLC, an Oregon Limited Liability Company in that certain Warranty Deed that was recorded June 12, 2002 at Recorder's Number 2002-045302 in the Official Records of Lane County, State of Oregon, which portion is more particularly described as follows:

BEING the east 33.00 feet of said lands as measured perpendicularly from that certain east line of said lands that is common with the middle of an irrigation ditch as called in said deed.

June 11, 2009

REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
JULY 20, 1993
REX A. BETZ
#2606

Lic. Exp. 12/31/09

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Recording requested by and when
recorded, mail to:
WEB Service Company, Inc.
3690 Redondo Beach Avenue
OR 43-01-234

MEMORANDUM OF LEASE

30-
10-
11-

This MEMORANDUM OF LEASE is entered on **SEPTEMBER 15, 1999**, by and between **JAMES S. ANDERSON & GRETA ANDERSON, TRUSTEES OF THE JIM AND GRETA ANDERSON LIVING TRUST****(hereinafter referred to as "Lessor"), and **Web Service Company, Inc.** (hereinafter referred to as "Lessee"). Lessor hereby does lease to Lessee, and Lessee does hereby accept the exclusive possession of all common laundry room(s), now existing and hereafter created, and located on the real property and improvements consisting of **26** units, located at **32910 PEARL STREET, COBURG, OREGON**, which real property and improvements are herein referred to as the "property" and legally described in Exhibit "A" attached hereto, and by this reference, incorporated herein as though fully set forth. Lessor warrants and represents that only 0 units are plumbed with their own washer or dryer connections**BY GRETA ANDERSON, TRUSTEE; JAMES S. ANDERSON, JR., TRUSTEE

1. **Exclusive Use and Possession of Leased Premises.** Lessor does hereby grant, convey and transfer to Lessee the exclusive use and possession of all common laundry facilities on the property, which facility(ies) is/are presently described as encompassing approximately 100 square feet, for its use as a laundry facility(ies).

2. **Term.** The term of this Lease is not disclosed herein, but it is not less than 3 years nor more than 20 years from the date of the Lease.

3. **Assignment or Transfer.** This Lease shall be binding upon the parties hereto, their respective heirs, personal representatives, successors, assigns or transferees.

4. **Non-Competition Clause.** This Lease contains a covenant by the Lessor not to compete, which is binding upon, and inure to the benefit of, the heirs, administrators, successors or assigns of the Lessor.

5. Lessor and Lessee have entered into an unrecorded Lease containing the provisions included herein and certain additional provisions. The provisions of the unrecorded Lease are incorporated herein by this reference. A copy of the unrecorded Lease is available for persons having a legitimate interest in the property, at the home office of Lessee located at 3690 Redondo Beach Avenue, Redondo Beach, California 90278-1165.

Lessee: Web Service Company, Inc.
3690 Redondo Beach Ave.
Redondo Beach, CA 90278

By [signature]
THOMAS J. MEIGHEN
Assistant Secretary
Its:

Date 11/16/99

Witness

Lessor: **JAMES S. ANDERSON & GRETA ANDERSON TRUSTEES OF THE JIM AND GRETA ANDERSON LIVING TRUST**

By [signature]
JAMES S. ANDERSON, JR.
Its: TRUSTEE

By [signature]
GRETA ANDERSON,
Its: TRUSTEE

Date 10/21/99

[signature]
Witness MONA ARMSTRONG
W.R. COX

DIVISION OF CHIEF DEPUTY CLERK
LANE COUNTY DEEDS AND RECORDS

51.00

00017892200009003006

2000009003 3:04:30 PM 02/15/2000
RPR LEAS 1 - 7 CASHIER 08
30.00 10.00 11.00

STATE OF OREGON }ss.
County of MULTNOMAH

On this 2nd day of november, in the year 1999, before me, the undersigned, a Notary in and for the State of Oregon, personally appeared W. R. COX personally known to me to be the person whose name is subscribed to the within instrument,

A Memorandum of Lease at: **32910 PEARL STREET, COBURG, OREGON**

as a witness thereto, who, being by me duly sworn, deposes and says: That the Witness resides in VANCOUVER and that the Witness was present and saw JAMES S. ANDERSON, and GRETA ANDERSON personally known to the Witness to be the same person(s) described in, and whose name(s) are subscribed to the within instrument as a Party(ies) thereto, execute it, and acknowledge to the Witness that THEY executed it, and that the Witness subscribed HIS name thereto as a witness.

OFFICIAL SEAL
CATHY MERLO
NOTARY PUBLIC-OREGON
COMMISSION NO. 313037
MY COMMISSION EXPIRES MAY 31, 2002

Witness my hand and official seal.

Cathy Merlo

Notary Public in and for the State of Oregon.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of LOS ANGELES } ss.

On DECEMBER 6, 1999 before me, JANE SHERIDAN, NOTARY,
Date — Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared THOMAS J. MEIGHEN,
Name(s) of Signer(s)

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

JANE SHERIDAN
COMM. #11833[illegible]
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My Comm. Exp. June 8, 2002

WITNESS my hand and official seal.

Jane Sheridan

Place Notary Seal Above — Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: ______

Document Date: ______ Number of Pages: ______

Signer(s) Other Than Named Above: ______

Capacity(ies) Claimed by Signer

Signer's Name: ______

☐ Individual
☐ Corporate Officer — Title(s): ______
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: ______

Signer Is Representing: ______

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL I:

Beginning at the Southeast corner of the Jonathan Thomas Donation Land Claim No. 60, Township 16 South, Range 3 West, Willamette Meridian, and running thence North 0 deg. 18' East along the East boundary of said claim 20.6 chains, thence North 89 deg. 41' West 10 chains, thence North 0 deg. 18' East 20 chains to the center of County Road No. 254, thence North 89 deg. 41' West along the center line of the County Road, 1240.9 feet to the true point of beginning, thence North 89 deg. 41' West along said road 409.1 feet to the center of an irrigation ditch, thence South 17 deg. 18' East along middle of said irrigation ditch 822.52 feet, thence South 89 deg. 19' East 157.87 feet, thence North 0 deg. 30' East 785 feet, more or less, to the true point of beginning, in Lane County, Oregon.

EXCEPT therefrom that portion lying within the County Road on the North.

ALSO EXCEPT therefrom that portion conveyed to Lane County by Instrument recorded June 26, 1980, Reel 1080, Reception No. 80-31804, Official Records of Lane County, Oregon.

PARCEL II:

Beginning at a point on the centerline of Van Duyn Road (County Road No. 254), said point being South 00 deg. 30' 00" West 1347.35 feet and North 89 deg. 41' 00" West 1313.40 feet from the Southeast corner of the I. Van Duyn Donation Land Claim No. 61, Township 16 South, Range 3 West of the Willamette Meridian, and run thence North 89 deg. 41' 00" West 300.48 feet, thence South 00 deg.

LEGAL DESCRIPTION

19' 00" West 470.00 feet to the Northerly line of Delaney Street, thence along the Northerly line of Delaney Street, South 89 deg. 41' 00" East 449.57 feet, more or less, to a point that bears South 17 deg. 17' 00" East from the point of beginning, thence North 17 deg. 17' 00" West 494.65 feet to the point of beginning, in Lane County, Oregon.

EXCEPT Therefrom that portion that lies Northerly of the Southerly boundaries of the land conveyed to Lane County by instrument recorded June 23, 1980, Reel 1079, Reception No. 80-30826, Official Records of Lane County, Oregon.

PARCEL III:

Beginning at the Southeast corner of the Isaac Van Duyn Donation Land Claim No. 61, Township 16 South, Range 3 West of the Willamette Meridian, running thence South 00 deg. 30' West 1347.35 feet to the center line of the County Road No. 254, thence North 89 deg. 41' West 1985.60 feet along the center of the County Road to a point, thence South 00 deg. 33' West 881.51 feet to the Northeasterly right of way of the Springfield-Woodburn branch of the Southern Pacific Railroad and the True Point of Beginning; running thence North 00 deg. 33' East 881.51 feet to the center line of County Road No. 254; thence South 89 deg. 41' East 676.84 feet along the center line of the County Road to its intersection with the middle of an irrigation ditch, thence South 17 deg. 18' East along the middle of said irrigation ditch 2004.42 feet (30.37 chains) to its intersection with the Easterly right of way line of the Springfield-Woodburn Branch of the Southern Pacific Railroad, thence Northwesterly along the Easterly right of way line of said railroad to the True Point of Beginning, in Section 33, Township 16 South, Range 3 West, of the Willamette Meridian, in Lane County, Oregon.

EXCEPT THEREFROM: Beginning at a point on the centerline of Van Duyn Road (County Road No. 254), said point being South 0 deg. 30' West, 1347.35 feet and North 89 deg. 41' West, 1313.40 feet from the Southeast corner of the I. Van Duyn Donation Land Claim No. 61 in Township 16 South, Range 3 West of the Willamette Meridian; and running thence South 17 deg. 17' East, 971.85 feet to the True Point of Beginning of the following described parcel of land; thence continue South 17 deg. 17' East, 1047.61 feet to a point on the Northerly right of way of the Southern Pacific Railroad; thence along the Northerly line of said right of way on the arc of a 1176.01 foot radius curve left (the long chord of which bears North 43 deg. 32' 50' West, 214.48 feet); thence along the arc of a 1432.47 foot radius curve left (the long chord of which bears North 49 deg. 22' 45" West, 30.63 feet); thence along the arc of a 1909.91 foot radius curve left (the long chord of which bears North 50 deg. 25' 45" West, 30.47 feet); thence along the arc of a 2864.82 foot radius curve left (the long chord of which bears North 51 deg. 10' 45" West, 30.31 feet); thence along the arc of a 5729.60 foot radius curve left (the long chord of which bears North 51 deg. 37' 45" West, 30.16 feet); thence North 51 deg. 46' 45" West 1249.10 feet; thence leaving the Northerly line of said right of way, run South 89 deg. 41' East, 911.86 feet to the True Point of Beginning, in Lane County, Oregon.

LEGAL DESCRIPTION

ALSO, EXCEPT THEREFROM: Beginning at a point on the centerline of Van Duyn Road (County Road No. 254), said point being South 0 deg. 30' West, 1347.35 feet and North 89 deg. 41' West, 1313.40 feet from the Southeast corner of the I. Van Duyn Donation Land Claim No. 61 in Township 16 South, Range 3 West of the Willamette Meridian; and running thence South 17 deg. 17' East, 971.85 feet to the True Point of Beginning of the following described parcel of land; thence North 89 deg. 41' West 594.33 feet; thence North 0 deg. 19' East 15.0 feet; thence South 89 deg. 41' East 578.57 feet to a point North 17 deg. 17' West from the true point of beginning; thence South 17 deg. 17' East 15.74 feet to the true point of beginning, in Lane County, Oregon.

ALSO EXCEPT THEREFROM that portion conveyed to the City of Coburg, by deeds recorded August 11, 1971, Reception No. 58657 and March 27, 1972, Reception No. 91446, Official Records of Lane County, Oregon.

ALSO EXCEPT THEREFROM that portion that lies Northerly of the Southerly boundaries of the land conveyed to Lane County by instrument recorded June 23, 1980, Reel 1079, Recorder's Reception No. 80-30826, Lane County Oregon Official Records.

ALSO EXCEPT THEREFROM that portion lying North of the North line of Delaney Street and East of the East line of that certain 60 foot road second described in that certain Deed recorded August 11, 1971, as Instrument No. 58657.

Z 1390 (1-91) S.33,T.16S,R.3W,W.M.,TL-300 Job 21R5150

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9382682

EASEMENT

R/W. Reference 93-308015

The Undersigned Grantor(s) for and in consideration of One Thousand Dollars ($1,000.00) and other good and valuable consideration, the receipt whereof is hereby acknowledged, do hereby grant and convey to U S WEST Communications, Inc., a Colorado Corporation, (Grantee) whose address is 1600 7th Ave., Seattle, Washington 98191 its successors, assigns, lessees, licensees and agents a perpetual easement to construct, reconstruct, operate, maintain and remove such telecommunications facilities as Grantee may require upon, over, under and across the following described land which the Grantor owns or in which the Grantor has any interest, to wit:

See attached legal description in Township 16 South, Range 3 West, W.M., Section 33, Tax Lot 300, Lane County, Oregon.

The easement is as follows: A strip of land 10 (ten) feet in width and 20 (twenty) feet in length, within the Northwestern corner, as placed, and being a portion of the above described property, to be surveyed at a later date.

Accepted by J. L. [illegible]
Manager Right-of-Way Operations

8786DEC.17'93H03REC 15.00
8786DEC.17'93H03PFUND 10.00

situated in County of Lane, State of Oregon

Grantee shall have the right of ingress and egress over and across the Land of the Grantor to and from the above-described property and the right to clear and keep cleared all trees and other obstructions. Grantee shall be responsible for all damage caused to Grantor arising from Grantee's exercise of the rights and privileges herein granted.

The Grantor reserves the right to occupy, use and cultivate said Easement for all purposes not inconsistent with, nor interfering with the rights herein granted.

The rights, conditions and provisions of this easement shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

RETURN TO GRANTEE AT:
US WEST COMMUNICATIONS, INC.
RIGHT-OF-WAY DEPT.
1600 7th AVENUE, ROOM 1703
SEATTLE, WA 98191

In witness whereof the undersigned has executed this instrument this 4th day of Nov., 1993

Witness: ____________

By: Jill M. Miller - trustee

Jill M. Miller, Trustee
E. W. Rose Testamentary Trust

(Individual Acknowledgement)

State of ____________ } ss
County of ____________

On this day personally appeared before me ____________

known to me to be the individual ____________ who executed the foregoing instrument, and acknowledged that ____________ signed the same as ____________ free and voluntary act and deed, for the uses and purposes herein mentioned.

Given under my hand and official seal this ____________ day of ____________, 19____.

Notary Public in and for the State of ____________
residing at ____________
My commission expires: ____________

(~~Corporate~~ trust Acknowledgement)

State of Oregon } ss
County of Lane

On this day personally appeared before me Jill M. Miller

who did say ~~he~~/she is the trustee

of the ~~corporation~~ trust that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said ~~corporation~~ trust, for the uses and purposes therein mentioned, and on oath stated that she was/~~were~~ authorized to execute said instrument on behalf of the ~~corporation~~ trust.

Given under my hand and official seal this 4th day of Nov., 1993

J.W. Vickroy

Notary Public in and for the State of
residing at
My commission expires:

OFFICIAL SEAL
J.W. VICKROY
NOTARY PUBLIC-OREGON
COMMISSION NO.004325
MY COMMISSION EXPIRES MAR. 23, 1995

9382682

DEC 31 1991 1736R

PARCEL B

9163599

16-07-93

PARCEL 1

Beginning at the stone monument marking the Northeast corner of the J. C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence North 88° 02' 09" West, 646.46 feet to a point on the Westerly right of way line of Interstate Highway No. 5; thence North 8° 42' West, 1578.66 feet along said right of way line to an iron pin marking the True Point of Beginning; thence North 8° 42' West, 234.50 feet continuing along said right of way line to an iron pin opposite centerline station 255+00; thence North 30° 25' West, 759.89 feet continuing along said right of way line to a point marked by an iron pin; thence North 56° 42' West, 139.00 feet to a two inch pipe set in concrete; thence South 15° 00' West, 132.66 feet to a point marked by an iron pin; thence South 89° 39' 02" West, 246.25 feet to a point marked by an iron pin; thence South 6° 32' 58" East, 948.43 feet to a point marked by an iron pin; thence North 81° 18' East, 717.02 feet to the True Point of Beginning, in Lane County, Oregon;

EXCEPT: Beginning at the stone marking the Northeast corner of the J. C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence North 88° 02' 09" West 646.46 feet to a point on the Westerly line of the right of way of Interstate Highway No. 5 (being parallel with and 150.00 feet Westerly from when measured at right angles to the centerline of said highway); thence North 8° 42' West 1578.66 feet along the Westerly line of said right of way to an iron pin marking the True Point of Beginning; thence North 8° 42' West 234.50 feet continuing along said right of way line to an iron pin opposite centerline station 255+00; thence North 30° 25' West 150.95 feet continuing along said right of way line to a point marked by an iron pin; thence South 81° 18' West 647.09 feet to an iron pin set on the Easterly right of way line of Roberts Road; thence South 6° 32' 58" East 375.00 feet along said right of way line to a point marked by an iron pin; thence North 81° 18' East 717.02 feet to the True Point of Beginning, in Lane County, Oregon;

ALSO EXCEPT: Beginning at the stone monument marking the Northeast corner of the J. C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence North 88° 02' 09" West 646.46 feet to a point on the Westerly right of way line of Interstate Highway No. 5; thence North 8° 42' West 1813.16 feet along said right of way line to a point marked by an iron pin opposite centerline station 255+00; thence North 30° 25' West 759.89 feet continuing along said right of way line to an iron pin marking the True Point of Beginning; thence North 56° 42' West 139.00 feet to an iron pipe set in concrete; thence South 15° 00' West 132.66 feet to an iron pipe set in concrete; thence South 89° 39' 02" West 246.25 feet to an iron pin set on the Easterly right of way line of Roberts Avenue; thence South 6° 32' 58" East 101.37 feet along said right of way line to a point; thence North 81° 18' East 441.49 feet to a point on the Westerly right of way line of Interstate Highway No. 5; thence North 30° 25' West 101.18 feet to the true point of beginning, in Lane County, Oregon.

-continued-

CT-187691

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DEC 31 1991 1736R

9382682 ~~9163599~~

Property description - continued

PARCEL 2

Beginning at the stone monument marking the Northeast corner of the J.
C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West
of the Willamette Meridian; thence North 88° 02' 09" West, 646.46 feet
to a point on the Westerly right of way line of Interstate Highway No.
5; thence North 8° 42' West, 1093.16 feet along said Westerly right of
way line to a point; thence South 81° 18' West, 795.29 feet to the True
Point of Beginning; thence North 6° 32' 58" West, 1715.39 feet to an
iron pin set on the Southerly right of way line of Interstate Highway
No. 5 and Van Duyn Road connector road; thence along said right of way
line, being a line concentric with and 50 feet Southerly from, when
measured radially to a centerline spiral curve to the left on the "NA"
line in which "L" - 200, "S" - 10° 00' and "a" - 5.0, to a point marked
by an iron pin which bears North 87° 01' 12" West, 32.0 feet from the
last described point; thence South 1° 58' 30" West, 735.94 feet to an
existing 5/8 inch iron rod; thence North 87° 50' 30" West, 158.77 feet
to the center of an irrigation ditch; thence South 15° 47' 40" East,
1035.39 feet to a point; thence North 81° 18' East, 131.85 feet to the
True Point of Beginning, in Lane County, Oregon.

9163599

~~State of Oregon,~~
~~County of Lane~~

~~31 DEC 91~~

~~Reel 1736R~~

~~Lane County OFFICIAL Records~~
~~Lane County Clerk~~

CT-187691

9382682

State of Oregon,
County of Lane—ss.

I, the County Clerk, in and for the said County, do hereby certify that the within instrument was received for record at

17 DEC 93 9 : 51

17 DEC
Reel 1905R

Lane County OFFICIAL Records,
Lane County Clerk

By: ______________
Deputy Clerk

430497O

Lane County Clerk
Lane County Deeds and Records

2011-007835

01205758201100078350520528

$302.00

02/15/2011 01:14:37 PM

RPR-ASNCONV Cnt=2 Stn=8 CASHIER 02
$5.00 $260.00 $10.00 $11.00 $16.00

After Recording Return To:
Western Title & Escrow Company of Lane County
497 Oakway Rd. Suite 340, Eugene OR 97401

AFTER RECORDING, RETURN TO:

James F. Dulcich
Schwabe, Williamson & Wyatt, P.C.
1211 S.W. Fifth Avenue, Suites 1500-2000
Portland, OR 97204

RECORDING COVER SHEET

TRANSACTION INFORMATION

1. Name(s) of the transaction(s): **Assignment and Assumption of Agreement for Exclusive and Shared Use of Easement**
2. Grantor: **Coburg Properties I, Inc.**
3. Grantee: **Pacific Detroit Realty, LLC**
4. True and Actual Consideration Paid: **consists of other value given, which is the whole consideration.**
5. Until a Change is requested, all tax statements shall be sent to the following address: **No change.**
6. Prior recording information: **2001-044521, 2003-068537**

After Recording Return to:

James F. Dulcich
Schwabe, Williamson & Wyatt, P.C.
1211 S.W. Fifth Avenue, Suites 1500-2000
Portland, Oregon 97204

ASSIGNMENT AND ASSUMPTION OF AGREEMENT FOR EXCLUSIVE AND SHARED USE OF EASEMENT

This Assignment and Assumption of Agreement for Exclusive and Shared Use of Easement (this "Assignment"), dated as of this 15th day of February, 2011, is entered into between Coburg Properties I, Inc., an Oregon corporation, formerly known as Farwest Transportation Northwest, Inc. ("Assignor"), and Pacific Detroit Realty, LLC, an Oregon limited liability company ("Assignee").

Recitals

A. Assignor previously entered into a certain Agreement for Exclusive and Shared Use of Easement dated between December 7, 1999, and January 5, 2000, as modified (the "Shared Use Agreement"), pursuant to which Assignor was granted the exclusive use of certain septic drainfields, drainfield lines, and replacement drainfield lines located in Lane County, Oregon (collectively, the "Drainfields Property"). Copies of the Shared Use Agreement and the modifications thereto are attached hereto as Exhibit A.

B. Assignee desires to purchase certain real property located in Lane County, Oregon, and described on Exhibit B attached hereto from Assignor, and in connection with such purchase, Assignor desires to assign to Assignee all of the rights, benefits and privileges of Assignor under the Shared Use Agreement, as amended, and Assignee desires to accept the assignment thereof.

Agreement

NOW THEREFORE, in consideration of the foregoing, the agreements and covenants herein set forth, and other good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby assigns to Assignee all of Assignor's right, title, and interest in, to, and under the Shared Use Agreement, and hereby assigns and transfers to Assignee all of Assignor's right, title, and interest in and to the Drainfields Property.

2. Assignee hereby agrees to assume and accept the assignment of all of Assignor's right, title, and interest in and to the Shared Use Agreement and the duties and obligations thereunder. By accepting this Assignment and by its execution hereof, Assignee hereby assumes

and agrees to perform all of the terms, covenants and conditions of the Shared Use Agreement on the part of Assignor required to be performed, from and after the date hereof.

3. Assignor shall not be responsible for the discharge or performance of any duties or obligations to be performed or discharged by Assignor under the Shared Use Agreement after the date hereof. Assignee hereby agrees to indemnify Assignor for and hold Assignor harmless from and against any and all loss, liability, damage, cost or expense (including, without limitation, reasonable attorney fees) arising from or resulting by reason of Assignee's failure to perform any of its obligations under the Shared Use Agreement after the date hereof. Assignor hereby agrees to indemnify Assignee for and hold Assignee harmless from any and all loss, liability, damage, cost or expense (including, without limitation, reasonable attorney fees) arising from or resulting by reason of Assignor's failure to perform any of its obligations under the Shared Use Agreement prior to the date hereof.

4. Assignor represents and warrants to Assignee that (a) Assignor has the authority to assign to Assignee all of its right, title, and interest, in, to, and under the Shared Use Agreement; and (b) Assignor has the exclusive right to use the drainfield and drainfield lines located in the areas shown on the map attached hereto as Exhibit C.

5. All of the covenants, terms, and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties thereto and their respective heirs, executors, administrators, personal representatives, successors, and assigns. This Assignment may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. In any arbitration, litigation, or other proceeding concerning this Assignment or the obligations of the parties under this Assignment, the prevailing party shall be entitled to recover all reasonable expenses of the arbitration, litigation, or other proceeding, including without limitation reasonable attorney fees incurred at or prior to the arbitration hearing or trial, and on any appeal or petition for review.

ASSIGNOR:	ASSIGNEE:
COBURG PROPERTIES I, INC., an Oregon corporation	**PACIFIC DETROIT REALTY, LLC,** an Oregon limited liability company
By: Brad Simmons Brad Simmons, President	By: ______________________ Mark Dawkins, Manager

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me this 10th day of February, 2011, by Brad Simmons, president of Coburg Properties I, Inc., an Oregon corporation, on behalf of the corporation.

OFFICIAL SEAL
J LYKE
NOTARY PUBLIC-OREGON
COMMISSION NO. 430936
MY COMMISSION EXPIRES AUGUST 27, 2012

NOTARY PUBLIC FOR OREGON
My Commission Expires: 8/27/2012

STATE OF WASHINGTON)
) ss.
County of Clark)

This instrument was acknowledged before me this 11th day of February, 2011, by Mark Dawkins, Manager of Pacific Detroit Realty, LLC, an Oregon limited liability company, on behalf of the company.

W. A. TALLEY
NOTARY PUBLIC
COMMISSION EXPIRES 8-29-12
STATE OF WASHINGTON

NOTARY PUBLIC FOR WASHINGTON
My Commission Expires: 8-29-12

EXHIBIT A
TO
ASSIGNMENT AND ASSUMPTION OF AGREEMENT
FOR EXCLUSIVE AND SHARED USE OF EASEMENT

(Copies of Agreement and Modifications)

AGREEMENT FOR EXCLUSIVE AND
SHARED USE OF EASEMENT

COPY

1. The undersigned (herein called benefited property owners) are owners of the beneficial interests under an easement (herein called the Easement) for septic tank drainfield line use located on Lot 6 and Lot 7 of Roberts Industrial Center as platted and recorded file 73 slide 438 and 439 Lane County Oregon Plat Records.

2. The then owners of the property benefited by the Easement recorded a memorandum identifying the property benefited, by instrument dated March 15, 1980, document 8057156, reel 1104R of the Lane County, Oregon Real Property Records, a copy of which is attached hereto as Exhibit 1. That instrument identified the properties benefited by reference only, showing the reel and instrument numbers of the recorded documents identifying the benefited ownership. The benefited properties as reflected in the recording mentioned in this paragraph have been, in some cases, subsequently divided. The legal descriptions of all of the properties benefited are set forth in Exhibit A and the undersigned agree that only the properties described on Exhibit A are benefited under the Easement. Each party represents that as to the property described on Exhibit A owned by such party the party has the full right to enter into this agreement.

3. The previous owners of the benefited properties and the present benefited property owners previously chose to administer the Easement through an Oregon corporation in which each benefited property owner was entitled to an interest. That corporation was called Coburg Offsite, Inc. All use of the drainfield lines was considered to be common among the benefited properties and in proportion to their rights of use in terms of gallons per day.

4. The system capacity of the drainfield which has been allocated among the benefited properties was and is 13,500 gallons per day of effluent from one or more septic tanks. The effluent is to be delivered from one or more septic tank and pump installations on each benefited property through an associated pressure line connecting the effluent pump or pumps for that installation through a distribution box or boxes and connecting lines to the drainfield lines. Less than 2500 gallons per day of actual use has been made of this system in the past.

5. The benefited property owners agree to limit their use of drainfield lines to specific drainfield lines (or replacement drainfield lines as the case may be), as specified in this instrument. Nothing in this instrument authorizes any party to increase the burden of the Easement beyond the system capacity of 13,500 gallons per day or beyond that party's assigned portion of the system capacity. The benefited property owners hereby agree the owner of each other benefited property shall have the exclusive use of the specific drainfield lines and replacement drainfield lines assigned to

that benefited property on Exhibit C, together with the exclusive use (except for natural percolation of lawful effluent from other drainfield lines) of the area five (5) feet in width on either side of such drainfield line and replacement drainfield line location. The drainfield line and replacement drainfield line location and the associated 5 feet are on either side are referred to herein as drainfield line or replacement drainfield line.

6. The benefited property owners agree to continue to share the open area of Lot 6 and Lot 7 in common under the terms of this instrument. Open area shall mean, in this instrument, the area of Lot 6 and Lot 7 not identified as the location of a drainfield line or replacement drainfield line on Exhibit B. Open area also does not include the five foot area on either side of the location of such drainfield line or replacement drainfield line. The open area shall be used for distribution boxes and connection lines and associated equipment and pressure lines. The open area shall also be used for associated inspection, repair, maintenance and construction.

7. The benefited property owners agree that for purposes of this instrument, Exhibit B identifies the existing drainfield lines, each 125 feet in length, and projected replacement drainfield lines of the same length, by letter, number, or both. The gallons of effluent flow assigned to each benefited property and the specific drainfield lines and replacement drainfield line locations for each such benefited property are set out on Exhibit C. The designated drainfield lines and projected replacement drainfield lines if and when installed shall be owned by and maintained by each such property owner. The benefited property owners agree to deliver effluent from the septic tank installation upon each such benefited property only by a separate pressure line for each separate septic tank installation and only to the drainfield line or drainfield lines assigned to each such benefited property and not more than the gallons of effluent flow assigned on Exhibit C.

8. The parties agree all pressure lines originating on each Exhibit A property and all distribution boxes and connecting lines and related equipment associated with that pressure line, if any, shall be owned by and maintained by each such property owner. Each benefited property owner shall maintain its own septic tank and pumping facility on each such benefited property.

9. The cost of surface maintenance of open area including mowing, vegetation, erosion and trespass control shall be shared in proportion to the total gallons assigned on Exhibit C.

10. The benefited property owners agree that the easement and the rights and burdens arising out of it are appurtenant to the benefited properties described on Exhibit A and cannot be assigned or transferred in any manner to any other properties.

11. Each benefited owner shall hold all other benefited owners harmless from any loss, liability, claim or damage resulting from or arising out of the benefited property

owner's use, repair, construction, maintenance or inspection of a drainfield line, drainfield line location or equipment in the common area or public right of way.

12. Each benefited property owner shall be solely responsible for maintaining all records sufficient to document to other benefited property owners or to any government agency or to the owner of the underlying property interest that only the allowed volume of usage and quality of effluent has flowed from the benefited property.

13. All construction or subsurface inspection, repair or maintenance work on Lot 6 and Lot 7 or among the pressure lines shall be (1) done only with written notice to all other benefited properties (2) and shall comply with all applicable laws, rules and regulations. Written notice shall be in advance of such subsurface inspections, construction, repair or maintenance except in the event of an emergency.

14. Any one of the benefited property owners undertaking to go upon the property for inspection, repair, construction or maintenance as may be allowed under this agreement and by law shall obtain all proper permits therefor. Such work shall be done at no cost or expense to any other benefited property owner unless a written agreement to contribute to such cost or expense is obtained in advance of performing such work except as provided in paragraph 10.

15. The benefited property owners understand that the rights to use the drainfield or replacement drainfield will terminate if a public sewer system becomes available to such properties.

16. The parties agree to authorize and direct Branch Engineering to furnish to the Lane County Sanitarian as-built plans for the construction contemplated by this instrument. Branch Engineering prepared Exhibit B.

17. Each benefited property owner shall hold harmless all other benefited property owners from conduct by the benefited property owner which causes damage to the other benefited property owners' drainfield lines or drainfield line locations or pressure lines, distribution boxes and related equipment.

18. Attorney fees. In any claim for relief instituted by an owner benefited under this agreement against one or more of the other benefited owners under this agreement, the prevailing party in any such proceeding shall be entitled in addition to any other relief given to an award of a reasonable attorney's fee together with costs and disbursements in an amount to be determined by the trial court, as to the trial, or by the appellate court, as to an appeal, in addition to any other relief given.

AGREEMENT FOR EXCLUSIVE AND SHARED USE OF EASEMENT/Signature Page:

RMC Group, LLC

BY:______________________________
Corinne Murry
Date:____________________

THE McNUTT GROUP IINCORPORATED

BY:______________________________
Robert E. McNutt
Date:____________________

WANLASS & KILCREASE

BY:______________________________
Marylin Wanlass
Representing A.T. Wanlass by Power of Attorney
Date:____________________

FAR WEST TRANSPORTATION NW, INC.

By:______________________________
Mike Evans
Date:____________________

BY:______________________________
Mary Murphy, Personal Representative of the
Estate of Jack D. Kilcrease
Date:____________________

PAPE PROPERTIES, INC.

By:______________________________
Gary Papé, President
Date:____________________

PACIFIC DETROIT DIESEL ALLISON CO.

By: Jim Parchert
Jim Parchert
Date: 12/21/99

COBURG OFFSITE, INC

By:______________________________
Dennis Hoff, President
Date:____________________

8057156 712

MEMORANDUM

The undersigned have entered into agreements affecting sewage treatment for the properties more fully described in those documents recorded in Lane County Oregon Deed Records on October 30, 1973 at Reel No. 662-R, Reception No. 73-49149, on January 4, 1979 at Reel 963-R, Reception No. 79-00641, and on February 8, 1979 at Reel 971-R, Reception No. 79-07840.

The agreements affect the right to use the property described on attached Exhibit A for septic drainfield purposes, affect Coburg Offsite, Inc., and include:

Management Agreement and Addendum dated March 15, 1980.

Voting Pool Agreement dated March 15, 1980.

DATED: March 15, 1980.

K 5 • 12 10 0060 • 014.00

COBURG OFFSITE, INC.

By E W Rose

Its

E W Rose

E. W. ROSE

MILL-LOG EQUIPMENT CO., INC.

By E W Rose

Its

FORD LEASING DEVELOPMENT COMPANY

By Marian Rowlette

Its MARIAN ROWLETTE ASSISTANT SECRETARY

ROSS EQUIPMENT, INC.

By Ross Murry

Its Pres

Ross Murry

ROSS MURRY

Corinne Murry

CORINNE MURRY

EXHIBIT 1, Page 1

8057156

STATE OF OREGON)
) ss.
County of Lane) June 23, 1980

Personally appeared E W Rose who, being duly sworn, did say that he is the President of COBURG OFFSITE, INC., a corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed. Before me:

Richard W Cleveland
Notary Public for Oregon
My commission expires: 8/9/82

STATE OF OREGON)
) ss.
County of Lane) June 23, 1980

Personally appeared E W Rose who, being duly sworn, did say that he is the Vice President of MILL-LOG EQUIPMENT CO., INC., a corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed. Before me:

Richard W Cleveland
Notary Public for Oregon
My commission expires: 8/9/82

NOTARY PUBLIC
STATE OF OREGON

STATE OF MICHIGAN)
) ss.
County of Wayne) May 14, 1980

Personally appeared MARIAN Rowllette who, being duly sworn, did say that she is the Assistant Secretary of FORD LEASING DEVELOPMENT COMPANY, a corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and she acknowledged said instrument to be its voluntary act and deed. Before me:

Francis V. Rourke
Notary Public for Michigan
My commission expires:

FRANCIS V. ROURKE
Notary Public, Oakland County, Michigan
Acting in Wayne County, Michigan
My Commission Expires October 18, 1980

STATE OF OREGON)
) ss.
County of Lane) June 4, 1980

Personally appeared Ross Murry who, being duly sworn, did say that he is the President of ROSS EQUIPMENT, INC., a corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed. Before me:

Charles E. Peterson
Notary Public for Oregon
My commission expires: 3-11-84

EXHIBIT 1, Page 2

0007150

STATE OF OREGON)
) ss.
County of Lane)

June 4, 1980.

Personally appeared the above named ROSS MURRY and CORINNE MURRY and acknowledged the foregoing instrument to be their voluntary act and deed. Before me:

Charles E. Peterson
Notary Public for Oregon
My commission expires: [illegible]

CHARLES E. PETERSON NOTARY PUBLIC OREGON

KEN FORD, PHONE 344 3877
85814 DOANE ROAD, EUGENE

PAULA NORNESS, PHONE 345-4910
2716 CROW ROAD, EUGENE

STEPHEN H. FORD, INC
SURVEYING
408 TIFFANY BUILDING
795 WILLAMETTE STREET
PHONE 344-1858
EUGENE, OREGON 97401

July 28, 1975

REFER TO OUR JOB NO. 1754.15

DESCRIPTION OF AREA BETWEEN WEST R/W LINE OF RAILROAD AND EAST BANK OF IRRIGATION CANAL.

Beginning at the northeast corner of the J.C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,

N88°02'09"W	1340.09 feet	on a direct line towards the stone marking the northwest corner of County Survey No. 209 to an iron pipe on the westerly right of way line of the Southern Pacific Railway marking the TRUE POINT OF BEGINNING; thence,
N88°02'09"W	330.00 feet	continuing along said line to a point on the easterly bank of an irrigation canal; thence,
S39°59'37"E	895.19 feet	along said easterly bank line to a point which bears from the last described point; thence,
S25°05'01"E	51.89 feet	continuing along said bank line to a point which bears from the last described point; thence,
S 2°51'45"E	60.07 feet	continuing along said bank line to a point which bears from the last described point; thence,
S 5°54'55"W	429.47 feet	continuing along said bank line to a point which bears from the last described point; thence,
S88°15'54"E	260.00 feet	leaving said bank line and running to a point on the westerly right of way line of said railway; thence,
N21°46'56"W	1310.10 feet	northwesterly along said right of way line to the true point of beginning in Lane County, Oregon which bears from the last described point.

State of Oregon,
County of Lane—ss. 8057156
I, D.M. Penfold, Director of Records and Elections Division, in and for the said County, do hereby certify that the within instrument was received for record at
12 NOV 80 10 01
Reel 1104R
Lane County OFFICIAL Records
D.M. Penfold, Director of Records and Elections Division
By [signature] Deputy
CR-8

EXHIBIT A

RESOLVED:

That the City of Coburg accepts supervisory control of a common septic drainfield to be installed, maintained and operated on the property described on the attached Exhibit A. This septic field shall be for the common benefit of properties abutting Roberts Drive which are presently owned by E. W. Rose, Mill-Log Equipment Co., Inc., Ford Motor Co. and Ross Murry. This acceptance is conditioned on:

1. Receipt of a bond in the amount of $13,500 assuring satisfactory construction, maintenance, and operation of the septic field by the property owners using the drainfield.

2. Lien power on the properties using the drainfield in order to ensure no cost to the City for any supervisory control actions;

3. Issuance of a valid DEQ permit for construction of the drainfield;

4. The City shall have no responsibility for allocating usage of the drainfield; that responsibility shall fall on the property owners using the drainfield;

5. Total design capacity of the drainfield shall not exceed 13,500 gallons of effluent daily.

ADOPTED by the City Council of the City of Coburg this 10 day of 7-10, 1979.

Karl A. McDevitt
MAYOR

July 28, 1976 1754.15

DRAIN FIELD SITE

DESCRIPTION OF AREA BETWEEN WEST R/W LINE OF RAILROAD AND EAST BANK OF IRRIGATION CANAL.

Beginning at the northeast corner of the J.C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,

N88°02'09"W	1340.09 feet	on a direct line towards the stone marking the northwest corner of County Survey No. 209 to an iron pipe on the westerly right of way line of the Southern Pacific Railway marking the TRUE POINT OF BEGINNING; thence,
N88°02'09"W	330.00 feet	continuing along said line to a point on the easterly bank of an irrigation canal; thence,
S39°59'37"E	895.19 feet	along said easterly bank line to a point which bears from the last described point; thence,
S25°05'01"E	51.89 feet	continuing along said bank line to a point which bears from the last described point; thence,
S 2°51'45"E	60.07 feet	continuing along said bank line to a point which bears from the last described point; thence,
S 5°54'55"W	429.47 feet	continuing along said bank line to a point which bears from the last described point; thence,
S88°15'54"E	260.00 feet	leaving said bank line and running to a point on the westerly right of way line of said railway; thence,
N21°46'56"W	1310.10 feet	northwesterly along said right of way line to the true point of beginning in Lane County, Oregon which bears from the last described point.

EXHIBIT A

7349149

LAND SALE CONTRACT

THIS AGREEMENT, made this 27th day of December, 1968, by EDGAR N. ROBERTS and F. DOLORES ROBERTS, husband and wife (herein called Roberts), and SKAGIT EQUIPMENT CO., INC., an Oregon corporation (herein called Skagit).

W I T N E S S E T H:

1. SALE: Roberts agree to sell and Skagit agrees to purchase two parcels of unimproved land commonly described as the southerly portion of the Roberts property lying in the southwest quadrant of the Interstate 5 - Coburg Interchange, containing 26.47 acres in one parcel and .72 acres in the other, a total of 27.19 acres. This property (hereinafter called the Skagit Tract) is particularly described upon Exhibit A, attached hereto.

2. PAYMENT OF PURCHASE PRICE: The total purchase price for the Skagit Tract is $81,570.00 and shall be paid $8,400.00 down upon execution of this contract, receipt of which payment is acknowledged by Roberts. The remaining balance of $73,170.00 shall be paid in monthly installments of not less than $817.60 per month, including interest. The first monthly installment shall be paid on or before January 10, 1969, and a like monthly installment, before the 10th day of each month thereafter, until paid in full.

3. INTEREST: Skagit shall pay interest on all deferred balances at 6-1/2% per annum commencing upon the date of this contract.

4. POSSESSION: Skagit shall be entitled to possession of the Skagit Tract on the date of this contract.

5. PREPAYMENT PRIVILEGE: Skagit shall have the privilege of increasing any monthly installment or prepaying the entire purchase price at any time. Accelerated payments shall not be credited as regular future installments or excuse Skagit from

D: 12-27-68

7349149

EXHIBIT A

LEGAL DESCRIPTION

DESCRIPTION OF THE 26.47 ACRE TRACT FOR EDGAR N. ROBERTS

Beginning at the stone marking the northeast corner of the J. C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,

N00°02'09"W 646.46 feet to a point on the westerly line of the right of way of Interstate Highway No. 5 (being parallel with and 150.00 feet westerly from when measured at right angles to the centerline of said highway); thence,

N 8°42'W 1093.16 feet along the westerly line of said right of way to an iron pin marking the TRUE POINT OF BEGINNING; thence,

S81°18'W 735.25 feet to a point marked by an iron pin on the easterly line of a roadway (being 60 feet in width); thence,

S 6°32'50"E 337.54 feet along the easterly line of said roadway to a point marked by an iron pin; thence,

continuing along the easterly line of said roadway and the arc of a curve to the left having a radius of 270.00 feet to an iron pin which bears

S16°56'04"E 97.34 feet from the last described point; thence,

southeasterly along the easterly line of said roadway (being a line parallel or concentric with and 90.00 feet easterly from when measured at right angles or radially to the centerline of the Southern Pacific Railroad right of way) the following courses and distances:

S27°19'10"E 933.12 feet to an iron pin opposite centerline station 52+85.1 B.C. T1 of said railroad; thence,

along a spiral curve to the right (the railroad right of way centerline following a Perkins Spiral in which [illegible] centerline station 5[illegible]+75.1 cc. which bears

S26°50'02"E 91.41 feet from the last described point; thence,

along the arc of a curve to the right having a radius of 2954.83 feet to an iron pin opposite railroad centerline station 60+29.3 cc. T1 which bears

S19°52'40"E 673.26 feet from the last described point; thence,

along a spiral curve to the right (the railroad right of way centerline following a Perkins Spiral in which T=1 and L=90.0 feet) to an iron pin opposite railroad centerline station 61+19.3 E.C. which bears

S12°47'14"E 91.41 feet from the last described point; thence,

S12°26'10"E 107.16 feet to a point marked by an iron pin; thence,

leaving the easterly line of said roadway and running

S08°15'54"E 267.81 feet to a lead plug set in the concrete base of a right of way fence post; thence,

[illegible] feet to the true point of beginning in Lane County, Oregon.

EXHIBIT A

LEGAL DESCRIPTION

DESCRIPTION OF THE TRIANGULAR TRACT OF LAND LYING BETWEEN THE EASTERLY RIGHT OF WAY OF THE SOUTHERN PACIFIC RAILROAD AND A 60 FOOT ROADWAY FOR EDGAR N. ROBERTS-0.72± ACRES

Beginning at the stone marking the northeast corner of the J. C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,

N88°02'09"W 646.46 feet to a point on the westerly line of the right of way of Interstate Highway No. 5(being parallel with and 150.00 feet westerly from when measured at right angles to the centerline of said highway); thence,

N 8°42'W 1093.16 feet along the westerly line of said right of way to a point marked by an iron pin; thence,

S81°18'W 795.29 feet to an iron pin marking the TRUE POINT OF BEGINNING on the westerly line of a roadway(being 60 feet in width); thence,

S81°18'W 131.85 feet to a point marked by an iron pin; thence,

S15°47'40"E 161.80 feet to an iron pin on the easterly line of the right of way of the Southern Pacific Railroad; thence,

along the easterly right of way line of said railroad (being a line parallel with and 30 feet easterly from when measured at right angles to the centerline of said railroad) and the arc of a curve to the right having a radius of 1176.01 feet to a point which bears

S33°34'10"E 133.56 feet from the last described point; thence,

along said right of way line (being a line concentric with and 30 feet easterly from when measured radially to the centerline of said Southern Pacific Railroad right of way as it follows a Perking Spiral curve to the right in which T-2 and L-120 feet) to a point which bears

S28°26'53"E 121.55 feet from the last described point; thence,

S27°19'10"E 59.78 feet along the easterly line of the right of way of said railroad to its intersection with the westerly line of said 60 foot roadway; thence,

along the westerly line of said 60 foot roadway and along the arc of a curve to the right having a radius of 330.00 feet to an iron pin which bears

N16°56'04"W 118.97 feet from the last described point; thence,

N6°32'58"W 335.28 feet to the true point of beginning in Lane County, Oregon.

7900641

MEMORANDUM OF SALE

EDGAR N. ROBERTS and F. DOLORES ROBERTS, husband and wife, hereinafter referred to as Seller, hereby represent and acknowledge that they are selling to MILL LOG EQUIPMENT CO., INC., an Oregon corporation, hereinafter referred to as Buyer, the real property described in Exhibit A attached hereto.

The Seller hereby represent and warrant that they have full right to sell the property hereinabove described under the terms and conditions as set forth in said contract. Upon full payment by the Buyer, the Seller shall transfer said property to the Buyer free and clear of encumbrances except easements, restrictions and conditions of record. The consideration for this transfer is $88,900.00.

IN WITNESS WHEREOF, the Seller and the Buyer have set their hands and seals this 19th day of December, 1978.

Edgar N. Roberts

Edgar N. Roberts, Seller

F. Dolores Roberts

F. Dolores Roberts, Seller

MILL LOG EQUIPMENT CO., INC.

By: [signature]

Its President, Buyer

STATE OF OREGON)
) ss:
County of Lane)

D 3 • 1-N 0121 0000613

Personally appeared Edgar N. Roberts and F. Dolores Roberts, who, being first duly sworn, did say that they acknowledged the foregoing instrument to be their voluntary act and deed.

CANDACE L. JOHNSON NOTARY PUBLIC STATE OF OREGON

Before me:

Candace L. Johnson

Notary Public for Oregon
My Commission expires: 7/11/82

STATE OF OREGON)
) ss:
County of Lane)

Personally appeared Eld Rose, who, being first duly sworn, did say that he is the President of Mill Log Equipment Co., Inc., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed.

RICHARD CLEVELAND NOTARY PUBLIC STATE OF OREGON

Before me:

Richard W. Cleveland

Notary Public for Oregon
My Commission expires: 8/8/82

7900641

DESCRIPTION OF PARCEL 1 - 8.09± ACRE TRACT FOR MILL LOG CO.
LYING EASTERLY OF THE ACCESS ROAD

Beginning at the stone marking the northeast corner of the J. C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,

N88°02'09"W	646.46 feet	to a point on the westerly line of the right of way of Interstate Highway No. 5 (being parallel with and 150.00 feet westerly from when measured at right angles to the centerline of said highway); thence,
N 8°42'W	1093.16 feet	along the westerly line of said right of way to an iron pin marking the TRUE POINT OF BEGINNING; thence,
S81°18'W	735.25 feet	to a point marked by an iron pin on the easterly line of a roadway (being 60 feet in width); thence,
N 6°32'58"W	485.84 feet	along the easterly line of said roadway to a point; thence,
N81°18'E	717.02 feet	to a point on the said westerly right of way line of Interstate Highway No. 5; thence,
S 8°42'E	485.50 feet	to the true point of beginning in Lane County, Oregon.

7900641

State of Oregon,
County of Lane—ss.
I, D.M. Penfold, Director of the Department of General Services, in and for the said County, do hereby certify that the within instrument was received for record at
JUL 79 12:57
Reel 963 R
Lane County OFFICIAL Records
D.M. Penfold, Director of the Department of General Services
By [signature] Deputy

EXHIBIT A

2907840

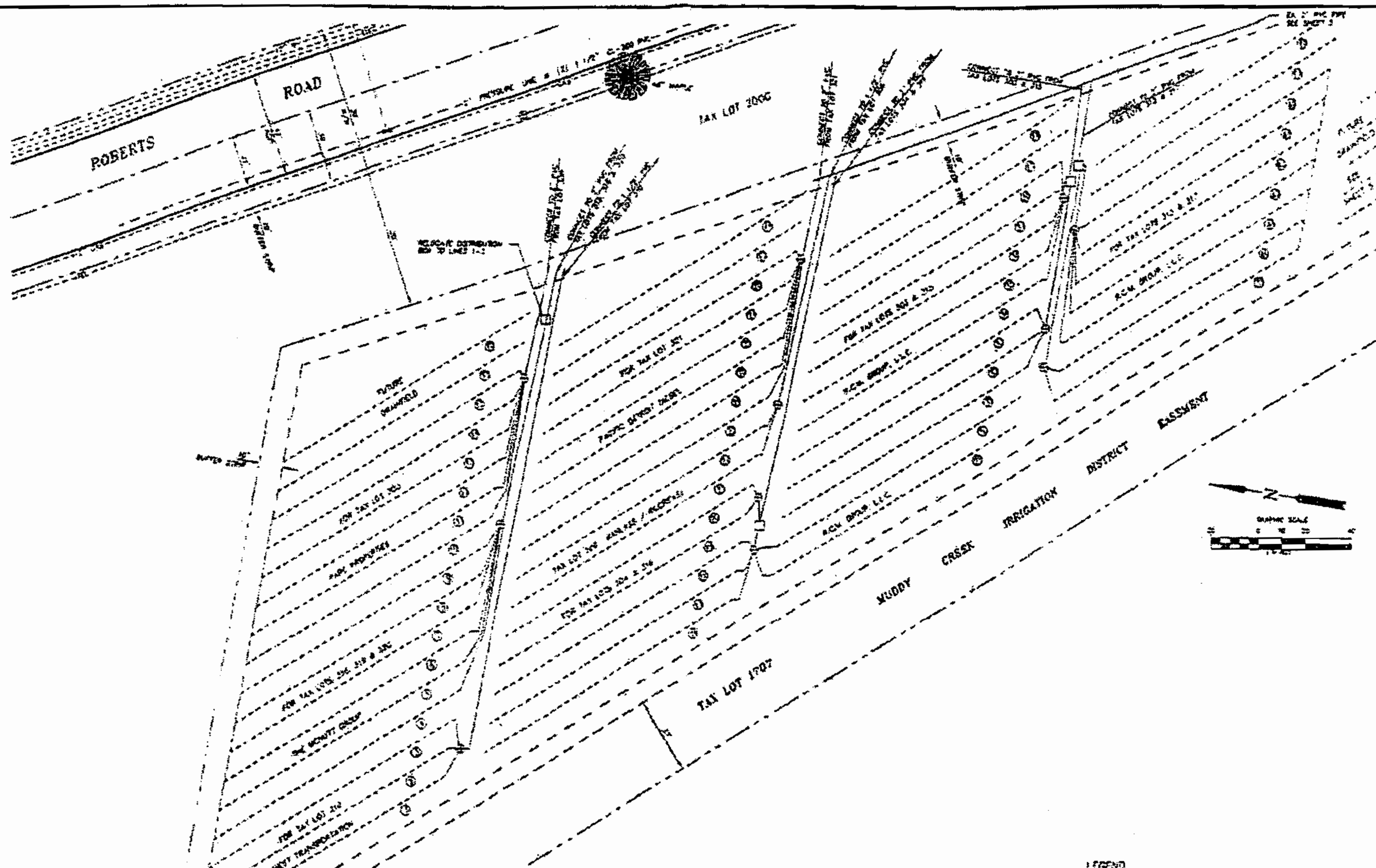
		Beginning at the stone monument marking the [illegible] corner of the J.C. Spores Donation Land Claim No. [illegible], Township 16 South, Range 3 West of the Willamette Meridian; thence,
N88°02'09"W	646.46 feet	to a point on the westerly right of way line of Interstate Highway No. 5; thence,
N 8°42'W	1578.66 feet	along said right of way line to an iron pin marking the TRUE POINT OF BEGINNING; thence,
N 8°42'W	234.50 feet	continuing along said right of way line to an iron pin opposite centerline station 255+00; thence,
N30°25'W	759.89 feet	continuing along said right of way line to a point marked by an iron pin; thence,
N56°42'W	139.00 feet	to a two-inch pipe set in concrete; thence,
S15°00'W	132.66 feet	to a point marked by an iron pin; thence,
S89°39'02"W	246.25 feet	to a point marked by an iron pin; thence,
S 6°32'58"E	948.43 feet	to a point marked by an iron pin; thence,
N81°18'E	717.02 feet	to the true point of beginning in Lane County, Oregon.
ALSO		Beginning at the stone monument marking the northeast corner of the J.C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,
N88°02'09"W	646.46 feet	to a point on the westerly right of way line of Interstate Highway No. 5; thence,
N 8°42'W	1093.16 feet	along said westerly right of way line to a point; thence,
S81°18'W	795.29 feet	to the TRUE POINT OF BEGINNING; thence,
N 6°32'58"W	1715.39 feet	to an iron pin set on the southerly right of way line of Interstate Highway No. 5 and Van Duyn Road connector road; thence,

7907840

along said [illegible] line [illegible]
with [illegible] 50 feet [illegible]
to a centre line [illegible]
line [illegible]
to a point marked [illegible] thence

N87°01'12"W	32.50 feet from [illegible]	
S 1°58'30"W	735.94 feet to an existing 5/8-inch iron rod; thence	
N87°50'30"W	158.77 feet to the center of an irrigation [illegible]	
S15°47'40"E	1035.39 feet to a point; thence	
N81°18'E	131.85 feet to the true point of beginning in Lane County, [illegible]	

EXHIBIT A - Page 2



TAX LOT(S)	PROPERTY OWNER	GALLONS/DAY ASSIGNED FOR USE	GALLONS/DAY USAGE	NO. OF LINES PER ASSIGNED USE
302, 315	RCM GROUP, LLC (SECTION 1)	2400	X	6
304, 316	RCM GROUP, LLC (SECTION 2)	2100	X	7
313, 317	RCM GROUP, LLC (SECTION 3)	2250	150	7.5
314, 318, 320	THE MCNUTT GROUP	1875	X	6.25
321	PACIFIC DETROIT DIESEL ALLISON CO.	1767	X	5.89
302	PARC PROPERTIES, INC.	1908	X	6.36
310	FAR WEST TRANSPORTATION [illegible] INC.	300	900	2
306	A.T. [illegible] AND JACK B. [illegible]	360	X	1
TOTALS		12,500	1,050	41.5

LEGEND

EXHIBIT 13

1 OF 3

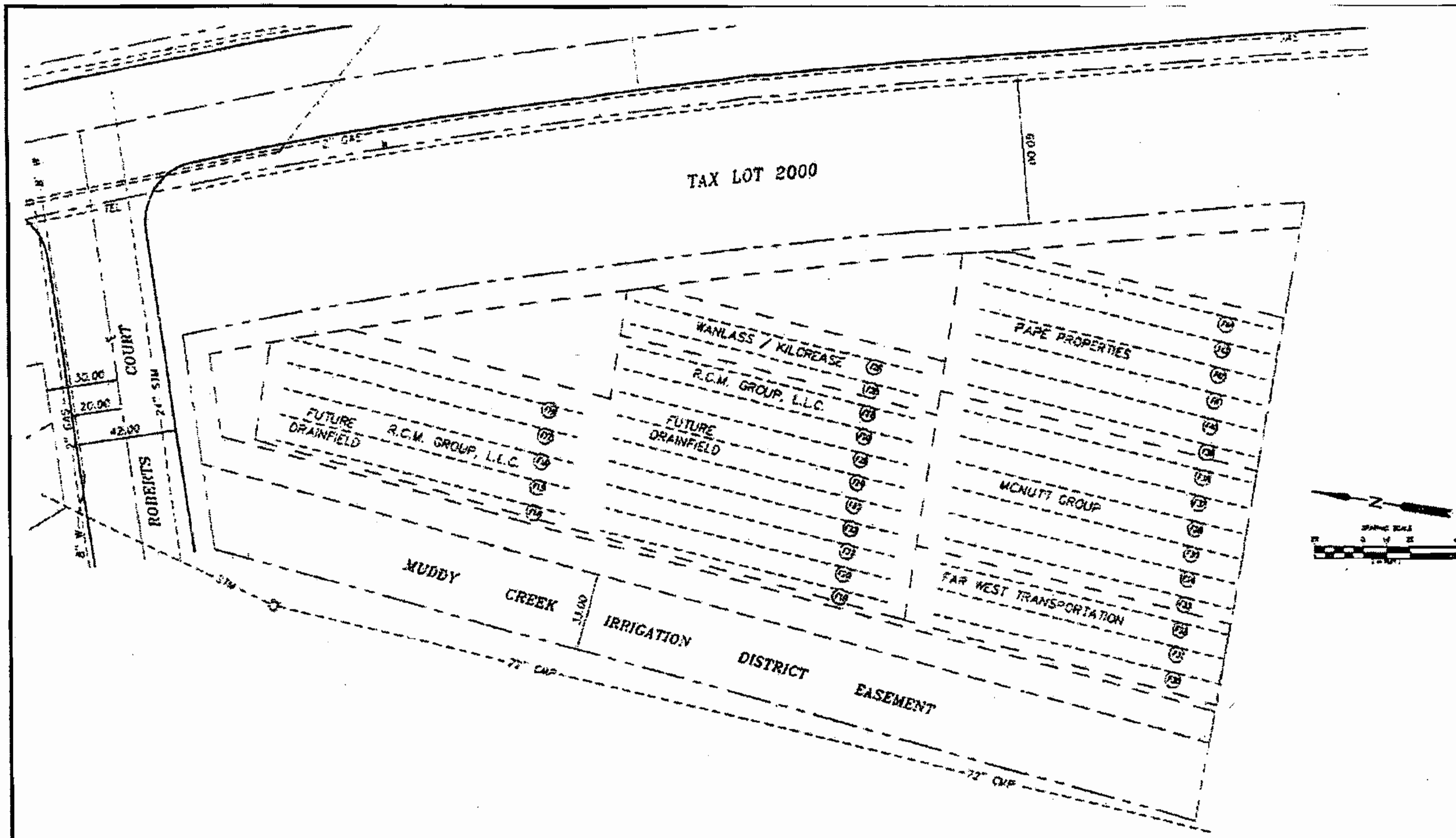


EXHIBIT B

PAGE 2 OF 3

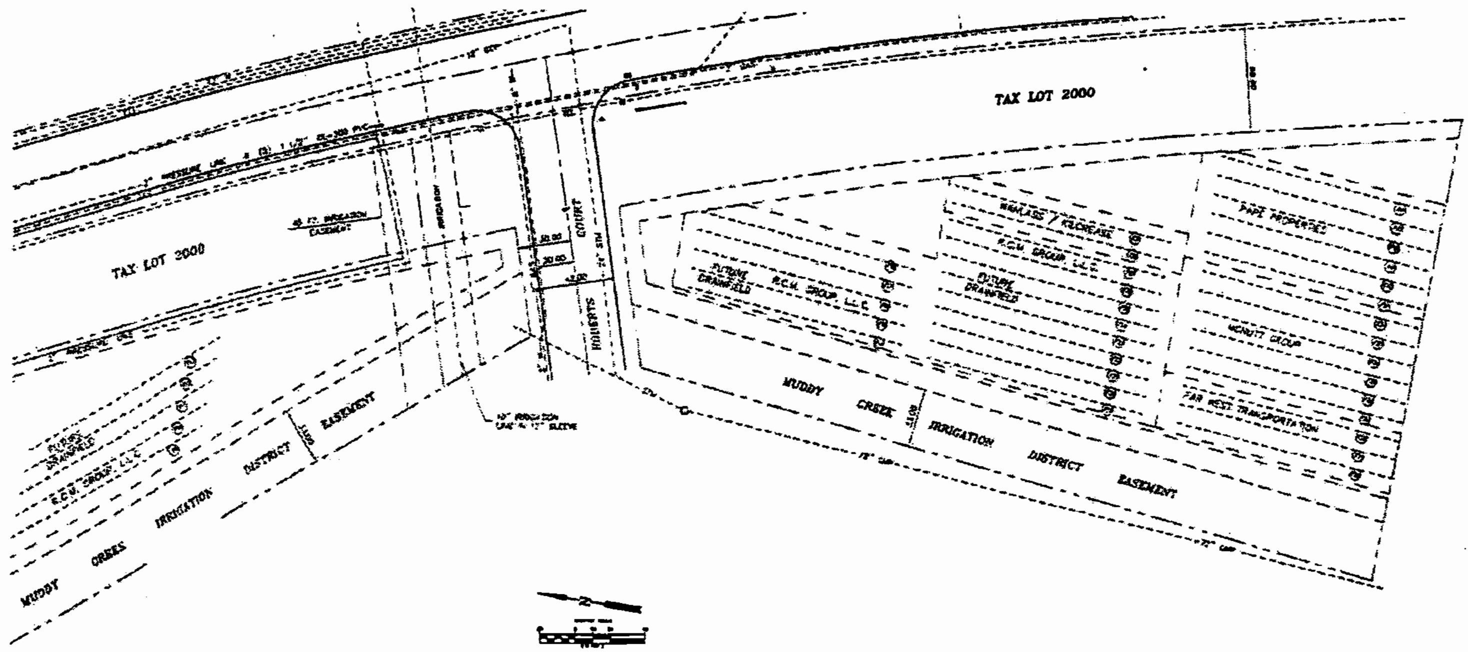


EXHIBIT B
PAGE 3 OF 3

EXHIBIT C

Exclusive use of the specific drainfield lines within the existing drainfield line installation is assigned as follows:

	EXISTING DRAINFIELD AREA	REPLACEMENT DRAINFIELD AREA
Wanlass and Kilcrease	Lines 21 through 22	Lines F28 through F29
Pacific Detroit Diesel	Lines 23 through 28	Lines F1 through F6
Farwest Truck	Lines 1 through 3	Lines F30 through F32
McNutt ••• LLC	Lines 4 through 9	Lines F33 through F38
RCM Group, LLC: Section 1 Section 2 Section 3	Lines 16 through 20,29&30 Lines 31 through 38 Lines 39 through 45	Lines F7 through F13 Lines F14 through F20 Lines F21 through F27
Pape	Lines 10 through 15	Lines F39 through F44

MODIFICATION OF SHARED USE AGREEMENT

PARTIES: Papé Properties, Inc.
Basin Tire Service, Inc.
ML Coburg, LLC
McNutt Enterprises, LLC
Marylin Wanlass, Trustee
Mary Murphy, Trustee
Jack D. Kilcrease, Trustee
Farwest Transportation Northwest, Inc.
Pacific Detroit Diesel Allison Company
RCM Group, LLC
Coburg Offsite Inc.

The date of this modification for reference purposes is May 15, 2000.

THE PARTIES AGREE AS FOLLOWS:

1. **Purpose**. This Modification Agreement ("Modification") modifies an agreement between all of the parties except Basin Tire Service, Inc., which was titled Agreement for Exclusive and Shared Use of Easement ("Shared Use Agreement"), which was related to the construction of individual sewer lines from certain benefitted properties of the parties to a drainfield area located east of Roberts Road. The Shared Use Agreement was signed in counterparts between December 7, 1999 and January 5, 2000.

2. This Modification is necessary because:

a. Pacific Detroit Diesel Allison Company sold a portion of its property to Basin Tire Service, Inc., which by virtue of the purchase needs to be a party to the Shared Use Agreement, and to have a separate line and separate area of the drainfield constructed for its use.

b. Lots 318 and 319 owned by ML Coburg, LLC need to be separately connected to a certain portion of the drainfield.

c. Tax lots 304, 313 and 315 owned by RCM Group, LLC need to be separately connected to a certain portion of the drainfield.

3. Except as modified by this Modification, the Agreement for Exclusive and Shared Use of Easement referred to in paragraph 1 is binding on all the parties to this Modification, and, in particular, is binding on Basin Tire Service, Inc. for which a copy has been provided.

4. **Exhibit B1** and **Exhibit C** are superseded by a new **Exhibit D**, which is attached to this Modification Agreement. **Exhibits B2** and **B3** remain unchanged, except that references to the McNutt Group should be to ML Coburg, LLC and/or McNutt Enterprises, LLC.

5. The gallons per day and drainfield lines assigned to the various lots owned by the parties are as designated on **Exhibit D, B2** and **B3**.

6. Basin Tire Service, Inc. shall pay the increased costs associated with the construction of a separate sewer line and drainfield area serving its property, which is Tax Lot 322.

7. ML Coburg, LLC shall pay the increased costs associated with construction of separate sewer lines and drainfield areas serving its properties, which are Tax Lots 318 and 319.

8. RCM Group, LLC shall pay the increased cost associated with the construction of separate sewer lines and drainfield areas to serve Tax Lots 304, 313, and 315 owned by RCM Group, LLC.

9. This Modification may be signed in counterparts. However, a Memorandum of Contract referencing this Modification and the original Agreement for Exclusive and Shared Use of Easement, shall be signed by all parties and recorded in the Lane County Deed Records to protect the interests of all parties.

Papé Properties, Inc.

By:______________________________
Gary Papé, President

Basin Tire Service, Inc.

By:______________________________
Dale S. Bartmess, Vice-President

ML Coburg, LLC

By:______________________________
Robert E. McNutt, Manager

Farwest Transportation Northwest, Inc.

By:______________________________
Mike Evans, President

McNutt Enterprises, LLC

By:______________________________
Robert E. McNutt, Manager

Pacific Detroit Diesel Allison Company

By:______________________________
Mark Dawkins, Vice-President

RCM Group, LLC

By:______________________________
Dennis Bottem, Managing Partner

____
Marylin Wanlass, Successor Trustee of the Wanlass Trust dated 9-9-92

____
Mary Murphy, Trustee of the Kilcrease Family Trust QTIP dated 12-12-92

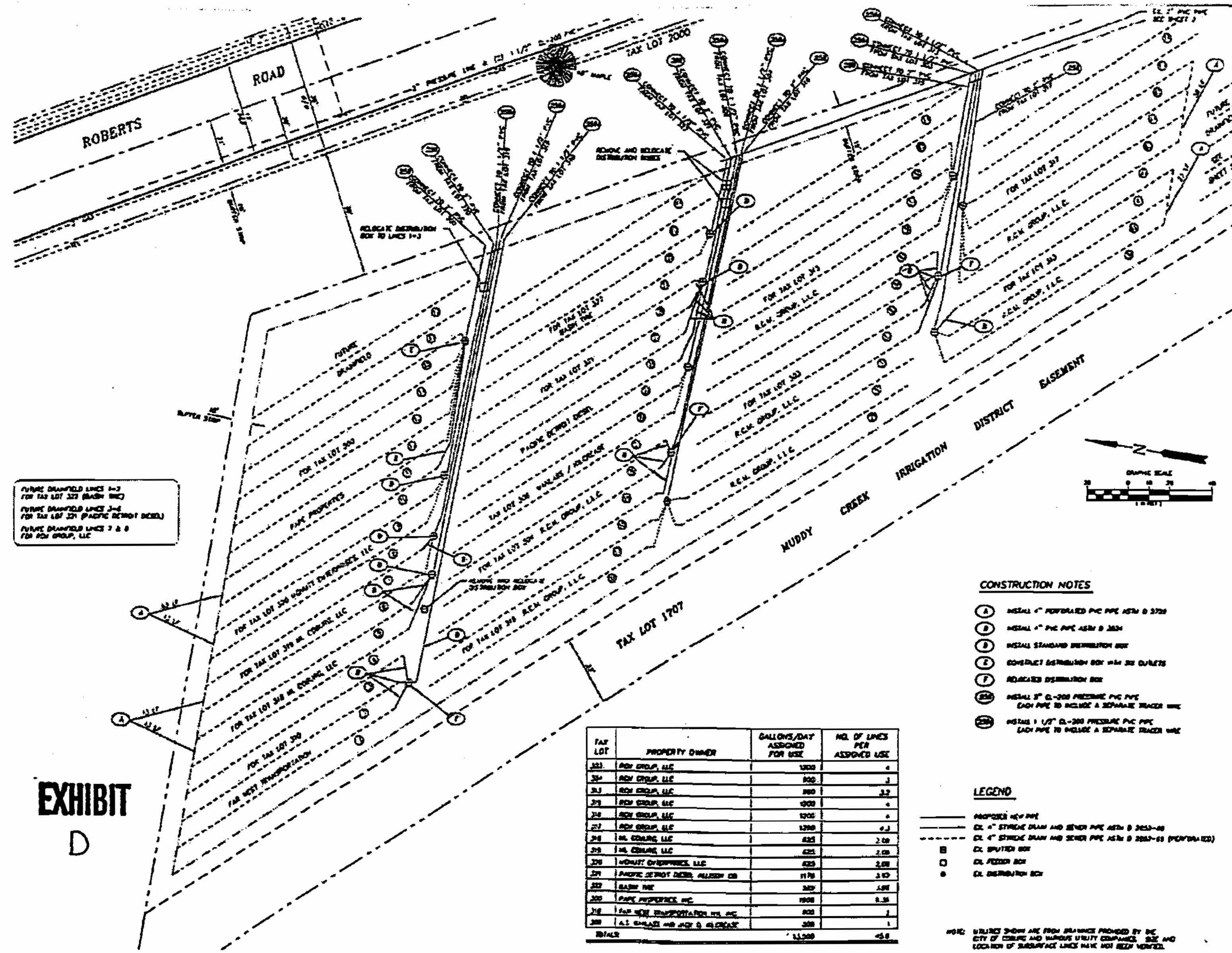
____
Mary Murphy, Trustee of the Kilcrease Family Trust for Mary Murphy dated 12-12-92

____
Jack D. Kilcrease II, Trustee of the Kilcrease Family Trust 0 for Jack D. Kilcrease II dated 12-12-92

____
Jack D. Kilcrease II, Trustee of the Kilcrease Family Trust 1 for Jack D. Kilcrease II dated 12-12-92

Coburg Offsite, Inc.

By______________________________
Dennis Hoff, President



TAX LOT	PROPERTY OWNER	GALLONS/DAY ASSIGNED FOR USE	NO. OF LINES PER ASSIGNED USE
333	RCM GROUP, LLC	1300	4
314	RCM GROUP, LLC	900	3
313	RCM GROUP, LLC	980	3.2
315	RCM GROUP, LLC	1300	4
316	RCM GROUP, LLC	1300	4
317	RCM GROUP, LLC	1390	4.3
318	ML COBURG, LLC	425	2.00
319	ML COBURG, LLC	425	2.00
320	WONUT ENTERPRISES, LLC	425	2.00
321	PACIFIC DETROIT DIESEL, ALLISON CO	1170	3.10
322	BASH INC	360	1.00
300	PAPE PROPERTIES, INC	1900	8.35
310	FAR WEST TRANSPORTATION INC	600	2
308	A.J. WAHLAKE AND JACK D. HOLCRASE	300	1
TOTALS		11,300	45.0

NOTE: UTILITIES SHOWN ARE FROM DRAWINGS PROVIDED BY THE CITY OF COBURG AND VARIOUS UTILITY COMPANIES. SIZE AND LOCATION OF SUBSURFACE LINES HAVE NOT BEEN VERIFIED.

AGENCY APPROVALS

REVISIONS

CLIENT: COBURG OFFSITE, INC.
C/O DENNIS HOFT
90683 ROBERTS ROAD
P.O. BOX 8010
COBURG, OR 97408

DESCRIPTION: REVISED SANITARY COLLECTION AND DISPOSAL SYSTEM COBURG, OREGON

Branch Engineering
310 5th Street
Springfield, Oregon 97477
(541)746-0637 FAX (541)746-0389

PROJECT TITLE: ROBERTS ROAD PRIVATE SANITARY FACILITIES

DATE	20 MAR 2000
SCALE	1"=20'
DRAWN BY	DG
DESIGNED	DG
PROJECT NUMBER	98-186
SHEET NO.	4

90
10
11
5

MODIFICATION AGREEMENT

BETWEEN: Pape Properties, Inc.;
Marylin Wanlass, Successor Trustee of the Wanlass Trust;
Mary Murphy, Trustee of The Kilcrease Family Trust QTIP, and Trustee of The Kilcrease Family Trust for Mary Murphy;
Jack D. Kilcrease, II, Trustee of The Kilcrease Family Trust 0 for Jack D. Kilcrease, II, and Trustee of The Kilcrease Family Trust 1 for Jack D. Kilcrease, II;
Basin Tire Service, Inc.;
Pacific Detroit Realty, LLC;
Farwest Transportation Northwest, Inc.;
McNutt Enterprises, LLC;
ML Coburg, LLC; and
MBM Group, LLC

COPY

(Benefitted Owners)

AND: CJ/MBM Group, LLC (CJ/MBM)

EFFECTIVE DATE: The latest date signed by the parties

RECITALS

A. The Benefitted Owners are the current owners of various parcels of property described in that certain Memorandum of Contract dated May 15, 2000, recorded July 17, 2001, Document No. 2001-044521, Lane County Deeds and Records, Lane County, Oregon (Benefitted Properties).

B. CJ/MBM is the process of acquiring the following:

- Lot 6, Roberts Industrial Center, as platted and recorded in File 73, Slides 438 and 439, Lane County Oregon Plan Records, and Lane County, Oregon (Lot 6); and

- The old railroad right-of-way which is adjacent to Lot 6 and which is more particularly described on attached Exhibit A (Former ROW).

C. Pursuant to various documents (including an Agreement for Exclusive and Shared Use of Easement dated between December 7, 1999, and January 5, 2000, as modified by Modification of Shared Use Agreement dated May 15, 2002), the Benefitted Owners have the right to use both Lot 6 and Lot 7 of Roberts Industrial Center for septic drainfield purposes. Lot 7 is currently utilized for distribution boxes and drainfields connected to and providing septic drainfield service to the Benefitted Properties. A portion of Lot 7 and all of Lot 6 are currently reserved for replacement drainfields which have been allocated among the Benefitted Properties to satisfy any future needs.

No drainfield facilities have been installed on Lot 6.

D. CJ/MBM desires to reconfigure, by lot line adjustment, Lot 6 and the Former ROW, to create two new parcels depicted on attached Exhibit B as Proposed Lot I and Proposed Lot II, which are legally described on attached Exhibit C (referred to in this agreement as "Lot I" and "Lot II," respectively).

E. CJ/MBM desires to connect the septic tank to be installed on Lot I to the same distribution box and drainfield on Lot 7 that is currently utilized by MBM Group, LLC (MBM) for the parcel described on attached Exhibit D, formerly known as Tax Lot 313, renumbered as Tax Lot 1200 (referred to in this agreement as "TL 1200").

F. Initially, the easement for septic tank drainfield use on Lot 6 and Lot 7 was administered by Coburg Offsite, Inc., until the Benefitted Owners, or their predecessors in interest, agreed to allocate the system capacity among the Benefitted Properties. There is no longer a need for Coburg Offsite, Inc. to be involved in the administration of the drainfields.

G. The purpose of this agreement is to relocate to Lot II all of the future (replacement) drainfields currently reserved on the portion of Lot 6 that will become a part of Lot I, to terminate the septic drainfield easement and related rights of the Benefitted Owners with respect to Lot I, and to authorize the owner of Lot I to use jointly with the owner of TL 1200 the pressure line, the distribution box and the existing and future (replacement) drainfields currently designated for the exclusive use by TL 1200, on the conditions specified in this agreement.

AGREEMENT

1. **Effective Date**. This agreement shall become effective on the date of the latest of all of the following to occur (Effective Date):

1.1 The execution of this agreement by all of its parties;

1.2 CJ/MBM's acquisition of Lot 6 and the Former ROW.

1.3 The recording of the lot line adjustment deed creating Lot I and Lot II;

1.4 The recording of this agreement.

2. **Relocation of Future Drainfield**. On the Effective Date, the future (replacement) drainfields currently reserved for the portion of Lot 6 that will become a part of Lot I shall be relocated to Lot II, as depicted on Exhibit B.

3. **Release of Lot I**. On the Effective Date, all of the septic drainfield easement and related rights which the Benefitted Owners have in Lot I shall terminate.

4. **Termination of Rights of Coburg Offsite, Inc.** The Benefitted Owners agree that there is no further need for the participation of Coburg Offsite, Inc. and further agree that Coburg Offsite, Inc. has no further rights, interests or obligations with respect to the septic drainfield easement, the Benefitted Properties, or Lot 6 or Lot 7. By signing this agreement, Coburg Offsite, Inc. approves the provisions of the paragraph and agrees that whatever rights, interests or obligations it may have had with respect to such matters are terminated.

5. **Use of TL 1200 Facilities**. The Benefitted Owners agree that CJ/MBM shall have the right to connect the septic tank to be installed on Lot I to the pressure line that currently runs from TL 1200 to Lot 7 and to allow the distribution box and drainfield on Lot 7 which is designated for exclusive use by TL 1200 to also be used for effluent from Lot I. The Benefitted Owners also agree that the owner of Lot I shall have the right to use the future (replacement) drainfield which is available for use by the owner of TL 1200. In granting the rights described in this paragraph 5, the Benefitted Owners are relying on the covenant in paragraph 6, below.

6. **Covenant Regarding Capacity**. Both MBM and CJ/MBM covenant that the drainfield system capacity currently allocated to TL 1200 at 960 gallons per day shall not be exceeded by the combined effluent from both TL 1200 and Lot I.

7. **Costs**. All of the costs incurred in connecting the septic tank located on Lot I to the pressure line, distribution box and drainfield that serves TL 1200 shall be borne entirely by CJ/MBM and CJ/MBM shall hold all Benefitted Owners harmless from all such costs.

8. **Effect**. Except as modified by this agreement, the Agreement for Exclusive and Shared Use of Easement, as previously modified, remains unchanged and in full force and effect.

9. **Counterparts**. This agreement may be signed in counterparts and shall constitute the agreement of all the parties hereto only when all such parties have signed this agreement or a counterpart thereof.

10. **Modification**. No modification of this agreement shall be valid unless it is in writing and is signed by all of the parties.

11. **Interpretation**. The paragraph headings are for the convenience of the reader only and are not intended to act as a limitation on the scope or meaning of the paragraphs themselves.

12. • **Severability**. The invalidity of any term or provision of this agreement shall not affect the validity of any other provision.

13. **Waiver**. Waiver by any party of strict performance of any provision of this agreement shall not be a waiver of or prejudice any party's right to require strict performance of the same provision in the future or of any other provision.

14. **Binding Effect**. This agreement shall run with the land and shall be binding on and inure to the benefit of the heirs, legal representatives, successors, including successors in interest, and assigns of the parties.

Papé Properties, Inc.

By ______________________

~~Gary D. Papé~~, President

Randall C. Pape'

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 22nd day of April, 2003, by ~~Gary D. Papé~~ as President of Papé Properties, Inc.
Randall C. Pape'

OFFICIAL SEAL
REBECCA J SCOTT
NOTARY PUBLIC-OREGON
COMMISSION NO. 364298
MY COMMISSION EXPIRES JAN 18, 2007

Rebecca J Scott

Notary Public for Oregon

My commission expires: Jan 18, 2007

____

Marylin Wanlass, Successor Trustee
of the Wanlass Trust

State of California)
) ss.
County of Sonoma)

On ______________________, 2003, before me, ______________________, Marylin Wanless personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. WITNESS my hand and official seal.

Signature ______________________ (NOTARY SEAL)

14. **Binding Effect**. This agreement shall run with the land and shall be binding on and inure to the benefit of the heirs, legal representatives, successors, including successors in interest, and assigns of the parties.

Papé Properties, Inc.

By ____________________________
Gary D. Papé, President

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this _____ day of _____________, 2003, by Gary D. Papé as President of Papé Properties, Inc.

____
Notary Public for Oregon
My commission expires:__________

Marylin Wanlass
Marylin Wanlass, Successor Trustee
of the Wanlass Trust

State of California)
) ss.
County of Sonoma)

On May 29, 2003, before me, Dawn A. Leandro
Marylin Wanless personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. WITNESS my hand and official seal.

Signature Dawn A Leandro (NOTARY SEAL)

DAWN A. LEANDRO
Commission # 1315751
Notary Public - California
Sonoma County
My Comm. Expires Jul 30, 2005

Mary Murphy, Trustee

Mary Murphy, Trustee of The Kilcrease
Family Trust QTIP, and Trustee of The
Kilcrease Family Trust for Mary Murphy

State of California)
) ss.
County of Butte)

On 5-2-03, 2003, before me, VICKI GROSSE / A NOTARY PUBLIC, Mary Murphy personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. WITNESS my hand and official seal.

Signature ______________________ (NOTARY SEAL)

VICKI GROSSE
Commission # 1327111
Notary Public — California
Butte County
My Comm. Expires Oct 27, 2005

Jack D. Kilcrease, II, Trustee of The Kilcrease
Family Trust 0 for Jack D. Kilcrease, II, and
Trustee of The Kilcrease Family Trust 1 for Jack
D. Kilcrease, II

State of Washington)
) ss.
County of Clark)

This instrument was acknowledged before me this _____ day of ___________, 2003, by Jack D. Kilcrease, II, Trustee of The Kilcrease Family Trust 0 for Jack D. Kilcrease, II, and Trustee of The Kilcrease Family Trust 1 for Jack D. Kilcrease, II.

Notary Public for Washington
My commission expires:________

____

Mary Murphy, Trustee of The Kilcrease Family Trust QTIP, and Trustee of The Kilcrease Family Trust for Mary Murphy

State of California)
) ss.
County of Butte)

On ________________________, 2003, before me, __________________, Mary Murphy personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. WITNESS my hand and official seal.

Signature ________________________________(NOTARY SEAL)

Jack D. Kilcrease, II

Jack D. Kilcrease, II, Trustee of The Kilcrease Family Trust 0 for Jack D. Kilcrease, II, and Trustee of The Kilcrease Family Trust 1 for Jack D. Kilcrease, II

State of Oregon)
) ss.
County of Multnomah)

This instrument was acknowledged before me this 8th day of May, 2003, by Jack D. Kilcrease, II, Trustee of The Kilcrease Family Trust 0 for Jack D. Kilcrease, II, and Trustee of The Kilcrease Family Trust 1 for Jack D. Kilcrease, II.

OFFICIAL SEAL
DAYNA MARSHA
NOTARY PUBLIC-OREGON
COMMISSION NO 330249
MY COMMISSION EXPIRES MAR. 22, 2004

Dayna Marsha
Notary Public for ~~Washington~~ Oregon
My commission expires: 3/22/04

Basin Tire Service, Inc.

By Dale S. Bartness
Title V. P.

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 21st day of May, 2003, by Dale S. Bartness as Vice Pres. of Basin Tire Service, Inc.

OFFICIAL SEAL
LISA WORLEY
NOTARY PUBLIC-OREGON
COMMISSION NO. 331929
MY COMMISSION EXPIRES MAY 15, 2004

Lisa Worley
Notary Public for Oregon
My commission expires: May 15, 2004

Pacific Detroit Realty, LLC

By ____________________
Manager

State of ________________)
) ss.
County of ______________)

This instrument was acknowledged before me this _____ day of ____________, 2003, by ____________________ as Manager of Pacific Detroit Realty, LLC.

____
Notary Public for ______________
My commission expires: _________

Basin Tire Service, Inc.

By ____________________________
Title___________________________

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this _____ day of _____________, 2003, by _________________________ as __________________ of Basin Tire Service, Inc.

____
Notary Public for Oregon
My commission expires:__________

Pacific Detroit Realty, LLC

By ____________________________
Manager

State of Washington)
) ss.
County of Clark)

This instrument was acknowledged before me this 12 day of May, 2003, by Jim Parchert as Manager of Pacific Detroit Realty, LLC.

MARLENE HARDWICK
COMMISSION EXPIRES
NOTARY PUBLIC
FEBRUARY 10, 2006
STATE OF WASHINGTON

Marlene Hardwick
Notary Public for Washington
My commission expires: 2-10-06

Farwest Transportation Northwest, Inc.

By ____________________________
Title: President

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 7th day of May, 2003, by Michael G. Evans as President of Farwest Transportation Northwest, Inc.

OFFICIAL SEAL
SALLY STANDEFORD
NOTARY PUBLIC – OREGON
COMMISSION NO. 360289
MY COMMISSION EXPIRES SEPTEMBER 23, 2006

Sally Standeford
Notary Public for Oregon
My commission expires: 9/23/06

McNutt Enterprises, LLC

By ____________________________
Robert E. McNutt, Manager

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this _____ day of _____________, 2003, by Robert E. McNutt as Manager of McNutt Enterprises, LLC.

____
Notary Public for Oregon
My commission expires:__________

Farwest Transportation Northwest, Inc.

By ___________________________

Title:___________________________

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this _____ day of _____________, 2003, by _____________________ as __________________of Farwest Transportation Northwest, Inc.

____

Notary Public for Oregon

My commission expires:__________

McNutt Enterprises, LLC

By ___________________________

Robert E. McNutt, Manager

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 14th day of April, 2003, by Robert E. McNutt as Manager of McNutt Enterprises, LLC.

OFFICIAL SEAL
ANN R KOFFLER-LUM
NOTARY PUBLIC-OREGON
COMMISSION NO. 348470
MY COMMISSION EXPIRES OCT 30, 2005

Ann R. Koffler-Lum

Notary Public for Oregon

My commission expires: 10-30-05

ML Coburg, LLC

By ______________________
Robert E. McNutt, Manager

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 14th day of April, 2003, by Robert E. McNutt as Manager of ML Coburg, LLC.

OFFICIAL SEAL
ANN R KOFFLER-LUM
NOTARY PUBLIC-OREGON
COMMISSION NO. 348470
MY COMMISSION EXPIRES OCT 30, 2005

____
Notary Public for Oregon
My commission expires: 10-30-05

MBM Group, LLC

By ______________________
Dennis Bottem, Member

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 15 day of January, 2003, by Dennis Bottem as a member of MBM Group, LLC.

OFFICIAL SEAL
JENNIFER K. LYDON
NOTARY PUBLIC-OREGON
COMMISSION NO. 331216
MY COMMISSION EXPIRES APR. 30, 2004

____
Notary Public for Oregon
My commission expires: April 30, 2004

Coburg Offsite, Inc.

By_____________________________
Dennis Hoff, President

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this _____ day of _____________, 2003, by Dennis Hoff as President of Coburg Offsite, Inc.

____
Notary Public for Oregon
My commission expires:__________

CJ/MBM Group, LLC

By_____________________________
Dennis Bottem, Member

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 15 day of January, 2003, by Dennis Bottem, as a member of CJ/MBM Group, LLC.

OFFICIAL SEAL
JENNIFER K. LYDON
NOTARY PUBLIC-OREGON
COMMISSION NO. 331216
MY COMMISSION EXPIRES APR. 30, 2004

Jennifer K Lydon
Notary Public for Oregon
My commission expires: April 30, 2004

Coburg Offsite, Inc.

By Dennis Hoff
Dennis Hoff, President

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 13th day of May, 2003, by Dennis Hoff as President of Coburg Offsite, Inc.

OFFICIAL SEAL
KELLIE ANDRE'-STARMER
NOTARY PUBLIC - OREGON
COMMISSION NO 367225
MY COMMISSION EXPIRES APRIL 1, 2007

Kellie Andre'-Starmer
Notary Public for Oregon
My commission expires: 4·1·07

CJ/MBM Group, LLC

By
Dennis Bottem, Member

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 15 day of January, 2003, by Dennis Bottem, as a member of CJ/MBM Group, LLC.

OFFICIAL SEAL
JENNIFER K. LYDON
NOTARY PUBLIC-OREGON
COMMISSION NO. 331216
MY COMMISSION EXPIRES APR. 30, 2004

Jennifer K Lydon
Notary Public for Oregon
My commission expires: April 30, 2004

EXHIBIT A

That parcel of land situated in the County of Lane, State of Oregon, described as follows:

A strip of land, 60 feet wide, situated in the Jacob Spores Donation Land Claim No. 45, Section 33, Township 16 South, Range 3 West, Willamette Meridian, and in the Jacob Spores Donation Land Claim No. 38, Section 4, Township 17 South, Range 3 West, Willamette Meridian, in Lane County, Oregon, being that portion of the 60 foot wide strip of land described in Action to Appropriate Lands, The Oregonian Railroad Company vs. Henry Spores, Circuit Court of the State of Oregon, for the County of Lane, Case No. 2691, that lies Northwesterly of the Easterly extension of the South line of Lot 6, ROBERTS INDUSTRIAL CENTER, as platted and recorded in File 73, Slides 438 and 439, Lane County Oregon Plat Records, in Lane County, Oregon.

EXCEPTING THEREFROM that portion which lies Northwesterly of the Easterly extension of the Northwesterly line of Lot 6 of said Roberts Industrial Center.

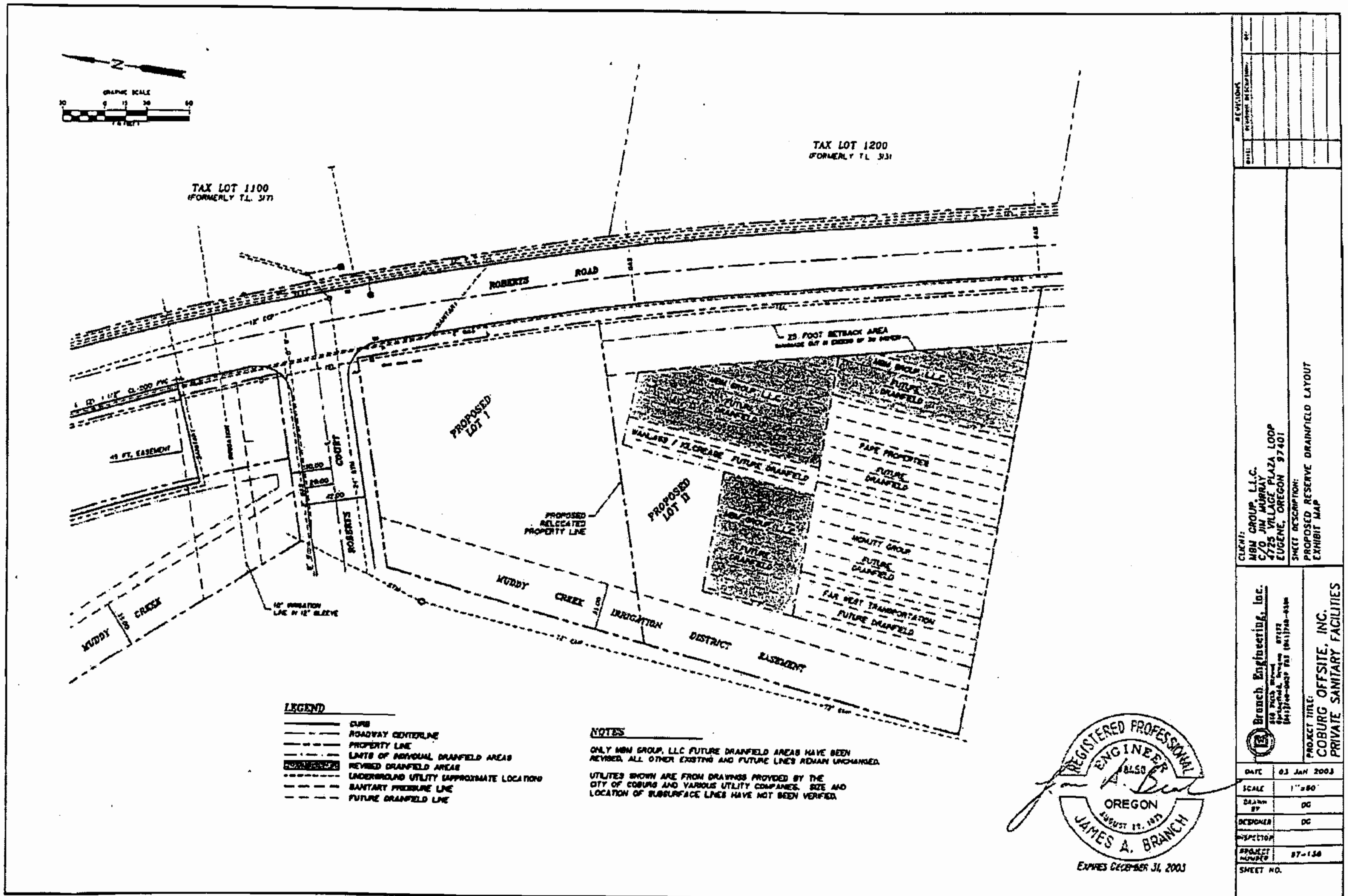

TAX LOT 1100
(FORMERLY T.L. 317)
TAX LOT 1200
(FORMERLY T.L. 331)
ROBERTS ROAD
ROBERTS COURT
25 FOOT SETBACK AREA
PROPOSED LOT I
PROPOSED LOT II
PROPOSED RELOCATED PROPERTY LINE
MBM GROUP, L.L.C. FUTURE DRAINFIELD
WAHLAGE / ELCREASE FUTURE DRAINFIELD
PAPE PROPERTIES FUTURE DRAINFIELD
MCNUTT GROUP FUTURE DRAINFIELD
FAR WEST TRANSPORTATION FUTURE DRAINFIELD
MUDDY CREEK IRRIGATION DISTRICT EASEMENT
MUDDY CREEK
45 FT. EASEMENT
10" IRRIGATION LINE IN 12" SLEEVE
LEGEND
CURB
ROADWAY CENTERLINE
PROPERTY LINE
LIMITS OF INDIVIDUAL DRAINFIELD AREAS
REVISED DRAINFIELD AREAS
UNDERGROUND UTILITY (APPROXIMATE LOCATION)
SANITARY PRESSURE LINE
FUTURE DRAINFIELD LINE
NOTES
ONLY MBM GROUP, LLC FUTURE DRAINFIELD AREAS HAVE BEEN REVISED, ALL OTHER EXISTING AND FUTURE LINES REMAIN UNCHANGED.
UTILITES SHOWN ARE FROM DRAWINGS PROVIDED BY THE CITY OF COBURG AND VARIOUS UTILITY COMPANIES. SIZE AND LOCATION OF SUBSURFACE LINES HAVE NOT BEEN VERIFIED.
REGISTERED PROFESSIONAL ENGINEER
OREGON
JAMES A. BRANCH
EXPIRES DECEMBER 31, 2003
CLIENT:
MBM GROUP, L.L.C.
C/O JIM MURRAY
4725 VILLAGE PLAZA LOOP
EUGENE, OREGON 97401
SHEET DESCRIPTION:
PROPOSED RESERVE DRAINFIELD LAYOUT
EXHIBIT MAP
Branch Engineering, Inc.
PROJECT TITLE:
COBURG OFFSITE, INC.
PRIVATE SANITARY FACILITIES
DATE 03 JAN 2003
SCALE 1"=50'
DRAWN BY DC
DESIGNER DC
PROJECT NUMBER 97-138
SHEET NO.
REVISIONS

EXHIBIT B

December 12, 2002
Branch No. 02-229

EXHIBIT C

LOT I

SITUATED in the City of Coburg, Lane County, State of Oregon in the Southeast 1/4 of Section 33, Township 16 South, Range 3 West of the Willamette Meridian and in the Northeast 1/4 of Section 4, Township 17 South, Range 3 West of the Willamette Meridian and described as follows:

BEING all of the land lying (1) south of the south margin of Roberts Court (a 60.00-foot wide right-of-way shown on the plat of Roberts Industrial Center as platted and recorded December 18, 1980 in File 73 at Slides 438 and 439 in the Plat Records of Lane County, State of Oregon) and the easterly prolongation of said south margin, (2) east of the east line of Lot 5, Block 1 of said Roberts Industrial Center, (3) west of the west margin of Roberts Road (a 60.00-foot wide right-of-way shown on said plat of Roberts Industrial Center) and (4) north of a line that lies parallel with and 178.00 feet southerly by perpendicular measurement from that certain line on the aforesaid south margin of Roberts Court that has a bearing of North 72° 57' 36" West as said line is shown on said plat of Roberts Industrial Center.

LOT II

SITUATED in the City of Coburg, Lane County, State of Oregon in the Northeast 1/4 of Section 4, Township 17 South, Range 3 West of the Willamette Meridian and described as follows:

BEING all of the land lying (1) north of the easterly extension of the south line of Lot 5, Block 1 of the plat of Roberts Industrial Center as platted and recorded December 18, 1980 in File 73 at Slides 438 and 439 in the Plat Records of Lane County, State of Oregon, (2) east of the east line of said Lot 5, Block 1 of said Roberts Industrial Center, (3) west of the west margin of Roberts Road (a 60.00-foot wide right-of-way shown on said plat of Roberts Industrial Center) and (4) south of a line that lies parallel with and 178.00 feet southerly by perpendicular measurement from that certain line on the aforesaid south margin of Roberts Court that has a bearing of North 72° 57' 36" West as said line is shown on said plat of Roberts Industrial Center.

REGISTERED
PROFESSIONAL
LAND SURVEYOR

Rex A. Betz

OREGON
JULY 20, 1993
REX A. BETZ
#2606

Lic Exp. 12/31/03

EXHIBIT D

A parcel of land lying in the Northeast ¼ of Section 4, Township 17 South, Range 3 West, Willamette Meridian, said parcel being more particularly described as follows: Beginning at a point on the Westerly right of way line of Interstate Highway 5, said point bears 646.46 feet North 88° 02' 09" West and 901.17 feet South 08° 42' East from the Northeast corner of the J.C. Spores donation land Claim No. 45, Township 16 South, Range 3 West, Willamette Meridian; thence South 08° 42' East 317.50 feet; thence North 88° 15' 54" West 267.81 feet to the Easterly right of way line of Roberts Road; thence North 12° 26' 10" West 107.16 feet; thence North 12° 47' 14" West 91.41 feet; thence along the arc of a 2954.83 foot radius curve left 124.88 feet (the chord of which bears North 14° 32' 49" West 124.87 feet); thence leaving said right of way line run South 88° 15' 54" feet East 294.47 feet to the Point of Beginning, all in Lane County, Oregon.

Division of Chief Deputy Clerk
Lane County Deeds and Records

2003-068537

$116.00

00461597200300685370190192

07/24/2003 03:59:59 PM

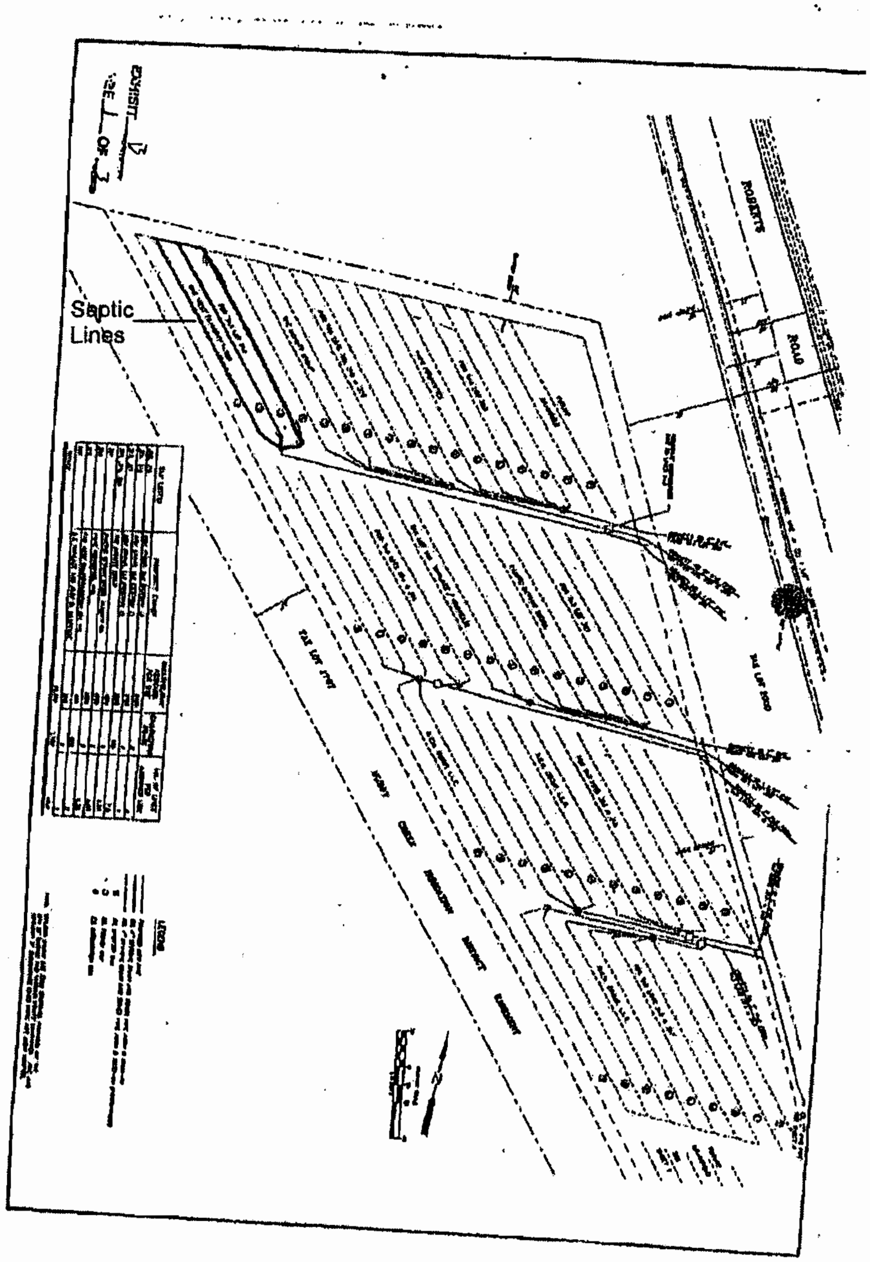
RPR-MOD Cnt=1 Stn=5 CASHIER 07
$95.00 $10.00 $11.00

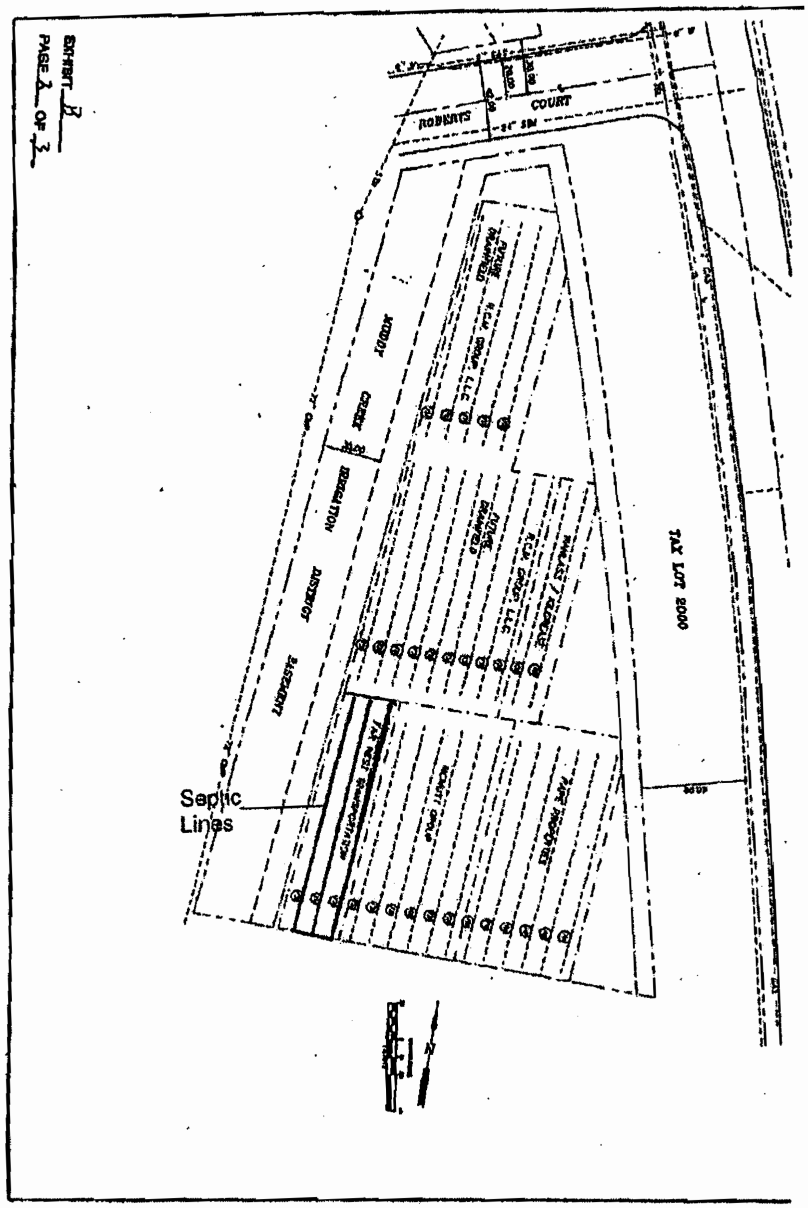
EXHIBIT B
TO
ASSIGNMENT AND ASSUMPTION OF AGREEMENT
FOR EXCLUSIVE AND SHARED USE OF EASEMENT

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

Beginning at the stone marking the northeast corner of the J.C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence North 88°02'09" West 646.46 feet to a point on the westerly line of the right of way of Interstate Highway No. 5 (being parallel with and 150.00 feet westerly from when measured at right angles to the centerline of said highway); thence North 8°42' West 1578.66 feet along the westerly line of said right of way to an iron pin marking the true point of beginning; thence North 8°42' West 234.50 feet continuing along said right of way line to an iron pin opposite centerline station 225 + 00; thence North 30°25' West 150.95 feet continuing along said right of way line to a point marked by an iron pin; thence South 81°18' West 647.09 feet to an iron pin set on the easterly right of way line of Roberts Road; thence South 6°32'58" East 375.00 feet along said right of way line to a point marked by an iron pin; thence North 81°18' East 717.02 feet to the true point of beginning, in Lane County, Oregon.

EXHIBIT C
TO
ASSIGNMENT AND ASSUMPTION OF AGREEMENT
FOR EXCLUSIVE AND SHARED USE OF EASEMENT




ROBERTS COURT
TAX LOT 2000
MUDDY CREEK IRRIGATION DISTRICT EASEMENT
Septic Lines

Division of Chief Deputy Clerk
Lane County Deeds and Records

2003-068537

$116.00

00461597200300685370190192

07/24/2003 03:59:59 PM

RPR-MOD Cnt=1 Stn=5 CASHIER 07
$95.00 $10.00 $11.00

90
10
11
5

MODIFICATION AGREEMENT

BETWEEN: Pape Properties, Inc.;
Marylin Wanlass, Successor Trustee of the Wanlass Trust;
Mary Murphy, Trustee of The Kilcrease Family Trust QTIP, and Trustee of The Kilcrease Family Trust for Mary Murphy;
Jack D. Kilcrease, II, Trustee of The Kilcrease Family Trust 0 for Jack D. Kilcrease, II, and Trustee of The Kilcrease Family Trust 1 for Jack D. Kilcrease, II;
Basin Tire Service, Inc.;
Pacific Detroit Realty, LLC;
Farwest Transportation Northwest, Inc.;
McNutt Enterprises, LLC;
ML Coburg, LLC; and
MBM Group, LLC (Benefitted Owners)

AND: CJ/MBM Group, LLC (CJ/MBM)

EFFECTIVE DATE: The latest date signed by the parties

RECITALS

A. The Benefitted Owners are the current owners of various parcels of property described in that certain Memorandum of Contract dated May 15, 2000, recorded July 17, 2001, Document No. 2001-044521, Lane County Deeds and Records, Lane County, Oregon (Benefitted Properties).

B. CJ/MBM is the process of acquiring the following:

- Lot 6, Roberts Industrial Center, as platted and recorded in File 73, Slides 438 and 439, Lane County Oregon Plan Records, and Lane County, Oregon (Lot 6); and

- The old railroad right-of-way which is adjacent to Lot 6 and which is more particularly described on attached Exhibit A (Former ROW).

C. Pursuant to various documents (including an Agreement for Exclusive and Shared Use of Easement dated between December 7, 1999, and January 5, 2000, as modified by Modification of Shared Use Agreement dated May 15, 2002), the Benefitted Owners have the right to use both Lot 6 and Lot 7 of Roberts Industrial Center for septic drainfield purposes. Lot 7 is currently utilized for distribution boxes and drainfields connected to and providing septic drainfield service to the Benefitted Properties. A portion of Lot 7 and all of Lot 6 are currently reserved for replacement drainfields which have been allocated among the Benefitted Properties to satisfy any future needs.

No drainfield facilities have been installed on Lot 6.

D. CJ/MBM desires to reconfigure, by lot line adjustment, Lot 6 and the Former ROW, to create two new parcels depicted on attached Exhibit B as Proposed Lot I and Proposed Lot II, which are legally described on attached Exhibit C (referred to in this agreement as "Lot I" and "Lot II," respectively).

E. CJ/MBM desires to connect the septic tank to be installed on Lot I to the same distribution box and drainfield on Lot 7 that is currently utilized by MBM Group, LLC (MBM) for the parcel described on attached Exhibit D, formerly known as Tax Lot 313, renumbered as Tax Lot 1200 (referred to in this agreement as "TL 1200").

F. Initially, the easement for septic tank drainfield use on Lot 6 and Lot 7 was administered by Coburg Offsite, Inc., until the Benefitted Owners, or their predecessors in interest, agreed to allocate the system capacity among the Benefitted Properties. There is no longer a need for Coburg Offsite, Inc. to be involved in the administration of the drainfields.

G. The purpose of this agreement is to relocate to Lot II all of the future (replacement) drainfields currently reserved on the portion of Lot 6 that will become a part of Lot I, to terminate the septic drainfield easement and related rights of the Benefitted Owners with respect to Lot I, and to authorize the owner of Lot I to use jointly with the owner of TL 1200 the pressure line, the distribution box and the existing and future (replacement) drainfields currently designated for the exclusive use by TL 1200, on the conditions specified in this agreement.

AGREEMENT

1. **Effective Date**. This agreement shall become effective on the date of the latest of all of the following to occur (Effective Date):

1.1 The execution of this agreement by all of its parties;

1.2 CJ/MBM's acquisition of Lot 6 and the Former ROW.

1.3 The recording of the lot line adjustment deed creating Lot I and Lot II;

1.4 The recording of this agreement.

2. **Relocation of Future Drainfield**. On the Effective Date, the future (replacement) drainfields currently reserved for the portion of Lot 6 that will become a part of Lot I shall be relocated to Lot II, as depicted on Exhibit B.

3. **Release of Lot I**. On the Effective Date, all of the septic drainfield easement and related rights which the Benefitted Owners have in Lot I shall terminate.

4. **Termination of Rights of Coburg Offsite, Inc.** The Benefitted Owners agree that there is no further need for the participation of Coburg Offsite, Inc. and further agree that Coburg Offsite, Inc. has no further rights, interests or obligations with respect to the septic drainfield easement, the Benefitted Properties, or Lot 6 or Lot 7. By signing this agreement, Coburg Offsite, Inc. approves the provisions of the paragraph and agrees that whatever rights, interests or obligations it may have had with respect to such matters are terminated.

5. **Use of TL 1200 Facilities**. The Benefitted Owners agree that CJ/MBM shall have the right to connect the septic tank to be installed on Lot I to the pressure line that currently runs from TL 1200 to Lot 7 and to allow the distribution box and drainfield on Lot 7 which is designated for exclusive use by TL 1200 to also be used for effluent from Lot I. The Benefitted Owners also agree that the owner of Lot I shall have the right to use the future (replacement) drainfield which is available for use by the owner of TL 1200. In granting the rights described in this paragraph 5, the Benefitted Owners are relying on the covenant in paragraph 6, below.

6. **Covenant Regarding Capacity**. Both MBM and CJ/MBM covenant that the drainfield system capacity currently allocated to TL 1200 at 960 gallons per day shall not be exceeded by the combined effluent from both TL 1200 and Lot I.

7. **Costs**. All of the costs incurred in connecting the septic tank located on Lot I to the pressure line, distribution box and drainfield that serves TL 1200 shall be borne entirely by CJ/MBM and CJ/MBM shall hold all Benefitted Owners harmless from all such costs.

8. **Effect**. Except as modified by this agreement, the Agreement for Exclusive and Shared Use of Easement, as previously modified, remains unchanged and in full force and effect.

9. **Counterparts**. This agreement may be signed in counterparts and shall constitute the agreement of all the parties hereto only when all such parties have signed this agreement or a counterpart thereof.

10. **Modification**. No modification of this agreement shall be valid unless it is in writing and is signed by all of the parties.

11. **Interpretation**. The paragraph headings are for the convenience of the reader only and are not intended to act as a limitation on the scope or meaning of the paragraphs themselves.

12. **Severability**. The invalidity of any term or provision of this agreement shall not affect the validity of any other provision.

13. **Waiver**. Waiver by any party of strict performance of any provision of this agreement shall not be a waiver of or prejudice any party's right to require strict performance of the same provision in the future or of any other provision.

14. **Binding Effect**. This agreement shall run with the land and shall be binding on and inure to the benefit of the heirs, legal representatives, successors, including successors in interest, and assigns of the parties.

Pápé Properties, Inc.

By ______________________

~~Gary D. Papé~~, President
Randall C. Pape'

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 22nd day of April, 2003, by ~~Gary D. Papé~~ as President of Papé Properties, Inc.
Randall C. Pape'

OFFICIAL SEAL
REBECCA J SCOTT
NOTARY PUBLIC-OREGON
COMMISSION NO. 364298
MY COMMISSION EXPIRES JAN 18, 2007

____
Notary Public for Oregon
My commission expires: Jan 18, 2007

____
Marylin Wanlass, Successor Trustee
of the Wanlass Trust

State of California)
) ss.
County of Sonoma)

On ______________________, 2003, before me, ______________________, Marylin Wanless personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. WITNESS my hand and official seal.

Signature ______________________(NOTARY SEAL)

14. **Binding Effect**. This agreement shall run with the land and shall be binding on and inure to the benefit of the heirs, legal representatives, successors, including successors in interest, and assigns of the parties.

Papé Properties, Inc.

By ______________________
Gary D. Papé, President

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this _____ day of ____________, 2003, by Gary D. Papé as President of Papé Properties, Inc.

____
Notary Public for Oregon
My commission expires:__________

Marylin Wanlass
Marylin Wanlass, Successor Trustee
of the Wanlass Trust

State of California)
) ss.
County of Sonoma)

On May 29, 2003, before me, Dawn A. Leandro
Marylin Wanless personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. WITNESS my hand and official seal.

Signature Dawn A. Leandro (NOTARY SEAL)

DAWN A. LEANDRO
Commission # 1315751
Notary Public - California
Sonoma County
My Comm. Expires Jul 30, 2005

Mary Murphy, Trustee

Mary Murphy, Trustee of The Kilcrease Family Trust QTIP, and Trustee of The Kilcrease Family Trust for Mary Murphy

State of California)
) ss.
County of Butte)

On 5-2-03 __________, 2003, before me, VICKI GROSSE/ A NOTARY PUBLIC, Mary Murphy personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.
WITNESS my hand and official seal.

Signature ____________________(NOTARY SEAL)

VICKI GROSSE
Commission # 1327111
Notary Public — California
Butte County
My Comm. Expires Oct 27, 2005

____
Jack D. Kilcrease, II, Trustee of The Kilcrease Family Trust 0 for Jack D. Kilcrease, II, and Trustee of The Kilcrease Family Trust 1 for Jack D. Kilcrease, II

State of Washington)
) ss.
County of Clark)

This instrument was acknowledged before me this _____ day of ____________, 2003, by Jack D. Kilcrease, II, Trustee of The Kilcrease Family Trust 0 for Jack D. Kilcrease, II, and Trustee of The Kilcrease Family Trust 1 for Jack D. Kilcrease, II.

____
Notary Public for Washington
My commission expires:__________

Mary Murphy, Trustee of The Kilcrease Family Trust QTIP, and Trustee of The Kilcrease Family Trust for Mary Murphy

State of California)
) ss.
County of Butte)

On ____________________, 2003, before me, ____________________, Mary Murphy personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument. WITNESS my hand and official seal.

Signature ______________________________(NOTARY SEAL)

Jack D. Kilcrease, II

Jack D. Kilcrease, II, Trustee of The Kilcrease Family Trust 0 for Jack D. Kilcrease, II, and Trustee of The Kilcrease Family Trust 1 for Jack D. Kilcrease, II

State of Oregon)
) ss.
County of Multnomah)

This instrument was acknowledged before me this 8th day of May, 2003, by Jack D. Kilcrease, II, Trustee of The Kilcrease Family Trust 0 for Jack D. Kilcrease, II, and Trustee of The Kilcrease Family Trust 1 for Jack D. Kilcrease, II.

OFFICIAL SEAL
DAYNA MARSHA
NOTARY PUBLIC-OREGON
COMMISSION NO 330249
MY COMMISSION EXPIRES MAR. 22, 2004

Dayna Marsha
Notary Public for ~~Washington~~ Oregon
My commission expires: 3/22/04

Basin Tire Service, Inc.

By *Dale S. Bartmess*

Title *V.P.*

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this *21st* day of *May*, 2003, by *Dale S. Bartmess* as *Vice Pres.* of Basin Tire Service, Inc.

OFFICIAL SEAL
LISA WORLEY
NOTARY PUBLIC-OREGON
COMMISSION NO. 331929
MY COMMISSION EXPIRES MAY 15, 2004

Lisa Worley
Notary Public for Oregon
My commission expires: *May 15, 2004*

Pacific Detroit Realty, LLC

By ____________________________
Manager

State of ____________________)
) ss.
County of __________________)

This instrument was acknowledged before me this _____ day of _____________, 2003, by _________________________ as Manager of Pacific Detroit Realty, LLC.

____
Notary Public for _______________
My commission expires: __________

Basin Tire Service, Inc.

By __________________________
Title__________________________

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this _____ day of _____________, 2003, by __________________________ as ___________________ of Basin Tire Service, Inc.

____
Notary Public for Oregon
My commission expires:__________

Pacific Detroit Realty, LLC

By __________________________
Manager

State of Washington)
) ss.
County of Clark)

This instrument was acknowledged before me this 12 day of May, 2003, by Jim Parchert as Manager of Pacific Detroit Realty, LLC.

MARLENE HARDWICK
COMMISSION EXPIRES
NOTARY
PUBLIC
FEBRUARY 10, 2006
STATE OF WASHINGTON

Marlene Hardwick
Notary Public for Washington
My commission expires: 2-10-06

Farwest Transportation Northwest, Inc.

By ______________________
Title: President

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 7th day of May, 2003, by Michael G. Evans as President of Farwest Transportation Northwest, Inc.

OFFICIAL SEAL
SALLY STANDEFORD
NOTARY PUBLIC – OREGON
COMMISSION NO. 360289
MY COMMISSION EXPIRES SEPTEMBER 23, 2006

Sally Standeford
Notary Public for Oregon
My commission expires: 9/23/06

McNutt Enterprises, LLC

By ______________________
Robert E. McNutt, Manager

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this _____ day of _____________, 2003, by Robert E. McNutt as Manager of McNutt Enterprises, LLC.

____
Notary Public for Oregon
My commission expires: _________

Farwest Transportation Northwest, Inc.

By __________________________
Title:__________________________

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this _____ day of ____________, 2003, by ____________________ as _________________of Farwest Transportation Northwest, Inc.

____
Notary Public for Oregon
My commission expires:__________

McNutt Enterprises, LLC

By [signature]
Robert E. McNutt, Manager

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 14th day of April, 2003, by Robert E. McNutt as Manager of McNutt Enterprises, LLC.

OFFICIAL SEAL
ANN R KOFFLER-LUM
NOTARY PUBLIC-OREGON
COMMISSION NO. 348470
MY COMMISSION EXPIRES OCT 30, 2005

[signature]
Notary Public for Oregon
My commission expires: 10-30-05

ML Coburg, LLC

By ______________________
Robert E. McNutt, Manager

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 14th day of April, 2003, by Robert E. McNutt as Manager of ML Coburg, LLC.

OFFICIAL SEAL
ANN R KOFFLER-LUM
NOTARY PUBLIC-OREGON
COMMISSION NO. 348470
MY COMMISSION EXPIRES OCT 30, 2005

Ann R. Koffler-Lum
Notary Public for Oregon
My commission expires: 10-30-05

MBM Group, LLC

By ______________________
Dennis Bottem, Member

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 15 day of January, 2003, by Dennis Bottem as a member of MBM Group, LLC.

OFFICIAL SEAL
JENNIFER K. LYDON
NOTARY PUBLIC-OREGON
COMMISSION NO. 331216
MY COMMISSION EXPIRES APR. 30, 2004

Jennifer K. Lydon
Notary Public for Oregon
My commission expires: April 30, 2004

Coburg Offsite, Inc.

By____________________________
Dennis Hoff, President

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this _____ day of _____________, 2003, by Dennis Hoff as President of Coburg Offsite, Inc.

____
Notary Public for Oregon
My commission expires:__________

CJ/MBM Group, LLC

By____________________________
Dennis Bottem, Member

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 15 day of January, 2003, by Dennis Bottem, as a member of CJ/MBM Group, LLC.

OFFICIAL SEAL
JENNIFER K. LYDON
NOTARY PUBLIC-OREGON
COMMISSION NO. 331216
MY COMMISSION EXPIRES APR. 30, 2004

Jennifer K Lydon
Notary Public for Oregon
My commission expires: April 30, 2004

Coburg Offsite, Inc.

By Dennis Hoff
Dennis Hoff, President

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 13th day of May, 2003, by Dennis Hoff as President of Coburg Offsite, Inc.

OFFICIAL SEAL
KELLIE ANDRE'-STARMER
NOTARY PUBLIC - OREGON
COMMISSION NO 367225
MY COMMISSION EXPIRES APRIL 1, 2007

Kellie Andre'-Starmer
Notary Public for Oregon
My commission expires: 4·1·07

CJ/MBM Group, LLC

By ____________________
Dennis Bottem, Member

State of Oregon)
) ss.
County of Lane)

This instrument was acknowledged before me this 15 day of January, 2003, by Dennis Bottem, as a member of CJ/MBM Group, LLC.

OFFICIAL SEAL
JENNIFER K. LYDON
NOTARY PUBLIC-OREGON
COMMISSION NO. 331216
MY COMMISSION EXPIRES APR. 30, 2004

Jennifer K Lydon
Notary Public for Oregon
My commission expires: April 30, 2004

EXHIBIT A

That parcel of land situated in the County of Lane, State of Oregon, described as follows:

A strip of land, 60 feet wide, situated in the Jacob Spores Donation Land Claim No. 45, Section 33, Township 16 South, Range 3 West, Willamette Meridian, and in the Jacob Spores Donation Land Claim No. 38, Section 4, Township 17 South, Range 3 West, Willamette Meridian, in Lane County, Oregon, being that portion of the 60 foot wide strip of land described in Action to Appropriate Lands, The Oregonian Railroad Company vs. Henry Spores, Circuit Court of the State of Oregon, for the County of Lane, Case No. 2691, that lies Northwesterly of the Easterly extension of the South line of Lot 6, ROBERTS INDUSTRIAL CENTER, as platted and recorded in File 73, Slides 438 and 439, Lane County Oregon Plat Records, in Lane County, Oregon.

EXCEPTING THEREFROM that portion which lies Northwesterly of the Easterly extension of the Northwesterly line of Lot 6 of said Roberts Industrial Center.

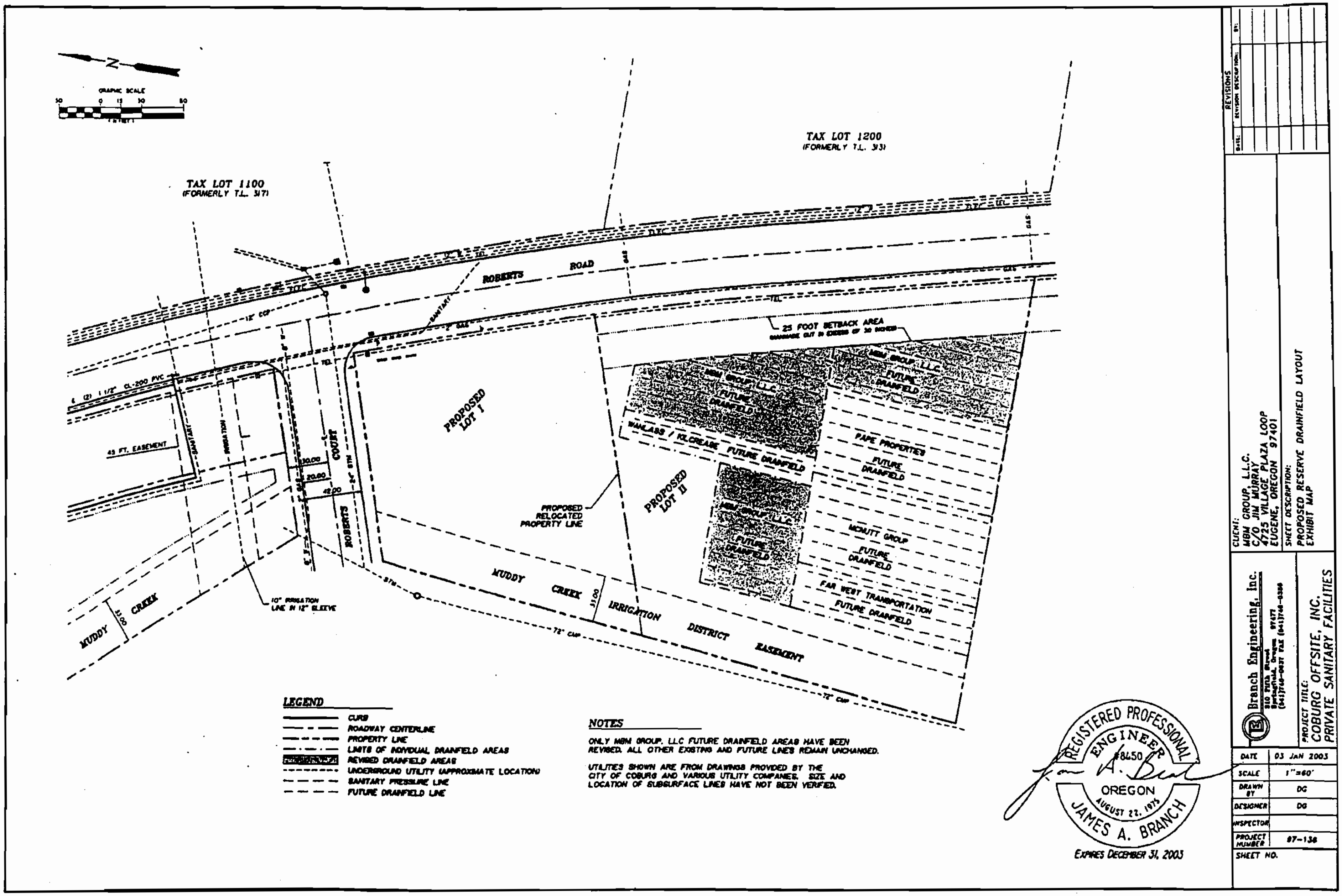

GRAPHIC SCALE
(IN FEET)
TAX LOT 1100
(FORMERLY T.L. 317)
TAX LOT 1200
(FORMERLY T.L. 313)
ROBERTS ROAD
ROBERTS COURT
25 FOOT SETBACK AREA
PROPOSED LOT I
PROPOSED LOT II
PROPOSED RELOCATED PROPERTY LINE
MBM GROUP, L.L.C. FUTURE DRAINFIELD
WANLASS / KILCREASE FUTURE DRAINFIELD
PAPE PROPERTIES FUTURE DRAINFIELD
MCNUTT GROUP FUTURE DRAINFIELD
FAR WEST TRANSPORTATION FUTURE DRAINFIELD
MUDDY CREEK IRRIGATION DISTRICT EASEMENT
MUDDY CREEK
45 FT. EASEMENT
10" IRRIGATION LINE IN 12" SLEEVE
72" CMP
LEGEND
CURB
ROADWAY CENTERLINE
PROPERTY LINE
LIMITS OF INDIVIDUAL DRAINFIELD AREAS
REVISED DRAINFIELD AREAS
UNDERGROUND UTILITY (APPROXIMATE LOCATION)
SANITARY PRESSURE LINE
FUTURE DRAINFIELD LINE
NOTES
ONLY MBM GROUP, LLC FUTURE DRAINFIELD AREAS HAVE BEEN REVISED. ALL OTHER EXISTING AND FUTURE LINES REMAIN UNCHANGED.
UTILITIES SHOWN ARE FROM DRAWINGS PROVIDED BY THE CITY OF COBURG AND VARIOUS UTILITY COMPANIES. SIZE AND LOCATION OF SUBSURFACE LINES HAVE NOT BEEN VERIFIED.
REGISTERED PROFESSIONAL ENGINEER
#8450
OREGON
AUGUST 22, 1975
JAMES A. BRANCH
EXPIRES DECEMBER 31, 2003
REVISIONS
CLIENT:
MBM GROUP, L.L.C.
C/O JIM MURRAY
4725 VILLAGE PLAZA LOOP
EUGENE, OREGON 97401
SHEET DESCRIPTION:
PROPOSED RESERVE DRAINFIELD LAYOUT
EXHIBIT MAP
Branch Engineering, Inc.
PROJECT TITLE:
COBURG OFFSITE, INC.
PRIVATE SANITARY FACILITIES
DATE 03 JAN 2003
SCALE 1"=60'
DRAWN BY DG
DESIGNER DG
INSPECTOR
PROJECT NUMBER 87-136
SHEET NO.

EXHIBIT B

December 12, 2002
Branch No. 02-229

EXHIBIT C

LOT I

SITUATED in the City of Coburg, Lane County, State of Oregon in the Southeast 1/4 of Section 33, Township 16 South, Range 3 West of the Willamette Meridian and in the Northeast 1/4 of Section 4, Township 17 South, Range 3 West of the Willamette Meridian and described as follows:

BEING all of the land lying (1) south of the south margin of Roberts Court (a 60.00-foot wide right-of-way shown on the plat of Roberts Industrial Center as platted and recorded December 18, 1980 in File 73 at Slides 438 and 439 in the Plat Records of Lane County, State of Oregon) and the easterly prolongation of said south margin, (2) east of the east line of Lot 5, Block 1 of said Roberts Industrial Center, (3) west of the west margin of Roberts Road (a 60.00-foot wide right-of-way shown on said plat of Roberts Industrial Center) and (4) north of a line that lies parallel with and 178.00 feet southerly by perpendicular measurement from that certain line on the aforesaid south margin of Roberts Court that has a bearing of North 72° 57' 36" West as said line is shown on said plat of Roberts Industrial Center.

LOT II

SITUATED in the City of Coburg, Lane County, State of Oregon in the Northeast 1/4 of Section 4, Township 17 South, Range 3 West of the Willamette Meridian and described as follows:

BEING all of the land lying (1) north of the easterly extension of the south line of Lot 5, Block 1 of the plat of Roberts Industrial Center as platted and recorded December 18, 1980 in File 73 at Slides 438 and 439 in the Plat Records of Lane County, State of Oregon, (2) east of the east line of said Lot 5, Block 1 of said Roberts Industrial Center, (3) west of the west margin of Roberts Road (a 60.00-foot wide right-of-way shown on said plat of Roberts Industrial Center) and (4) south of a line that lies parallel with and 178.00 feet southerly by perpendicular measurement from that certain line on the aforesaid south margin of Roberts Court that has a bearing of North 72° 57' 36" West as said line is shown on said plat of Roberts Industrial Center.

REGISTERED
PROFESSIONAL
LAND SURVEYOR

Rex A. Betz

OREGON
JULY 20, 1993
REX A. BETZ
#2606

Lc Exp. 12/31/03

EXHIBIT D

A parcel of land lying in the Northeast ¼ of Section 4, Township 17 South, Range 3 West, Willamette Meridian, said parcel being more particularly described as follows: Beginning at a point on the Westerly right of way line of Interstate Highway 5, said point bears 646.46 feet North 88° 02' 09" West and 901.17 feet South 08° 42' East from the Northeast corner of the J.C. Spores donation land Claim No. 45, Township 16 South, Range 3 West, Willamette Meridian; thence South 08° 42' East 317.50 feet; thence North 88° 15' 54" West 267.81 feet to the Easterly right of way line of Roberts Road; thence North 12° 26' 10" West 107.16 feet; thence North 12° 47' 14" West 91.41 feet; thence along the arc of a 2954.83 foot radius curve left 124.88 feet (the chord of which bears North 14° 32' 49" West 124.87 feet); thence leaving said right of way line run South 88° 15' 54" feet East 294.47 feet to the Point of Beginning, all in Lane County, Oregon.

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Division of Chief Deputy Clerk
Lane County Deeds and Records

2001-044521

$76.00

00193962200100445210110118

07/17/2001 03:47:14 PM

RPR-CONT Cnt=1 Stn=1 CASHIER 04
$55.00 $11.00 $10.00

After recordation return to:
John A. Wolf, Attorney
975 Oak Street, Suite 700
Eugene, OR 97401

MEMORANDUM OF CONTRACT

THIS MEMORANDUM is made and executed by **Papé Properties, Inc.**; **Basin Tire Service, Inc.**; **ML Coburg, LLC**; **McNutt Enterprises, LLC**; **Marylin Wanlass, Successor Trustee of the Wanlass Trust; Mary Murphy, Trustee of the Kilcrease Family Trust QTIP, and Trustee of the Kilcrease Family Trust; Jack D. Kilcrease II, Trustee of the Kilcrease Family Trust 0, and Trustee of the Kilcrease Family Trust 1; Farwest Transportation Northwest, Inc.**; **Pacific Detroit Diesel Allison Company**; **RCM Group, LLC**; and **Coburg Offsite, Inc.**, to evidence an Agreement for Exclusive and Shared Use of Easement dated between December 7, 1999 and January 5, 2000 as modified by a agreement dated May 15, 2000, in which the parties were given certain rights and responsibilities with respect to certain real property more particularly described in **Exhibit A** which is attached.

For reference purposes, this Memorandum is dated May 15, 2000.

Papé Properties, Inc.

By: Gary D. Papé
Gary D. Papé, President

Basin Tire Service, Inc.

By: Dale S. Bartmess
Dale S. Bartmess, Vice-President

ML Coburg, LLC

By: Robert E. McNutt
Robert E. McNutt, Manager

Farwest Transportation Northwest, Inc.

By: Mike Evans
Mike Evans, President

McNutt Enterprises, LLC

By: Robert E. McNutt
Robert E. McNutt, Manager

Pacific Detroit Diesel Allison Company

By: ________
Mark Dawkins, Vice-President

RCM Group, LLC

By: ________
Dennis Bottem, Manager Partner

Coburg Offsite, Inc.

By: Dennis Hoff
Dennis Hoff, President

Marylin Wanlass 5-12-00

Marylin Wanlass, Successor Trustee of the Wanlass Trust dated 9-9-92

Mary Murphy, Trustee

Mary Murphy, Trustee of the Kilcrease Family Trust QTIP dated 12-12-92

Mary Murphy, Trustee

Mary Murphy, Trustee of the Kilcrease Family Trust for Mary Murphy dated 12-12-92

Jack D. Kilcrease II

Jack D. Kilcrease II, Trustee of the Kilcrease Family Trust 0 for Jack D. Kilcrease II dated 12-12-92

Jack D. Kilcrease II

Jack D. Kilcrease II, Trustee of the Kilcrease Family Trust 1 for Jack D. Kilcrease II dated 12-12-92

STATE OF OREGON)
County of Lane)ss.

This instrument was acknowledged before me on the 13th day of July, 2001, by **Gary D. Papé** as President of **Papé Properties, Inc.**

JW

OFFICIAL SEAL
JOHN A WOLF
NOTARY PUBLIC - OREGON
COMMISSION NO. 339206
MY COMMISSION EXPIRES NOVEMBER 21, 2004

John A. Wolf

Notary Public for Oregon
My Commission Expires: 11-21-04

STATE OF OREGON)
County of Lane)ss.

This instrument was acknowledged before me on the 12th day of July, 2001, by **Dale S. Bartmess** as Vice-President of **Basin Tire Service , Inc.**

JW

John A. Wolf

Notary Public for Oregon
My Commission Expires: 11-21-04

OFFICIAL SEAL
JOHN A WOLF
NOTARY PUBLIC - OREGON
COMMISSION NO. 339206
MY COMMISSION EXPIRES NOVEMBER 21, 2004

STATE OF OREGON)
County of Lane)ss.

qw This instrument was acknowledged before me on the 13th day of July, ~~2000~~, by **Robert E. McNutt** as Manager of **ML Coburg, LLC**, and as Manager of **McNutt Enterprises, LLC**.

OFFICIAL SEAL
JOHN A WOLF
NOTARY PUBLIC - OREGON
COMMISSION NO. 339206
MY COMMISSION EXPIRES NOVEMBER 21, 2004

John A. Wolf
Notary Public for Oregon
My Commission Expires: 11-21-04

STATE OF OREGON)
County of Lane)ss.

This instrument was acknowledged before me on the 13th day of July, ~~2000~~, by **Mike Evans** as President of **Farwest Transportation Northwest, Inc.**

OFFICIAL SEAL
JOHN A WOLF
NOTARY PUBLIC - OREGON
COMMISSION NO. 339206
MY COMMISSION EXPIRES NOVEMBER 21, 2004

John A. Wolf
Notary Public for Oregon
My Commission Expires: 11-21-04

STATE OF ~~OREGON~~ Washington)
County of Clark)ss.

This instrument was acknowledged before me on the 6th day of June, 2000, by **Mark Dawkins** as Vice-President of **Pacific Detroit Diesel Allison Company**.

MARLENE HARDWICK
COMMISSION EXPIRES
NOTARY
PUBLIC
FEBRUARY 10, 2002
STATE OF WASHINGTON

Marlene Hardwick
Notary Public for ~~Oregon~~ WASHINGTON
My Commission Expires: 2-10-02

STATE OF OREGON)
County of Lane)ss.

This instrument was acknowledged before me on the 16 day of July, ~~2000~~, by **Dennis Bottem** as Managing Partner of **RCM Group, LLC**.

OFFICIAL SEAL
JOHN A WOLF
NOTARY PUBLIC - OREGON
COMMISSION NO. 339206
MY COMMISSION EXPIRES NOVEMBER 21, 2004

John A. Wolf
Notary Public for Oregon
My Commission Expires: 11-21-04

STATE OF CALIFORNIA)
County of Sonoma)ss.

This instrument was acknowledged before me, a Notary Public for California, on the 12th day of MAY, 2000, by **Marylin Wanlass, Successor Trustee of the Wanlass Trust dated September 9, 1992**.

OFFICIAL SEAL - 1232488
SUSAN J. FRIZZELL
NOTARY PUBLIC - CALIF.
COUNTY OF SONOMA
My Comm. Exp. Sept. 16, 2003
NCR-1

Susan J. Frizzell
Notary Public for California
My Commission Expires: 9-16-2003

STATE OF CALIFORNIA)
County of Butte)ss.

This instrument was acknowledged before me, a Notary Public for California, on the 16th day of May, 2000, by **Mary Murphy, Trustee of the Kilcrease Family Trust QTIP dated December 12, 1992,** and **Trustee of the Kilcrease Family Trust for Mary Murphy dated December 12 1992.**

MARSHA VIERRA
Comm. #1114710
NOTARY PUBLIC CALIFORNIA
BUTTE COUNTY
Comm. Exp Oct. 26, 2000
MGC-1

Marsha Vierra
Notary Public for California
My Commission Expires: 10-26-2000

State of WASHINGTON)
County of Clark)ss.

This instrument was acknowledged before me on the 25th day of May 2000 2000, by **Jack D. Kilcrease II, Trustee of the Kilcrease Family Trust 0 for Jack Kilcrease II dated December 12, 1992, and Trustee of the Kilcrease Family Trust 1 for Jack Kilcrease II dated December 12 1992.**

KAREN BOND
COMM. EXP.
NOTARY
PUBLIC
AUGUST 25, 2003
STATE OF WASHINGTON

Karen Bond
Notary Public for Washington
My Commission Expires: 8-25-03

STATE OF OREGON)
County of Lane)ss.

This instrument was acknowledged before me on the 12th day of July, 2000, by **Dennis Hoff** as President of **Coburg Offsite, LLC**.

OFFICIAL SEAL
JOHN A WOLF
NOTARY PUBLIC - OREGON
COMMISSION NO. 339206
MY COMMISSION EXPIRES NOVEMBER 21, 2004

John A. Wolf
Notary Public for Oregon
My Commission Expires: 11-21-04

7349149

LAND SALE CONTRACT

THIS AGREEMENT, made this 27th day of December, 1968, by EDGAR N. ROBERTS and F. DOLORES ROBERTS, husband and wife (herein called Roberts), and SKAGIT EQUIPMENT CO., INC., an Oregon corporation (herein called Skagit).

W I T N E S S E T H:

1. SALE: Roberts agree to sell and Skagit agrees to purchase two parcels of unimproved land commonly described as the southerly portion of the Roberts property lying in the southwest quadrant of the Interstate 5 - Coburg Interchange, containing 26.47 acres in one parcel and .72 acres in the other, a total of 27.19 acres. This property (hereinafter called the Skagit Tract) is particularly described upon Exhibit A, attached hereto.

2. PAYMENT OF PURCHASE PRICE: The total purchase price for the Skagit Tract is $81,570.00 and shall be paid $8,400.00 down upon execution of this contract, receipt of which payment is acknowledged by Roberts. The remaining balance of $73,170.00 shall be paid in monthly installments of not less than $817.60 per month, including interest. The first monthly installment shall be paid on or before January 10, 1969, and a like monthly installment, before the 10th day of each month thereafter, until paid in full.

3. INTEREST: Skagit shall pay interest on all deferred balances at 6-1/2% per annum commencing upon the date of this contract.

4. POSSESSION: Skagit shall be entitled to possession of the Skagit Tract on the date of this contract.

5. PREPAYMENT PRIVILEGE: Skagit shall have the privilege of increasing any monthly installment or prepaying the entire purchase price at any time. Accelerated payments shall not be credited as regular future installments or excuse Skagit from

D: 12-27-68

EXHIBIT A

LEGAL DESCRIPTION

DESCRIPTION OF THE 26.47 ACRE TRACT FOR EDGAR N. ROBERTS

		Beginning at the stone marking the northeast corner of the J. C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,
N88°02'09"W	646.46 feet	to a point on the westerly line of the right of way of Interstate Highway No. 5 (being parallel with and 150.00 feet westerly from when measured at right angles to the centerline of said highway); thence,
N 8°42'W	1093.16 feet	along the westerly line of said right of way to an iron pin marking the TRUE POINT OF BEGINNING; thence,
S81°18'W	735.25 feet	to a point marked by an iron pin on the easterly line of a roadway (being 60 feet in width); thence,
S 6°32'58"E	337.54 feet	along the easterly line of said roadway to a point marked by an iron pin; thence,
		continuing along the easterly line of said roadway and the arc of a curve to the left having a radius of 270.00 feet to an iron pin which bears
S16°56'04"E	97.34 feet	from the last described point; thence,
		southeasterly along the easterly line of said roadway (being a line parallel or concentric with and 90.00 feet easterly from when measured at right angles or radially to the centerline of the Southern Pacific Railroad right of way) the following courses and distances:
S27°19'10"E	933.12 feet	to an iron pin opposite centerline station 52+85.1 B.C. T1 of said railroad; thence,
		along a spiral curve to the right (the railroad right of way centerline following a Perkins Spiral in which T=1 and L=90.0 feet) to an iron pin opposite railroad centerline station 53+75.1 cc. which bears
S26°58'02"E	91.41 feet	from the last described point; thence,
		along the arc of a curve to the right having a radius of 2954.83 feet to an iron pin opposite railroad centerline station 60+29.3 cc. T1 which bears
S19°52'40"E	673.26 feet	from the last described point; thence,
		along a spiral curve to the right (the railroad right of way centerline following a Perkins Spiral in which T=1 and L=90.0 feet) to an iron pin opposite railroad centerline station 61+19.3 E.C. which bears
S12°47'14"E	91.41 feet	from the last described point; thence,
S12°26'10"E	107.16 feet	to a point marked by an iron pin; thence.
		leaving the easterly line of said roadway and running
S88°15'54"E	267.81 feet	to a lead plug set in the concrete base of a right of way fence post; thence,
N 8°42'W	2311.83 feet	to the true point of beginning in Lane County, Oregon.

LEGAL DESCRIPTION

DESCRIPTION OF THE TRIANGULAR TRACT OF LAND LYING BETWEEN THE EASTERLY RIGHT OF WAY OF THE SOUTHERN PACIFIC RAILROAD AND A 60 FOOT ROADWAY FOR EDGAR N. ROBERTS-0.72± ACRES

		Beginning at the stone marking the northeast corner of the J. C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,
N88°02'09"W	646.46 feet	to a point on the westerly line of the right of way of Interstate Highway No. 5(being parallel with and 150.00 feet westerly from when measured at right angles to the centerline of said highway); thence,
N 8°42'W	1093.16 feet	along the westerly line of said right of way to a point marked by an iron pin; thence,
S81°18'W	795.29 feet	to an iron pin marking the TRUE POINT OF BEGINNING on the westerly line of a roadway(being 60 feet in width); thence,
S81°18'W	131.85 feet	to a point marked by an iron pin; thence,
S15°47'40"E	161.80 feet	to an iron pin on the easterly line of the right of way of the Southern Pacific Railroad; thence,
S33°34'10"E	133.56 feet	along the easterly right of way line of said railroad (being a line parallel with and 30 feet easterly from when measured at right angles to the centerline of said railroad) and the arc of a curve to the right having a radius of 1176.01 feet to a point which bears 133.56 feet from the last described point; thence,
S28°26'53"E	121.55 feet	along said right of way line (being a line concentric with and 30 feet easterly from when measured radially to the centerline of said Southern Pacific Railroad right of way as it follows a Perkins Spiral curve to the right in which T=2 and L=120 feet) to a point which bears 121.55 feet from the last described point; thence,
S27°19'10"E	59.78 feet	along the easterly line of the right of way of said railroad to its intersection with the westerly line of said 60 foot roadway; thence,
N16°56'04"W	118.97 feet	along the westerly line of said 60 foot roadway and along the arc of a curve to the right having a radius of 330.00 feet to an iron pin which bears 118.97 feet from the last described point; thence,
N6°32'58"W	335.28 feet	to the true point of beginning in Lane County, Oregon.

7900641

MEMORANDUM OF SALE

EDGAR N. ROBERTS and F. DOLORES ROBERTS, husband and wife, hereinafter referred to as Seller, hereby represent and acknowledge that they are selling to MILL LOG EQUIPMENT CO., INC., an Oregon corporation, hereinafter referred to as Buyer, the real property described in Exhibit A attached hereto.

The Seller hereby represent and warrant that they have full right to sell the property hereinabove described under the terms and conditions as set forth in said contract. Upon full payment by the Buyer, the Seller shall transfer said property to the Buyer free and clear of encumbrances except easements, restrictions and conditions of record. The consideration for this transfer is $88,900.00.

IN WITNESS WHEREOF, the Seller and the Buyer have set their hands and seals this 19th day of December, 1978.

Edgar N. Roberts

Edgar N. Roberts, Seller

F. Dolores Roberts

F. Dolores Roberts, Seller

MILL LOG EQUIPMENT CO., INC.

By: [signature]

Its President, Buyer

STATE OF OREGON)
) ss:
County of Lane)

D 3 • 1-M 8516 810863

Personally appeared Edgar N. Roberts and F. Dolores Roberts, who, being first duly sworn, did say that they acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:

CANDACE L. JOHNSON NOTARY PUBLIC STATE OF OREGON

Candace L. Johnson

Notary Public for Oregon

My Commission expires: 7/19/82

STATE OF OREGON)
) ss:
County of Lane)

Personally appeared Eld Rose, who, being first duly sworn, did say that he is the President of Mill Log Equipment Co., Inc., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed.

Before me:

RICHARD CLEVELAND NOTARY PUBLIC STATE OF OREGON

Richard W. Cleveland

Notary Public for Oregon

My Commission expires: 8/9/82

7900641

DESCRIPTICN OF PARCEL 1 - 8.09+ ACRE TRACT FOR HILL LOG CO.
LYING EASTERLY OF THE ACCESS ROAD

Beginning at the stone marking the northeast corner of the J. C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,

N88°02'09"W	646.46 feet	to a point on the westerly line of the right of way of Interstate Highway No. 5 (being parallel with and 150.00 feet westerly from when measured at right angles to the centerline of said highway); thence,
N 8°42'W	1093.16 feet	along the westerly line of said right of way to an iron pin marking the TRUE POINT OF BEGINNING; thence,
S81°18'W	735.25 feet	to a point marked by an iron pin on the easterly line of a roadway (being 60 feet in width); thence,
N 6°32'58"W	485.84 feet	along the easterly line of said roadway to a point; thence,
N81°18'E	717.02 feet	to a point on the said westerly right of way line of Interstate Highway No. 5; thence,
S 8°42'E	485.50 feet	to the true point of beginning in Lane County, Oregon.

7900641

State of Oregon,
County of Lane—ss.
I, D.M. Penfold, Director of the Department of General Services, in and for the said County, do hereby certify that the within instrument was received for record at
4 JAN 79 12:57
Reel 963 R
Lane County OFFICIAL Records
D.M. Penfold, Director of the Department of General Services
By [signature] Deputy

EXHIBIT A

7907840

		Beginning at the stone monument marking the northeast corner of the J.C. Spores Donation Land Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,
N88°02'09"W	646.46 feet	to a point on the westerly right of way line of Interstate Highway No. 5; thence,
N 8°42'W	1578.66 feet	along said right of way line to an iron pin marking the TRUE POINT OF BEGINNING; thence,
N 8°42'W	234.50 feet	continuing along said right of way line to an iron pin opposite centerline station 255+00; thence,
N30°25'W	759.89 feet	continuing along said right of way line to a point marked by an iron pin; thence,
N56°42'W	139.00 feet	to a two-inch pipe set in concrete; thence,
S15°00'W	132.66 feet	to a point marked by an iron pin; thence,
S89°39'02"W	246.25 feet	to a point marked by an iron pin; thence,
S 6°32'58"E	948.43 feet	to a point marked by an iron pin; thence,
N81°18'E	717.02 feet	to the true point of beginning in Lane County, Oregon.
ALSO		Beginning at the stone monument marking the northeast corner of the J.C. Spores Donation Lane Claim No. 45, Township 16 South, Range 3 West of the Willamette Meridian; thence,
N88°02'09"W	646.46 feet	to a point on the westerly right of way line of Interstate Highway No. 5; thence,
N 8°42'W	1093.16 feet	along said westerly right of way line to a point; thence,
S81°18'W	795.29 feet	to the TRUE POINT OF BEGINNING; thence,
N 6°32'55"W	1715.39 feet	to an iron pin set on the southerly right of way line of Interstate Highway No. 5 and Van Duyn Road connector road; thence,

along said right of way line, being a line concentric with and 50 feet southerly from, when measured radially to a centerline spiral curve to the left on the "NA" line in which "L" =200 feet, "S" =10°00' and "a" =5.0, to a point marked by an iron pin which bears

N87°01'12"W. 32.50 feet from the last described point; thence,

S 1°58'30"W 735.94 feet to an existing 5/8-inch iron rod; thence,

N87°50'30"W 158.77 feet to the center of an irrigation ditch; thence,

S15°47'40"E 1035.39 feet to a point; thence,

N81°18'E 131.85 feet to the true point of beginning in Lane County, Oregon.

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CHAMBERS CONSTRUCTION

Date: August 22, 2012

CCB #114258

"PERMIT SET" BUDGET

COBURG SHELL / C-STORE

COBURG CROSSING
CONVENIENCE STORE, RESTAURANT & MCDONALDS
32910 PEARL STREET
COBURG, OREGON

BUILDING AREA:	5,978	sf
LANDSCAPE AREA:	14,020	sf
SITE AREA:	86,919	sf

Owner: Jim Anderson / Truck n' Travel

Architect: Jim Lewis / gLas Architects, LLC

PROJECT DESCRIPTION

*Construction of a new convenience store, fast food restaurant and fueling station along with all related site improvements including grading, paving, utilities and landscaping.

*This "Permit Set" Budget based on plans dated 07/16/12 by gLas Architects, LLC

*No hazardous material survey has been completed. We have not included a cost for this item in this budget.

*No over-excavation of unsuitable or contaminated site materials included nor remediation of such materials.

2A. Site Work	Qty	Unit	Unit $	Cost	Total	Division Total
Site Work:						$538,376
Site Survey for Site Related Work	1	LS	$4,956.00	$4,956		
Mobilization	1	LS	$10,479.00	$10,479		
Site Demo	1	LS	$6,901.00	$6,901		
Site Stripping, Excavation, Embankments	1	LS	$35,086.00	$35,086		
Rock Base for Building Pad	1	LS	$27,409.00	$27,409		
Site Sanitary Piping / Pressure Line / Drain Field	1	LS	$7,226.00	$7,226		
Septic Tank w/ Pumps and Controls	1	LS	$15,225.00	$15,225		
Storm Sewer Piping and Systems	1	LS	$68,643.00	$68,643		
Oil / Water Separator w/ Shutoff Valve	1	LS	$8,622.00	$8,622		
Fire and Domestic Water Systems	1	LS	$19,772.00	$19,772		
Electrical and Gas Trenching	1	LS	$3,086.00	$3,086		
Base Rock for Site Concrete	1	LS	$22,273.00	$22,273		
Site Concrete / Curbs / Sidewalks / Concrete Paving	1	LS	$91,742.00	$91,742		
Site, GeoFabric, Asphalt Base Rock and Paving	1	LS	$165,756.00	$165,756		
Site Striping, Signage, Directional	1	LS	$5,000.00	$5,000		
Concrete Work for Fueling Island Pumps, Etc.	1	LS	$45,000.00	$45,000		
Site Accessories - Bike racks, Misc.	1	LS	$1,200.00	$1,200		
					$538,376	

CHAMBERS CONSTRUCTION	"PERMIT SET" BUDGET					
Date: August 22, 2012	COBURG SHELL / C-STORE					
CCB #114258	Qty	Unit	Unit $	Cost	Total	Division Total
2B. Landscaping						$89,750
Landscaping						
Rain Garden Soils, Matting and Drainage	1	LS	$89,750.00	$89,750		
Irrigation Sleeking				"		
Irrigation System				"		
Plantings and Mulchings				"		
Lawn Installations				"		
Note: Does Not Include Work In ODOT Zone	**No Work in ODOT Zone Included**					
					$89,750	
03. Concrete						$48,116
Structural Concrete:						
Footings	35	YDS	$325.00	$11,375		
5" Slab on Grade - McDonalds Side	3,300	SF	$4.16	$13,728		
6" Slab on Grade - C-Store - "Colored"	3,000	SF	$6.03	$18,090		
Dumpster Slab on Grade	323	SF	$7.50	$2,423		
McDonalds Menu and Sign Footings	5	EA	$500.00	$2,500		
					$48,116	
04. Masonry						$103,341
Masonry:						
Cultured Stone Veneer - Types 2 and 3	1	LS	$26,000.00	$26,000		
Thin Brick Veneer - Type 1	1	LS	$69,991.00	$69,991		
Block Dumpster and Caps	1	LS	$4,350.00	$4,350		
Brick, Stone and Block Sealer	1	LS	$3,000.00	$3,000		
					$103,341	
05. Metals						$11,395
Metal Fabrication:						
Structural Steel Columns	1	LS	$7,395.00	$7,395		
Steel Awning Frames				"		
Misc Site Steel - Bollards, Roof Ladder, Etc.				"		
Install Tube Frame Awnings	1	LS	$2,000.00	$2,000		
Allowance for Stainless Steel Corner Guards	1	LS	$2,000.00	$2,000		
					$11,395	
06. Wood & Plastics						$141,682
Rough Carpentry:						
Rough Framing Materials	5,978	SF	$5.25	$31,385		
Roof Truss and Components	1	LS	$25,254.00	$25,254		
Rough Carpentry Labor	1	LS	$27,091.00	$27,091		
					$83,730	
Exterior Wall Hardi-Plank Siding						
Hardi-Plank Siding and Soffits w/ Trims	2,770	SF	$8.75	$24,238		
					$24,238	
Architectural Wood Casework And Trims:						
Solid Surface Restroom Countertops	1	LS	$3,340.00	$3,340		
P-Lam Wainscot at Janitor Closet	1	LS	$375.00	$375		
POS, Soda, Coffee and Hot Dog Casework	1	LS	$30,000.00	$30,000		
					$33,715	

CHAMBERS CONSTRUCTION	"PERMIT SET" BUDGET					
Date: August 22, 2012	COBURG SHELL / C-STORE					
CCB #114258	Qty	Unit	Unit $	Cost	Total	Division Total
07. Thermal & Moisture Protection						$51,270
Building Insulation:						
Thermal Insulation	5,978	SF	$1.00	$5,978		
					$5,978	
Exterior Wall Weather Barrier						
Rain-Screen Vapor Barrier Systems	1	LS	$8,500.00	$8,500		
Vycor 25 Self-Adhesive Window And Door Flashing	18	EA	$150.00	$2,700		
					$11,200	
Single-Ply Roofing:						
.60 Mil Single Ply Roofing	1	LS	$11,870.00	$11,870		
Provide and Install Roof Access Hatch	1	LS	$1,200.00	$1,200		
					$13,070	
Sheet Metal Flashing & Trims:						
Metal Roof Panels	1	LS	$18,522.00	$18,522		
Miscellaneous Flashings and Trims				"		
					$18,522	
Joint Sealants						
Siding And Window Sealants At Building Exterior	1	LS	$1,500.00	$1,500		
Interior Caulking And Sealing	1	LS	$1,000.00	$1,000		
					$2,500	
08. Openings						$43,343
Doors, Frames & Hardware:						
Hollow Metal Doors And Frames, Wood Doors,	1	LS	$17,981.00	$17,981		
Hardware and Installation				"		
Miscellaneous Access Panels	1	LS	$1,200.00	$1,200		
					$19,181	
Aluminum Windows						
Aluminum Frames Entrances and Storefronts	1	LS	$24,162.00	$24,162		
Glass and Glazing				"		
"Ready Access" Drive Thru Windows - MANUAL				"		
					$24,162	
09. Finishes						$163,415
Portland Cement Plastering						
Plaster Substrate System Behind Brick and Stone	1	LS	$21,400.00	$21,400		
					$21,400	
Gypsum Board and Ceiling Systems:						
Gypsum Board and Sheathing	1	LS	$45,352.00	$45,352		
Acoustical Ceilings & Sound Insulation				"		
Temporary Heat For Drywall and Painting	1	LS	$3,500.00	$3,500		
					$48,852	
Floor Coverings:						
Resilient Base and Plastic Paneling	1	LS	$21,128.00	$21,128		
Ceramic Floor and Wall Tile	1	LS	$59,410.00	$59,410		
Includes Floor and Wall Tile, Cementitous Wall				"		
Board, Epoxy Mortar at Kitchen Floor, Schluter				"		
Cove Base Trims and Crack Isolation Membrane				"		
					$80,538	
Painting & Finishes:						
Paint All Interior Walls and Ceilings	1	LS	$12,625.00	$12,625		
Paint All Hollow Metal Doors, Frames and Re-Lites				"		
Paint Exterior Hardi-Plank Siding				"		
Paint Exterior Awnings and Misc.				"		
					$12,625	

CHAMBERS CONSTRUCTION		"PERMIT SET" BUDGET					
Date: August 22, 2012		COBURG SHELL / C-STORE					
CCB #114258	Qty	Unit	Unit $	Cost	Total	Division Total
10. Specialties						$17,358
Fire Protection Specialties:						
Fire Extinguishers	1	LS	$1,200.00	$1,200		
					$1,200	
Interior Code Required Signage	1	LS	$400.00	$400		
					$400	
Toilet & Bath Accessories:						
Mirrors, Grab Bars, Toilet Partitions for Restrooms	1	LS	$15,758.00	$15,758		
					$15,758	
11. Equipment						Not Included
Appliances and Equipment:						
Any and All Appliances and Cooking Equipment				By Owner		
Walk-In Coolers / Freezers and Related Accessories				By Owner		
					Not Included	
12. Furnishings						Not Included
Window Blinds:						
Blinds At Exterior Windows and Doors				By Owner		
					Not Included	
Furniture & Equipment:						
All Furniture And Equipment By Owner				By Owner		
					Not Included	
Visual Display:						
Audio and Visual Equipment by Owner				By Owner		
					Not Included	
21. Fire Suppression						Not Included
Fire Protection:						
Not Included At This Time				Not Included		
					Not Included	
22. Plumbing						$101,550
Plumbing:						
C-Store Portion of the Work	1	LS	$55,850.00	$55,850		
McDonalds Portion of the Work	1	LS	$45,700.00	$45,700		
Design/Build Systems - Twin Rivers Plumbing				"		
All Plumbing Rough-In, Fixtures, Trims and Hook-Up				"		
Of Equipment: Includes Water Service, Roof				"		
Drains, Gas Piping, Excavation and Backfill,				"		
Grease Interceptor, Air Compressor and Water				"		
to Vehicle Station and the Water/Waste for the				"		
Trash Enclosure.				"		
Grease Interceptor to be the Utility Vault Version				"		
					$101,550	

CHAMBERS CONSTRUCTION	"PERMIT SET" BUDGET					
Date: August 22, 2012	COBURG SHELL / C-STORE					
CCB #114258	Qty	Unit	Unit $	Cost	Total	Division Total
23. HVAC						$120,290
HVAC: Budget						
Design/Build Systems - Comfort Flow Heating	1	LS	$120,290.00	$120,290		
Provide And Install Four (4) Trane Rooftop Gas				"		
Package Units With Factory Curbs, Smoke				"		
Detectors, Auxiliary Heat and Outside Air				"		
Economizers. Three (3) of the Units Will Come				"		
With the McDonalds Accessory Package.				"		
Three (3) Rooftop Greenheck Exhaust Fans for				"		
the McDonalds Hoods. Hoods, Interlock and EMS				"		
by Others. One (1) Rooftop Greenheck Exhaust				"		
Fan to Serve The Restrooms On The Retail Side.				"		
One (1) Mitsubishi Ductless Split System to Serve				"		
the Storage Room With Ice Machine. Includes All				"		
Ductwork, Grilles and Registers. Grease Duct				"		
With Grease Wrap Included. Refrigerant and				"		
Condensate Lines Related to HVAC Equipment.				"		
Low Voltage Wiring and Four (4) Programmable				"		
Thermostats. Four (4) Powered Aire Air Curtains.				"		
One (1) Inline Duct Heater for the Restrooms.				"		
Independent Air Balance. Mechanical Permit				"		
Drawings and Com-Chek Forms. Start-Up and				"		
Owner Training.				"		
					$120,290	
26. Electrical:						$300,718
Electrical: Budget						
C-Store Portion of the Work	1	LS	$55,946.00	$55,946		
McDonalds Portion of the Work	1	LS	$131,120.00	$131,120		
Site Power and Lighting	1	LS	$89,927.20	$89,927		
Temporary Power / Trenching / Backfill	1	LS	$23,724.80	$23,725		
Design/Build Systems - Builders Electric				"		
Provide and Install Site Utility Transformer Pad/Vault,				"		
Sectionalizing Pad/Vault, PP&L Primary and				"		
Secondary Raceway, Comcast Raceway and				"		
Century Link Raceway. All Lighting Fixtures,				"		
Controls, Receptacles, Spare and Future				"		
Underground Raceways and Connection of				"		
Equipment Provided by Others.				"		
					$300,718	
			Sub-Total:	$1,730,604	$1,730,604	

CHAMBERS CONSTRUCTION				"PERMIT SET" BUDGET			
	Date: August 22, 2012			COBURG SHELL / C-STORE			
	CCB #114258	Qty	Unit	Unit $	Cost	Total	Division Total
DIVISION RECAPS:				AREAS:	Cost PSF:	% of Overall	
2A.	Site Work			Site	$6.19	31.11%	$538,376
2B.	Landscaping			Landscape	$6.40	5.19%	$89,750
3.	Concrete			Building	$8.05	2.78%	$48,116
4.	Masonry			"	$17.29	5.97%	$103,341
5.	Metals			"	$1.91	0.66%	$11,395
6.	Wood & Plastics			"	$23.70	8.19%	$141,682
7.	Thermal & Moisture Proofing			"	$8.58	2.96%	$51,270
8.	Openings			"	$7.25	2.50%	$43,343
9.	Finishes			"	$27.34	9.44%	$163,415
10.	Specialties			"	$2.90	1.00%	$17,358
11.	Equipment			"	$0.00	0.00%	$0
12.	Furnishings			"	$0.00	0.00%	$0
21.	Fire Suppression			"	$0.00	0.00%	$0
22.	Plumbing			"	$16.99	5.87%	$101,550
23.	HVAC			"	$20.12	6.95%	$120,290
26.	Electrical - Building			"	$31.29	10.81%	$187,066
26.	Electrical - Site			Site	$1.31	6.57%	$113,652
			SUB-TOTAL CONSTRUCTION TRADES:				$1,730,604
		Cost Per Square Foot For Site Work by Area:					$7.50
		Cost Per Square Foot For Landscaping by Area:					$6.40
		Cost Per Square Foot For Building by Area:					$165.41
17.	GENERAL REQUIREMENTS						
	Building and MEP Permit Fees						By Owner
	System Development Charges						By Owner
	PP&L, Comcast and Century Link Connection Fees						By Owner
	Builders Risk Insurance - During construction						By Owner
	Testing & Inspections - Structural Inspections						By Owner
	Soils Report and Foundation Engineering						By Owner
	Hazardous Materials Survey and Abatement						By Owner
	Design Fees - Architectural Structural and Civil Design Services						By Owner
	Fueling Equipment and/or Installation						By Owner
	Fueling Island Canopy						By Owner
	General Conditions / Supervision						$102,500
	Liability Insurance						$26,106
	Performance & Payment Bond						Not Included
							$1,859,381
	Construction Manager Fee - 4%						$74,375
						Sub Total:	$1,933,757
	Contingency - 5%						$96,688
					Total Estimated Cost:		$2,030,444
		Cost Per Square Foot For Site Work by Area:					$8.80
		Cost Per Square Foot For Landscaping by Area:					$7.51
		Cost Per Square Foot For Building by Area:					$194.07

CHAMBERS CONSTRUCTION				**"PERMIT SET" BUDGET**			
	Date: August 22, 2012			**COBURG SHELL / C-STORE**			
	CCB #114258	Qty	Unit	Unit $	Cost	Total	Division Total
18.	OWNER RESPONSIBILITIES - "ESTIMATED FEES TO BE PAID BY OWNER - NOT IN CONTRACT"						Estimated Cost
	CHAMBERS TO COORDINATE ALL ITEMS - NO MARK-UP ON THESE ITEMS						
	Building and MEP Permit Fees						$51,918
	System Development Charges						$25,000
	PP&L, Comcast and Century Link Connection Fees						$33,000
	Testing & Inspections - Structural Inspections - 3rd Party - Code Required						$20,000
	Fueling Island Canopy - Double R Products						$130,000
	Fueling Island Equipment - Installation - M&M Services						$166,000
	Fueling Island Electrical - M&M Services						$58,500
	Fueling Island Equipment - Provide - NW Pump & Equipment						$250,000
					Total Owner Direct Costs:		$734,418
19.	ALTERNATE PRICING						
#1	USE ALTERNATE BRICK VENEER - LOCAL PRODUCT				Subcontractor:	($26,000)	
					Insurance:	($370)	
					Markup:	($1,055)	
					Contingency:	($1,371)	
					Total Savings:	($28,796)	
#2	DELETE SHLUTER COVE BASE MOLDING				Subcontractor:	($2,960)	
					Insurance:	($42)	
					Markup:	($120)	
					Contingency:	($156)	
					Total Savings:	($3,278)	
#3	DELETE EPOXY MORTAR AT KITCHEN FLOOR				Subcontractor:	($3,100)	
					Insurance:	($44)	
					Markup:	($126)	
					Contingency:	($163)	
					Total Savings:	($3,433)	
#4	DELETE CRACK ISOLATION MEMBRANE AT TILE FLOORS				Subcontractor:	($7,450)	
					Insurance:	($106)	
					Markup:	($302)	
					Contingency:	($393)	
					Total Savings:	($8,251)	
#5	USE THE GREEN TURTLE GREASE INTERCEPTOR				Subcontractor:	$18,800	
					Insurance:	$268	
					Markup:	$763	
					Total Cost Add:	$19,831	

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NORTHWEST PUMP & EQUIPMENT CO.

2800 NW 31st Avenue, Portland, OR 97210, Phone: 503-227-7867

TELEPHONE	FAX	DATE OF QUOTATION	QUOTE NUMBER
		08/01/12	Truck080112

CUSTOMER / CONTACT	PROJECT / LOCATION
Jim Anderson **Truck N Travel** **Coburg, OR**	**FRP Pipe and Fittings**

TERMS AND CONDITIONS OF SALE

N.W. Pump is not responsible for delays in delivery due to strikes, accidents, priority restrictions or other conditions beyond our control or its failure or delay to order or deliver due to the purchaser's failure to pay N.W.Pump any monies owed on an open job account or job basis. The prices herein do not apply in the event of an underground obstruction, including but not limited to utilities and impenetrable soil, is discovered after this proposal is made. In such event, Buyer is liable for all increased costs. Buyer may cancel by giving written notice, however, Buyer is liable for all costs incurred by N.W. Pump to the date notice is received. **Cancellations or returns are subject to a minimum fifteen (15%) percent restocking charge.** Payment terms are net cash on delivery, unless N.W. Pump has approved credit terms or otherwise specified within. If litigation is necessary to enforce this agreement, the prevailing party will be entitled to reasonable attorney's fees, court costs, and interest. Products carry only the manufacturer's warranty, if any. NWP makes no representations as to product compliance with government regulations. There are no expressed or implied warranties as to goods or services provided by NWP, including the implied warranty of merchantability or fitness for a particular purpose. Statements by a NWP representative that differ from the foregoing shall have no effect. NWP will not be liable for direct, indirect, special or consequential damages, business interruption or loss of profits damages, sustained by Customer or any party claiming by, through or under Customer.

This offer to furnish equipment on the following terms and conditions expires 15 days from the above date.

N.W. Pump, Inc. reserves the right to adjust equipment prices to conform to prices in effect at the time of delivery

Equipment prices are subject to all applicable taxes. Return of non-stock and special order items are subject to restock charges or may not be returnable.

Acceptance of Proposal:

The above price, specifications and conditions are satisfactory and are hereby accepted. You are authorized to supply equipment and/or labor as specified. Payment will be made as outlined above. I understand acceptance of the quotation does not constitute an order until credit has been approved. I understand that Northwest Pump may file a Right to Lien against the equipment/labor.

SALES TOTALS

EQUIPMENT SUBTOTAL:	**$**	**31,399.77**
INCOMING FREIGHT:		
ESTIMATED SALES TAX: *	**$**	**-**
TOTAL:	**$**	**31,399.77**

*Actual sales tax may vary, the customer must pay the tax shown on the invoice

1. Price excludes tank offloading, electrical, piping and installation.
2. All Prices are FOB Northwest Pump warehouse except where noted differently.
3. Terms: _25_% down. Tanks and dispensers balance due on completion at factory. Net 30 upon approved credit
4. Terms: _50_% down on all EVR/ISD systems. Non Returnable/Non Refundable
5. Prices are good for 15 days from date of quotation. Exception are steel tanks which are 7 days.

BY SIGNING AND ACCEPTING THIS QUOTATION, CUSTOMER ACKNOWLEDGES THAT HE/SHE HAS READ, UNDERSTANDS AND AGREES WITH ALL OF THE TERMS AND CONDITIONS LISTED WITHIN

QUOTED BY:	
Jeff Kelly	
SIGNATURE	**08/01/12**
PRINT NAME	DATE

ACCEPTED BY:	TITLE:
SIGNATURE	DATE
PRINT NAME	

Northwest Pump and Equipment Co. is the West's largest distributor of tanks, piping, pumps, meters, tank monitoring systems, leak monitoring systems, car washes, truck washes and lubrication equipment. Our Service Departments and SolveOne program combine to offer field services nationwide. We are pleased to offer this quotation for the referenced project. Please contact me if you need additional information.

COMPANY	Truck N Travel	DATE OF QUOTATION		QUOTE NUMBER
PROJECT	FRP Pipe and Fittings	08/01/12		Truck080112

QTY	Part Number	DESCRIPTION	UNIT PRICE	EXTENDED
		MISC:		
2	623V-2203	OPW 2 NPT, PRESSURE VACUUM VENT, 3 IN W.C.	109.24	$ 218.48
1	800-207-02	EBW 2" Normal Vent Cap	19.89	$ 19.89
9	GN200-MMS-18	UNISOURCE 2"x18" M x M Sw SS Connector Non Fire Rated	105.99	$ 953.91
6	691-08001V	MORRISON 2" Ball Valve	70.57	$ 423.42
3	FLEX CONTAINMENT	Boot w/test	87.20	$ 261.60
16	ACB016	Bostik Sealant 10 Ounce Grey	10.02	$ 160.32
6	GN150-MMS-12	UNISOURCE 1.5"X12" M Sw x M SS Connector Non Fire Rated	62.52	$ 375.12
8	GN150-MMS-18	UNISOURCE 1.5" x 18" M Sw x M SS Connector Non Fire Rated	71.22	$ 569.76
		FIBERGLASS PIPE:		
860	011020-069-1	SMITH 2" Fiberglass Pipe (15' Lengths / Priced By The Foot)	$ 3.91	$ 3,362.60
680	011030-069-1	SMITH 3" Fiberglass Pipe (15' Lengths / Priced By The Foot)	$ 5.95	$ 4,046.00
56	012020-101-8	SMITH 2" Sleeve Coupling	$ 10.63	$ 595.28
4	012020-191-4	SMITH 2" Bell x Male Adapter	$ 15.73	$ 62.92
3	012020-194-4	SMITH 2" Bell x Female Adapter	$ 15.73	$ 47.19
78	012020-310-4	SMITH 2" 45 Degree Elbow	$ 35.87	$ 2,797.86
90	012020-360-4	SMITH 2" 90 Degree Elbow	$ 35.87	$ 3,228.30
8	012020-410-4	SMITH 2" Tee	$ 51.94	$ 415.52
20	012020-231-4	SMITH 2"X1.5" Primary Bushing	$ 23.46	$ 469.20
48	012030-101-3	SMITH 3" Sleeve Coupling Clamshell	$ 43.95	$ 2,109.60
10	012030-101-8	SMITH 3" Sleeve Coupling	$ 15.98	$ 159.80
2	012030-191-4	SMITH 3" Bell x Male Adapter	$ 29.50	$ 59.00
6	012030-194-4	SMITH 3" Bell x Female Adapter	$ 29.50	$ 177.00
5	012030-231-4	SMITH 3" x 2" Bushing	$ 24.40	$ 122.00
54	012030-310-3	SMITH 3" 45 Degree Elbow Clamshell	$ 51.34	$ 2,772.36
12	012030-310-4	SMITH 3" 45 Degree Elbow	$ 48.79	$ 585.48
54	012030-360-3	SMITH 3" 90 Degree Elbow Clamshell	$ 51.34	$ 2,772.36
9	012030-360-4	SMITH 3" 90 Degree Elbow	$ 48.79	$ 439.11
8	012030-410-3	SMITH 3" Tee Clamshell	$ 75.40	$ 603.20
2	012030-410-4	SMITH 3" Tee	$ 57.12	$ 114.24
75	002990-000-0	SMITH 6.8 Oz Adhesive Kit 7014 Series	$ 21.51	$ 1,613.25
20	FEB-075-D	APT 3/4"/1" Electrical Sump Penetration fitting	$ 31.20	$ 624.00
20	FEB-300-R	APT 3" FRP Sump Penetration Fitting W/Double Sealing Surface. Entry Portion Is Replaceable From Inside The Sump	$ 44.80	$ 896.00
20	RA3.5X2.4A	DIVERSIFIED 3"x2" Reducer With Test Port	$ 17.25	$ 345.00

Exclusions:

Merchandise Returns: New Unused Stocking items must be returned within 30 days of the original purchase for full credit. Special ordered items will be charged a minimum 25% restock fee if returned new unused. Cores must be returned within 20 days of the original purchase for full credit.

Above Specifications Exclude the Following (Unless Otherwise Noted): Plans, Permits, Inspection, All Testing, Labor to Assemble or Install, Miscellaneous Pipe Fittings and Accessories, Any Electrical Consideration, Offloading or Setting Any Equipment or Tank, Site Improvements, Guard Barriers, Any Other Items (s) Not Specifically Mentioned Above

Equipment Only: No Installation. Subject to engineer's approval. This quotation does not include or imply any equipment or quantities other than listed herein. Contractor to determine actual quantities required. No retainage to apply.

Performance: Performance of equipment listed is based upon the accuracy of the information supplied to NW Pump and Equipment Co. by the customer or customer's engineer. Guarantee of performance may require approval by a licensed engineer at the customer's expense. NWP is not responsible for any warranty outside of standard manufacturer warranties.

NORTHWEST PUMP & EQUIPMENT CO.

2800 NW 31st Avenue, Portland, OR 97210, Phone: 503-227-7867

TELEPHONE:	FAX	DATE OF QUOTATION: July 12th, 2012	QUOTE NUMBER 1.7
CUSTOMER / CONTACT Truck N Travel Jim Anderson Coburg, Oregon		PROJECT / LOCATION: Truck N Travel Upgrade	

TERMS AND CONDITIONS OF SALE

N.W. Pump is not responsible for delays in delivery due to strikes, accidents, priority restrictions or other conditions beyond our control or its failure or delay to order or deliver the items listed below due to the purchaser's failure to pay N.W.Pump any monies owed on an open job account or job basis. The prices herein do not apply in the event of an underground obstruction, including but not limited to utilities and impenetrable soil, is discovered after this proposal is made. In such event, Buyer is liable for all increased costs. Buyer may cancel by giving written notice, however, Buyer is liable for all costs incurred by N.W. Pump to the date notice is received. **Cancellations or returns are subject to a minimum fifteen (15%) percent restocking charge.** Payment terms are net cash on delivery, unless N.W. Pump has approved credit terms or otherwise specified within. If litigation is necessary to enforce this agreement, the prevailing party will be entitled to reasonable attorney's fees, court costs, and interest. Products carry only the manufacturer's warranty, if any. NWP makes no representations as to product compliance with government regulations. There are no expressed or implied warranties as to goods or services provided by NWP, including the implied warranty of merchantability or fitness for a particular purpose. Statements by a NWP representative that differ from the foregoing shall have no effect. NWP will not be liable for direct, indirect, special or consequential damages, business interruption or loss of profits damages, sustained by Customer or any party claiming by, through or under Customer.

This offer to furnish equipment on the following terms and conditions expires 15 days from the above date.

N.W. Pump, Inc. reserves the right to adjust equipment prices to conform to prices in effect at the time of delivery

Equipment prices are subject to all applicable taxes
Return of non-stock and special order items are subject to restock charges or may not be returnable

Acceptance of Proposal:

The above price, specifications and conditions are satisfactory and are hereby accepted. You are authorized to supply equipment and/or labor as specified. Payment will be made as outlined above. I understand acceptance of the quotation does not constitute an order until credit has been approved.

I understand that Northwest Pump may file a Right to Lien against the equipment/labor.

SALES TOTALS

EQUIPMENT SUBTOTAL:	$	212,943.73
INCOMING FREIGHT:		
ESTIMATED SALES TAX: *	$	-
*Actual sales tax may vary, the customer must pay the tax shown on the invoice. TOTAL:	$	212,943.73
Monthly Lease Payment	$	4,348.31
**See Details at Bottom of Quote		

1. Price excludes tank offloading, electrical, piping and installation.
2. All Prices are FOB Northwest Pump warehouse except where noted differently.
3. Terms: _25_% down. Tanks and dispensers balance due on completion at factory. Net 30 upon approved credit
4. Terms: _50_% down on all EVR/ISD systems. Non Returnable/Non Refundable
5. Prices are good for 15 days from date of quotation. Exception are steel tanks which are 7 days.

BY SIGNING AND ACCEPTING THIS QUOTATION, CUSTOMER ACKNOWLEDGES THAT HE/SHE HAS READ, UNDERSTANDS AND AGREES WITH ALL OF THE TERMS AND CONDITIONS LISTED WITHIN

QUOTED BY: Jeff Kelly

SIGNATURE

July 12th, 2012

PRINT NAME DATE

ACCEPTED BY TITLE:

SIGNATURE DATE

Truck N Travel

PRINT NAME

Jim Anderson

Desired Delivery Date

Northwest Pump and Equipment Co. is the West's largest distributor of tanks, piping, pumps, meters, tank monitoring systems, leak monitoring systems, car washes, truck washes and lubrication equipment. Our Service Departments and SolveOne program combine to offer field services nationwide. We are pleased to offer this quotation for the referenced project. Please contact me if you need additional information.

COMPANY:		Jim Anderson	DATE OF QUOTATION		QUOTE NUMBER
PROJECT:		Truck N Travel Upgrade	July 12th, 2012		1.7
QTY	Part Number	DESCRIPTION		UNIT PRICE	EXTENDED
1		**TANKS:**			
1		XERXES 25,000 Gallon Fiberglass Double Wall Underground Storage Tank with Standard NPT Tank Top Fittings, (1) 22" Manway with 42" Collar, (1) 42" x 42" FRP Flat-Sided Sump with 30" watertight manway lid and STRAPS. Specify diameter 10'		$ 30,513.64	$ 30,513.64
1		XERXES 25,000 Gallon Dual Compartment (15/10) F/G Double Wall U/G Storage Tank Standard NPT Tank Top Fittings, (2) 22" Manways with 42" Collars, (2) 42" x 42" FRP Flat-Sided Sump with 30" watertight manway lid. Specify diameter 10'		$ 33,430.00	$ 33,430.00
1		**TANK FREIGHT**		$ 6,400.00	$ 6,400.00
6	FG-SEAMKIT	PHIL-TITE 2ea Required for SW and 4ea for DW Tank Sumps		$ 140.00	$ 840.00
1		**TANK HARDWARE:**			$ -
3	705-445-01-BLK	EBW Below Grade 5 Gallon Spill Bucket		$ 600.00	$ 1,800.00
2	705-477-ND-BLK	EBW Below Grade 5 Gallon Vapor Bucket		$ 500.00	$ 1,000.00
3	M/F4X4	PHIL-TITE Riser Adapter Used on Gas Fill/Vapor/Probe Risers Per Carb		$ 87.21	$ 261.63
2	SWF-100-SS	PHIL-TITE E85 BioDiesel 4" Swivel Fill Adapter (Carb Approved)		$ 196.61	$ 393.22
1	SWV-101-SS	PHIL-TITE E85 Vapor Adapter With Integral Swivel (Carb Appr.)		$ 265.46	$ 265.46
3	777-201-02	EBW E85 BioDiesel EVR 4" Product Cap		$ 35.96	$ 107.88
2	304-301-01	EBW EVR Vapor Cap		$ 43.61	$ 87.22
2	5885	HUSKY 2" Pressure Vacuum Vent (EVR Carb Approved)		$ 335.85	$ 671.70
3	708-491-12	PHIL-TITE/EBW Overfill Valve For 10' Tank PHIL-TITE EVR 60" Upper Tube		$ 497.25	$ 1,491.75
3	330-300-01	EBW 4x4x3x2 Extractor Valve w/cage		$ 161.42	$ 484.26
1	800-207-02	EBW 2" Vent Cap		$ 19.89	$ 19.89
3	760-201-01	EBW 4" Extractor Cap		$ 78.80	$ 236.40
3	781-433-12-GRY	EBW 36" Safe-Lite Lightweight Manhole w/FRC Bolted Grey Lid		$ 885.11	$ 2,655.33
2	418-0200am	MORRISON 12" Watertight Manhole		$ 84.02	$ 168.04
3	418-1000am	MORRISON 18" Watertight Manhole		$ 148.19	$ 444.57
2	STPR150VL2	FE PETRO 1 1/2 HP Variable. Length Sub. Pump with ___" Riser		$ 1,554.01	$ 3,108.02
1	STPMRVS2-VL2	FE PETRO 2 HP Variable Speed VL Sub Pump with ___" Riser		$ 1,269.05	$ 1,269.05
1	MAGVFC	FE PETRO Variable Speed Controller		$ 859.56	$ 859.56
1	STP-DHI	FE PETRO Disp Hook Isolation Box (One Per Submersible) For up to 8 Dispensers		$ 269.03	$ 269.03
2	STP-DHI-CBS	FE PETRO Dispenser Hook Isolation Box (Includes Control Box & Isolation Relay Box. One per Submersible) For up to 8 Dispensers		$ 334.69	$ 669.38
6	FG200-mms-18	UNISOURCE 2"X18" MXMS Fireguard SSConnector		$ 128.04	$ 768.24
3	691-08001V	MORRISON 2" Ball Valve		$ 70.57	$ 211.71
1		**ENCORE 500S RETAIL DISPENSERS:**		$ -	$ -
4	ENC500SNN1	GILBARCO Blending 3+0 S Series Three Product, Two Sided, Two Hose Dispenser with a 40.5" Frame, EPP CRINDS, Speaker & Call Button, Electromechanical Totalizers and Shell Graphics ****OPTIONAL ENCORE 700S UNITS W/ FUTURE EMV & EPP $ 17,250.00 EACH****		$ 13,900.00	$ 55,600.00
2	ENC500SNL1	GILBARCO Blending 3+1 S Series Four Product, Two Sided, Four Hose Dispenser with Monochrome ECrind / 40.5" Frame, EPP CRIND, Speaker & Call Button, Electromechanical Totalizers and Shell Graphics****OPTIONAL ENCORE 700S UNITS W/ FUTURE EMV & EPP $ 18,400.00		$ 15,227.95	$ 30,455.90
6		GILBARCO Shipping and Handling per Dispenser		$ 245.00	$ 1,470.00
1	DDS-8DM4GE	Power Integrity Dispenser Wiring Disconnect For up to 8 Dispensers. Emergency Stop & Maintenance Disconnect For Dispenser Data & Credit Card Wiring		$ 750.00	$ 750.00
1	DDS-8DB4C	Power Integrity Dispenser Wiring Disconnect For up to 8 Dispensers. Emergency Stop & Maintenance Disconnect For Intercom, Ethernet, TV or Camera Wiring		$ 393.00	$ 393.00
1		**3/4" Standard Gas & Diesel Hanging Hardware**			$ -
10	532327124-20869	GOODYEAR 3/4" x 8" M X M Whip Hose		$ 14.76	$ 147.60
10	532327124-01069	GOODYEAR 3/4" x 10' FlexSteel w/Fuelgrip MxM Hose		$ 37.74	$ 377.40
4	532331124-20869	GOODYEAR Green 3/4" x 8" M X M Whip Hose		$ 14.34	$ 57.36
4	532331124-01069	GOODYEAR 3/4" x 10' Green FlexSteel w/Fuelgrip MxM Hose		$ 41.58	$ 166.32
10	11AP-0400	OPW Gasoline Nozzle (Black)		$ 46.17	$ 461.70
4	11B-0100	OPW Diesel Nozzle (Green) Pressure Activated		$ 53.17	$ 212.68
14	0350	HUSKY 3/4" Hose Swivel		$ 22.40	$ 313.60
14	3360	HUSKY 3/4" Reconnectable Hose Breakaway		$ 60.80	$ 851.20
6	6013-SFR6W4L10	Pomeco 4' x 10' x 13" Island Form w/ 6" Radius End		$ 532.33	$ 3,193.98
6	LMM-3617-S	Phil-Tite Encore S.W. FRP Dispenser Sump for 40.5" Conduitless Entry.		$ 850.00	$ 5,100.00
14	SBK-3	APT Stabilizer Bar For Product & Vapor Shear Valves		$ 49.60	$ 694.40
14	662-440-03	EBW Double Poppet Shear Valve - Male		$ 118.58	$ 1,660.12

COMPANY	Jim Anderson	DATE OF QUOTATION	QUOTE NUMBER
PROJECT	Truck N Travel Upgrade	July 12th, 2012	1.7

QTY	Part Number	DESCRIPTION	UNIT PRICE	EXTENDED
14	FG150-ms2f-18	UNISOURCE 1.5" x 18" M Sw x 2" Fem Fireguard SS Connector	$ 101.22	$ 1,417.08
3	FIT-3530	FlexWorks 3" x 30" Flex Containment Boot	$ 66.48	$ 199.44
6	ITR-3020	FelxWorks 3"x 2" Round Reducer	$ 12.16	$ 72.96
1	848290-022	VEEDER-ROOT TLS-350 Plus Tank Monitoring Console with Integral Printer	$ 3,628.00	$ 3,628.00
1	329356-002	VEEDER-ROOT Four Input Probe Module Mounts in Low Power Comp.	$ 611.00	$ 611.00
2	329358-001	VEEDER-ROOT Eight Input Sensor Module Mounts in Low Power Comp.	$ 933.00	$ 1,866.00
3	846390-109	VEEDER-ROOT 10' Mag PlusMagnetostrictive Probe	$ 1,535.00	$ 4,605.00
2	886100-000	VEEDER-ROOT Phase-Two Water Mag Plus Gas Probe Installation Kit 5' Cable	$ 330.00	$ 660.00
1	846400-001	VEEDER-ROOT Mag Plus Diesel Probe Installation Kit 5' Cable	$ 225.00	$ 225.00
3	848480-003	VEEDER-ROOT PLLD Line Leak Detector with SwiftCheck Valve	$ 710.00	$ 2,130.00
1	330843-001	VEEDER-ROOT Six Input PLLD Module Mounts in Low Power Comp.	$ 302.00	$ 302.00
1	330374-001	VEEDER-ROOT Three Output PLLD Module	$ 302.00	$ 302.00
1	330160-050	VEEDER-ROOT PLLD Base Compliance Software	$ 647.00	$ 647.00
9	794380-208	VEEDER-ROOT Sump Sensors	$ 187.00	$ 1,683.00
2	794390-409	VEEDER-ROOT Interstitial Sensor (10' to FRP 12' Tank)	$ 330.00	$ 660.00
3	305XPA-1100AK-EVR	MORRISON 4" Probe Cap and Ring Kits EVR	$ 78.89	$ 236.67
2	312020-928	2" Sensor Cap and Ring Kits	$ 52.00	$ 104.00
6	FEB-075-D	APT 3/4"/1" Electrical Sump Penetration fitting	$ 28.00	$ 168.00
37	FEB-175-SC	APT 2" FRP/ 1.75" XP DW Pipe Sump Penetration Fitting	$ 36.00	$ 1,332.00
1	78-6911-4796-7	3M 8 Station Intercom with Voice Activated Microphone	$ 1,058.00	$ 1,058.00
1	78-8117-3900-8	3M 4 Station I/O Card. 1 Required per Each Additional 4 Positions	$ 265.00	$ 265.00
1	TC-3	Regular Unleaded Tank Collar	$ 10.78	$ 10.78
1	TC-4	Premium Unleaded Tank Collar	$ 10.78	$ 10.78
1	TC-7	Diesel Tank Collar	$ 10.78	$ 10.78
3	FS120KIT	Emergency Shut-off Switch	$ 136.00	$ 408.00
		Fuel Surcharges- Many factories are now adding on fuel surcharges to cover the high cost of fuel. Currently Gilbarco and Gasboy have implemented fuel surcharges. NWP expects many other factories to follow. NWP will have to pass these charges on. Please be aware that your final bill will include any fuel surcharges that NWP has to pay.		$ -
		Please note: Installation and use of all above-ground fuel storage systems carry inherent risks and are subject to regulations and standards established by Federal, State and Local agencies such as the EPA, Building and Fire authorities etc. By signing this document, customer accepts full responsibility for investigation and implementation of technologies required to meet any applicable regulations and requirements related to the parts and or system(s) in this proposal. Customer also accepts full responsibility for any decision to comply or to not comply with applicable rules and regulations. Furthermore, by signing this document, customer agrees to hold harmless and defend Northwest Pump & Equipment Co. and its affiliates from any liability, penalty or disciplinary action that may occur as a result of decisions by customer, their employees or contractor's to ignore, circumvent or otherwise fail to obey any and all applicable federal, state and local rules and regulations and standards of good, safe, practice. Customer Initials:		$ -
		Merchandise Returns: New Unused Stocking items must be returned within 30 days of the original purchase for full credit. Special ordered items will be charged a minimum 25% restock fee if returned new unused. Cores must be returned within 20 days of the original purchase for full credit.		$ -
		PCI Compliance Disclaimer It is solely the Customers responsibility to verify PCI Compliance and Network Processing Compliance with their Merchant Provider. NWP will not be liable for direct, special or consequential damages, business interruption or loss of profits, sustained by Customer or any party claiming by, through or under the Customer.		$ -
		Above Specifications Exclude the Following (Unless Otherwise Noted): Plans, Permits, Inspection, All Testing, Labor to Assemble or Install, Miscellaneous Pipe Fittings and Accessories, Any Electrical Consideration, Offloading or Setting Any Equipment or Tank, Site Improvements, Guard Barriers, Any Other Items (s) Not Specifically Mentioned Above		$ -
		Equipment Only: No Installation. Subject to engineer's approval. This quotation does not include or imply any equipment or quantities other than listed herein. Contractor to determine actual quantities required. No retainage to apply.		$ -

COMPANY.	Jim Anderson	DATE OF QUOTATION	QUOTE NUMBER
PROJECT	Truck N Travel Upgrade	July 12th, 2012	1.7

QTY	Part Number	DESCRIPTION	UNIT PRICE	EXTENDED
		Performance: Performance of equipment listed is based upon the accuracy of the Information supplied to NW Pump and Equipment Co. by the customer or customer's engineer. Guarantee of performance may require approval by a licensed engineer at the customer's expense. NWP is not responsible for any warranty outside of standard manufacturer warranties.		$ -
		Tank Submittal Drawings: Tanks require approved, signed drawings before production of the tank may begin. Any quoted lead time is based on production time required once approved submittal drawings have been received by Northwest Pump & Equipment.		$ -
		Verifone Terms: Special terms apply to the Verifone Equipment. Prices reflect a 3% cash discount. Payments must be received within 10 days of invoice. 3% will be added to invoice and may be deducted if paid within 10 days. Credit card payment not applicable with these terms. Initials_______		$ -
		Gilbarco / Gasboy Terms: Special terms apply to the Gilbarco/Gasboy Equipment. Prices reflect a 3% cash discount. Payments must be received within 10 days of invoice. Invoices are sent upon completion of the order at the factory. 3% will be added to invoice and may be deducted if paid within 10 days. Credit card payment not applicable with these terms. Initials_______		$ -

Monthly Totals

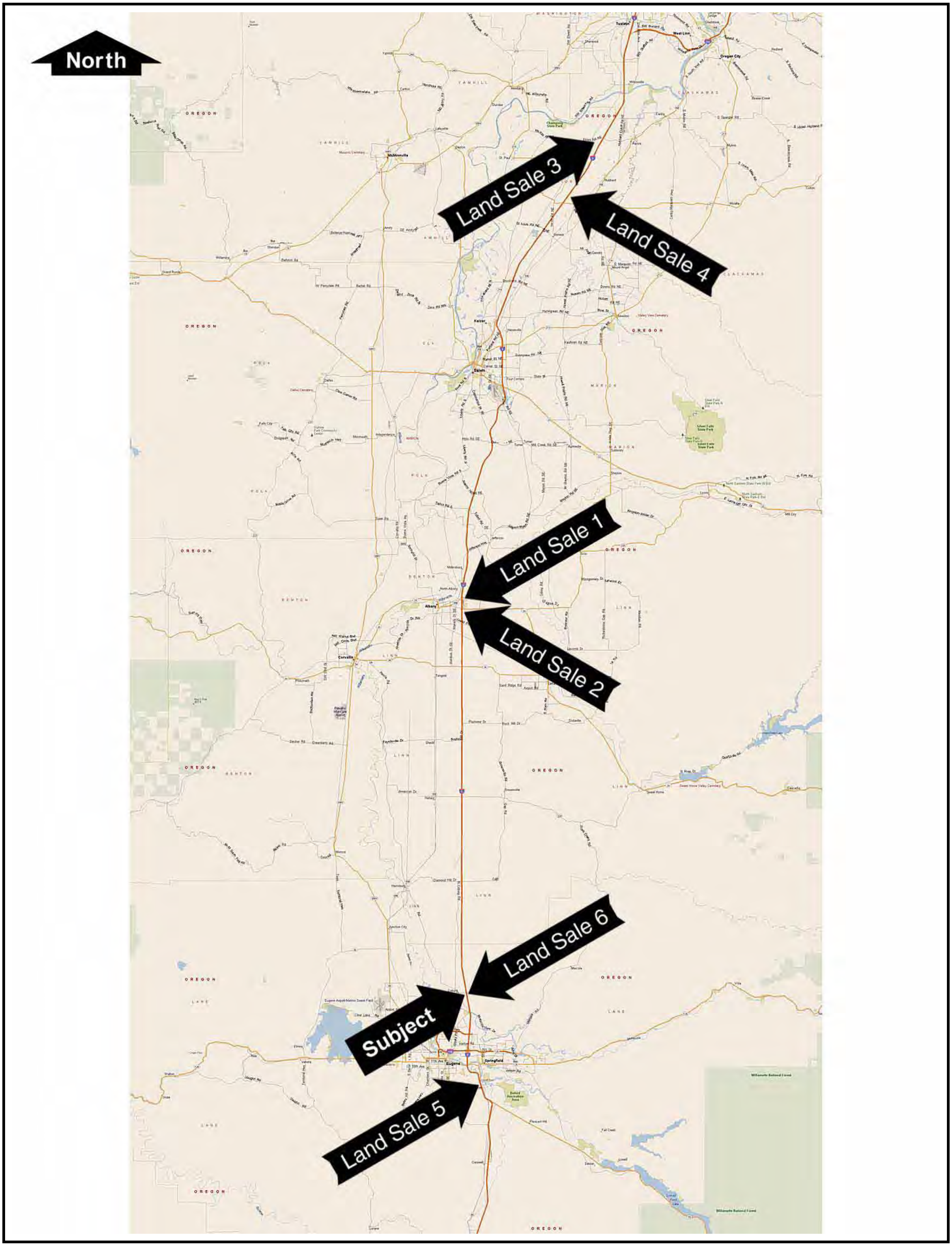
COBURG GAS STATION COUNTS

	Actual Gas and Diesel Gallons			Projected Gallons			Actual Store Sales			Projected Store Sales		
	2009	2010	2011	2013	2014	2015	2009	2010	2011	2013	2014	2015
	Total Gasoline	Total Gasoline	Total Gasoline	115%	115%	115%	Gas Store	Gas Store	Gas Store	115%	115%	115%
Jan	145,507	146,288	138,351	159,104	182,969	210,415	41,817	44,854	45,244	52,031	59,835	68,810
Feb	131,135	141,734	131,892	151,676	174,427	200,591	36,879	42,728	44,436	51,101	58,767	67,582
Mar	155,902	171,317	153,917	177,005	203,555	234,089	45,212	55,449	52,605	60,496	69,570	80,006
Apr	155,701	168,975	148,844	171,171	196,846	226,373	46,187	53,030	48,146	55,368	63,673	73,224
May	159,718	168,617	150,987	173,635	199,680	229,632	51,710	54,845	51,571	59,307	68,203	78,433
Jun	176,418	177,523	165,093	189,857	218,335	251,086	57,999	60,648	56,244	64,681	74,383	85,540
Jly	202,061	208,842	190,607	219,198	252,078	289,889	66,982	72,971	63,116	72,583	83,471	95,992
Aug	200,577	205,425	188,904	217,240	249,826	287,299	68,721	73,870	63,152	72,625	83,519	96,046
Sept	174,108	174,019	166,994	192,043	220,850	253,977	58,033	60,709	58,900	67,735	77,895	89,580
Oct	161,473	173,254	154,862	178,091	204,805	235,526	53,299	57,812	56,534	65,014	74,766	85,981
Nov	159,952	163,263	151,722	174,480	200,652	230,750	49,760	54,154	53,595	61,634	70,879	81,511
Dec	162,826	161,039	150,296	172,840	198,766	228,581	51,762	49,988	51,160	58,834	67,659	77,808
Total	1,985,378	2,060,296	1,892,469	2,176,339	2,502,790	2,878,209	628,361	681,058	644,703	741,408	852,620	980,513

Revised: 10/11/2012

GAS STATION / McDONALDS
PROJECTED STATEMENT OF OPERATIONS

	Actual		Projected		
	2011		2013	2014	2015
REVENUES					
Gas and Diesel Sales	6,612,875	3.494	7,713,624	8,870,667	10,201,267
Convenient Store Sales	646,507		743,483	855,006	983,256
Rent Income	60,000		60,000	60,000	60,000
Revenues	7,319,382		8,517,107	9,785,673	11,244,524
COST OF REVENUES					
Gas and Diesel Fuel Cost	6,080,592	3.213	6,992,681	8,041,583	9,247,820
Store Purchases	489,214		562,596	646,986	744,033
Misc Supplies	4,195		4,824	5,548	6,380
Credit Card Fee	112,275		129,116	148,484	170,756
Cost of Revenues	6,686,276		7,689,217	8,842,600	10,168,990
Gross Profit	633,106		827,889	943,073	1,075,534
GENERAL AND ADMINISTRATIVE					
Payroll Exprense	219,077		251,939	289,729	333,189
Payroll Tax	24,320		27,968	32,163	36,988
Payroll Insurance	3,478		4,000	4,600	5,290
Employee Benefits	16,301		18,746	21,558	24,792
Utilities	18,000		20,700	23,805	27,376
Misc	24,000		27,600	31,740	36,501
Total G & A Expenses	305,176		350,952	403,595	464,135
Net Profit (Loss)	327,930		476,937	539,478	611,399
Annual Gallons	1,892,469		2,176,339	2,502,790	2,878,209


North
Land Sale 3
Land Sale 4
Land Sale 1
Land Sale 2
Land Sale 6
Subject
Land Sale 5

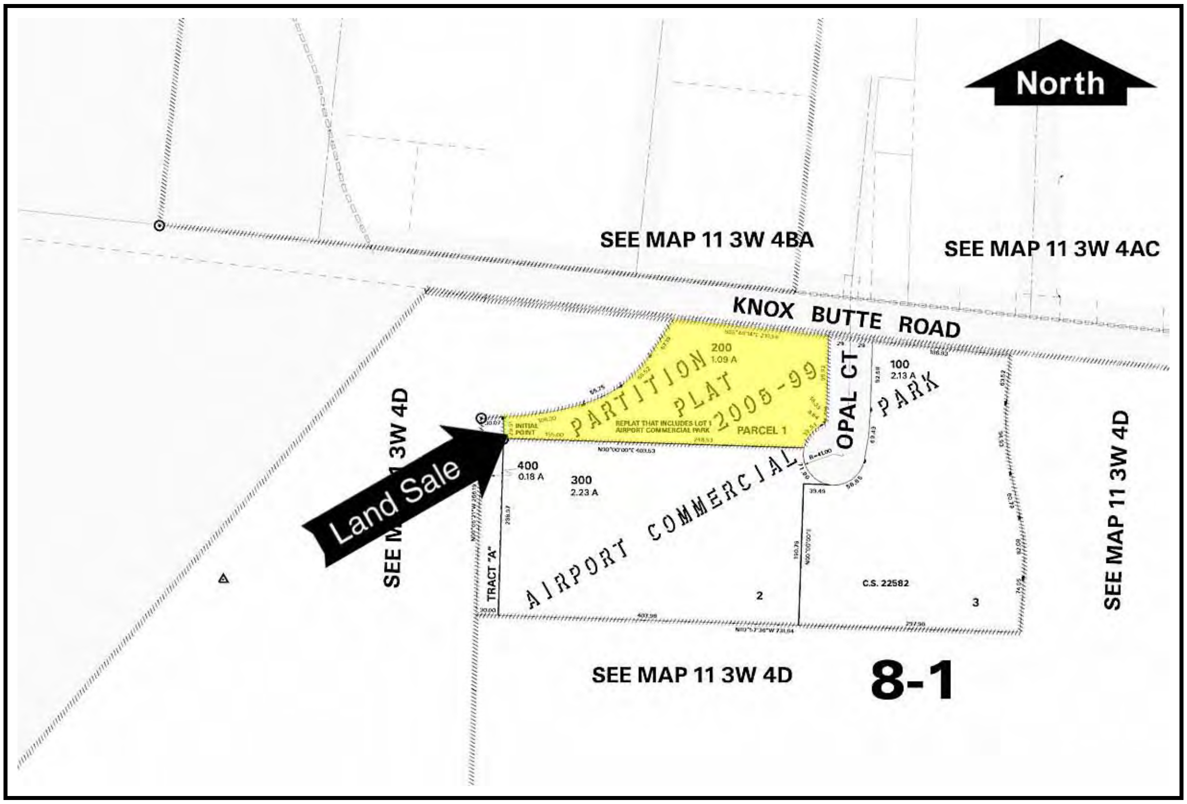


Photo #OR-LAN-0153 - LP01

Plat map of Land Sale #1.

Photo #OR-LAN-0153 - LS01

View looking southwest of the restaurant that was built on Land Sale #1.

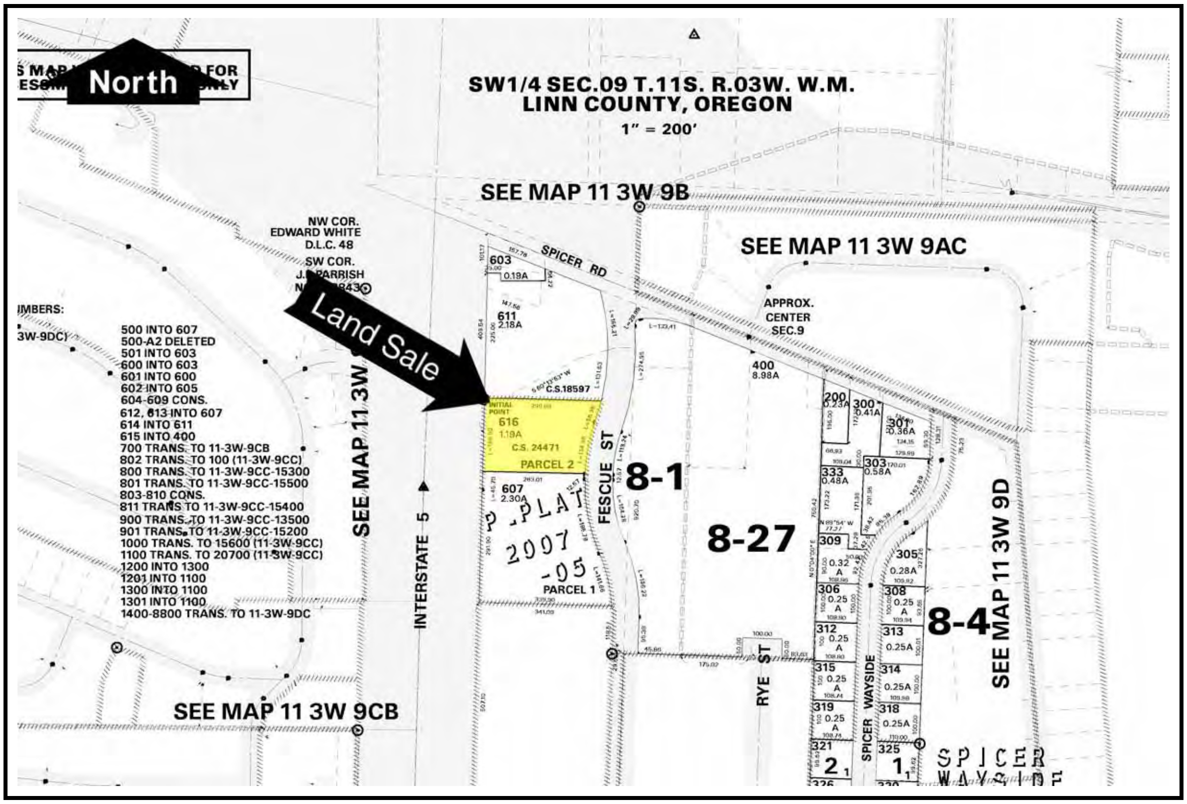


Photo #OR-LAN-0153 - LP02

Plat map of Land Sale #2.

Photo #OR-LAN-0153 - LS02

View looking northwest of Land Sale #2.

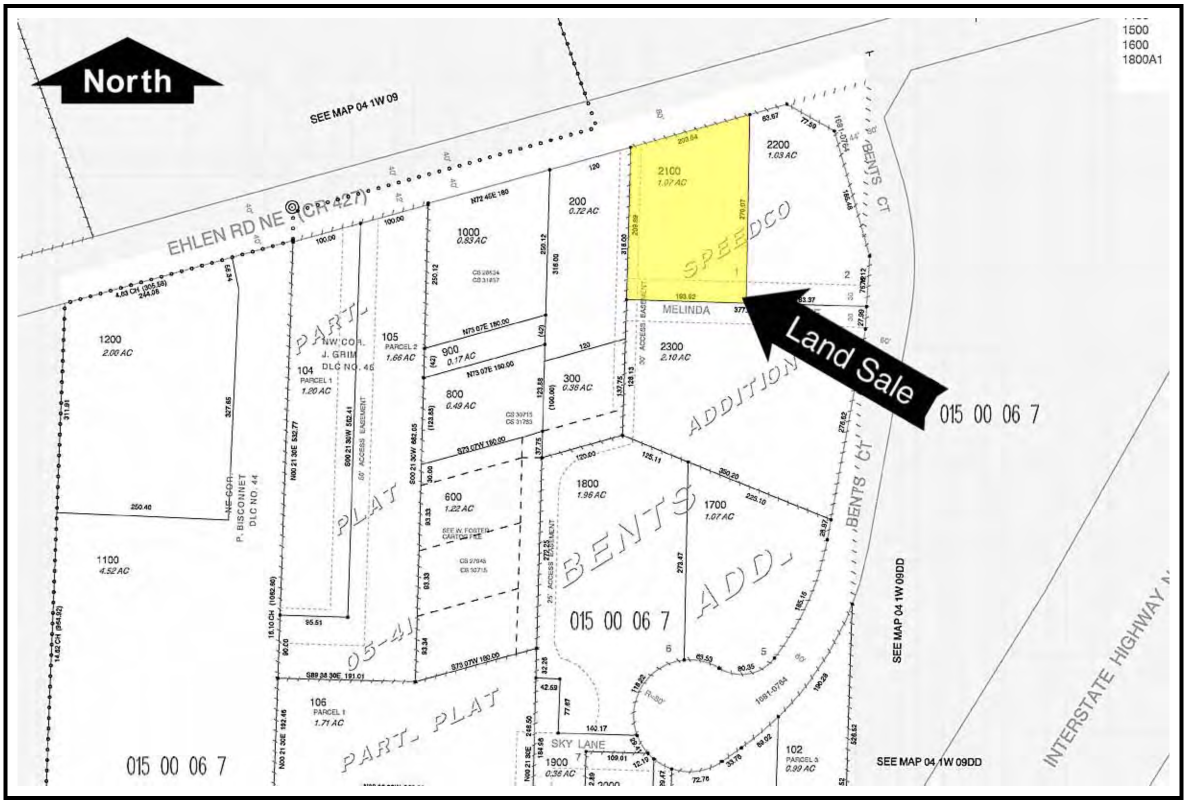


Photo #OR-LAN-0153 - LP03

Plat map of Land Sale #3.

Photo #OR-LAN-0153 - LS03

View looking northeast of the light industrial building that was built on Land Sale #3.

Photo #OR-LAN-0153 - LP04

Plat map of Land Sale #4.


Photo #OR-LAN-0153 - LS04

View looking northwest of Land Sale #4.
Medical offices are proposed for this site.

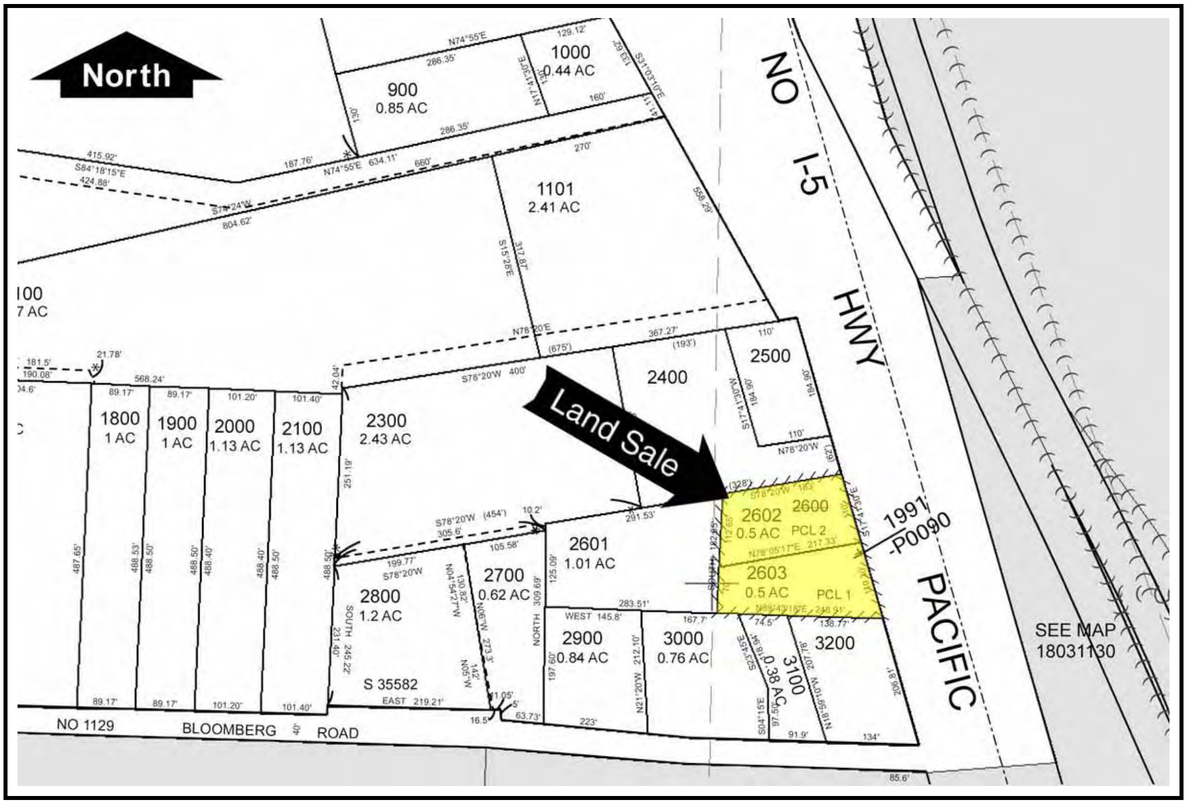
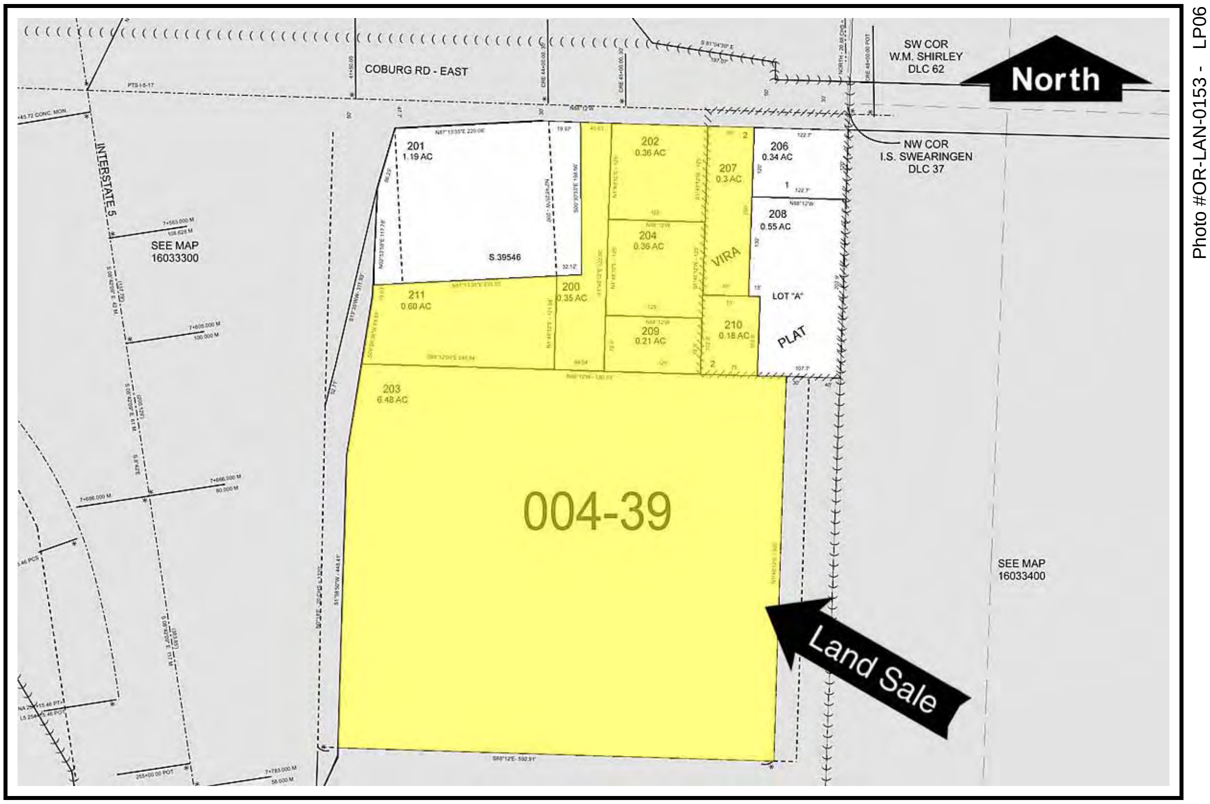


Photo #OR-LAN-0153 - LP05

Plat map of Land Sale #5.

Photo #OR-LAN-0153 - LS05

View looking northwest of the gas station that was already existing on Land Sale #5 at the time of the sale.



Plat map of Land Sale #6.

View looking south of Land Sale #6. The site previously supported a restaurant and a couple of other buildings, but those improvements contributed no value to the property.

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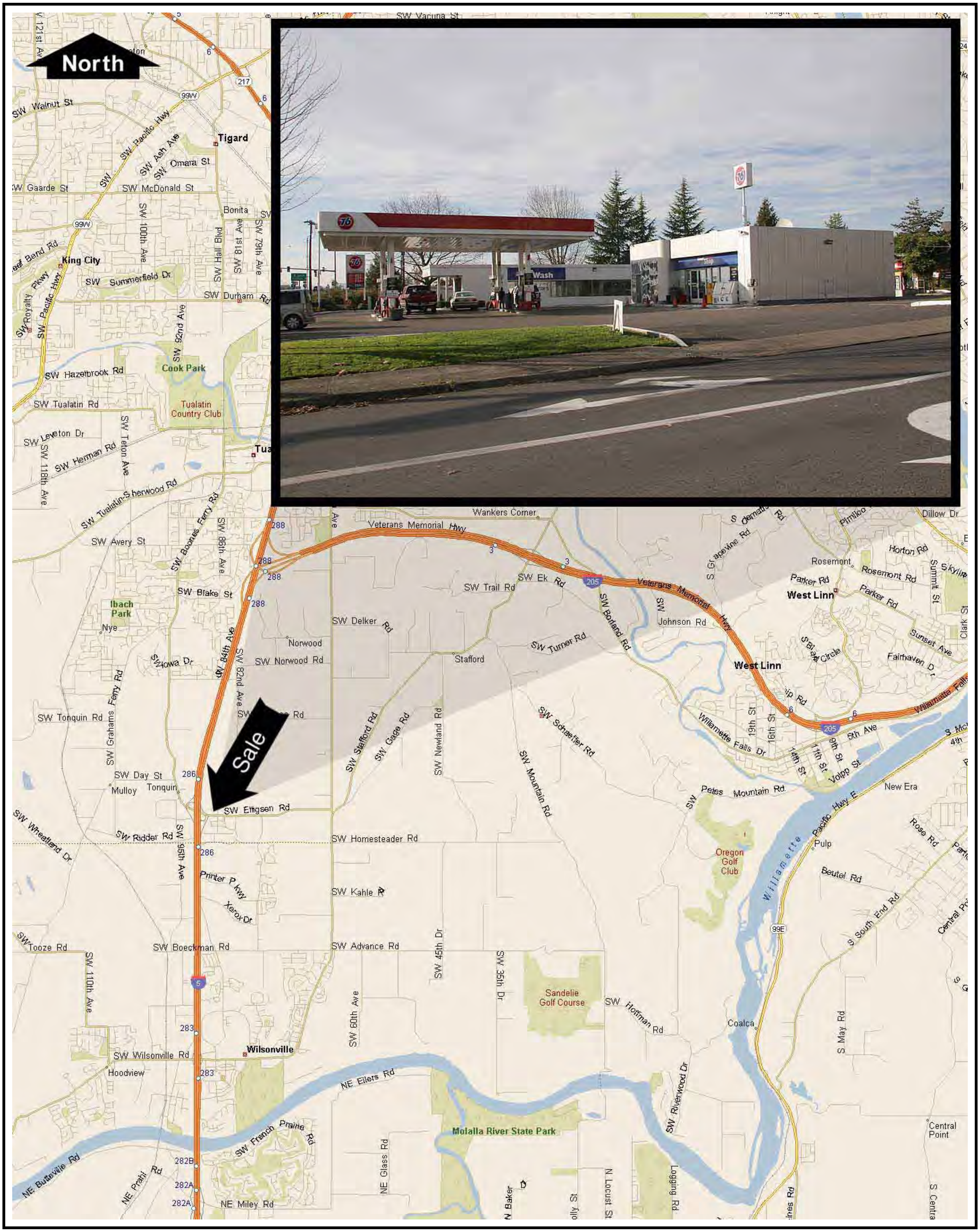
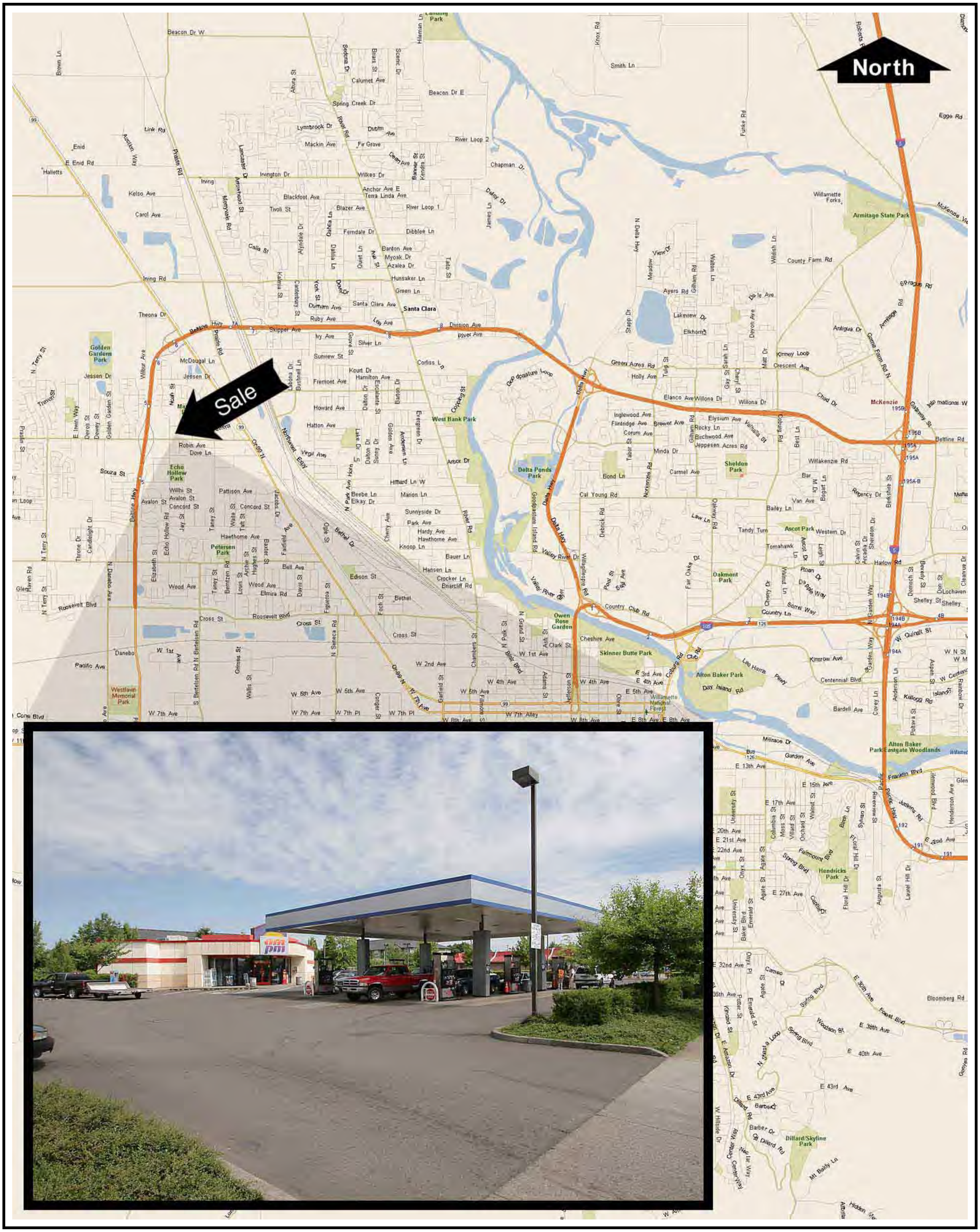
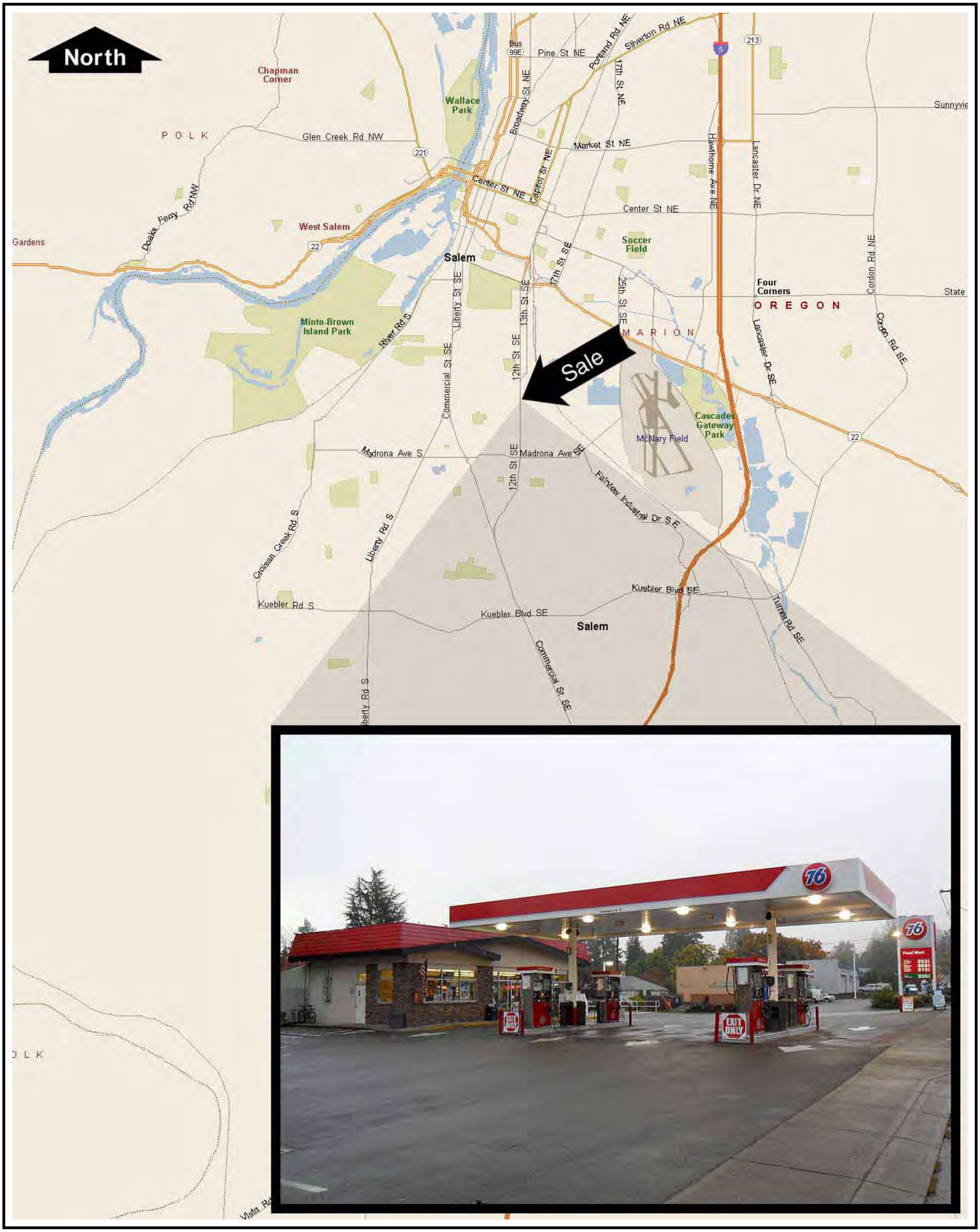


Improved Sale #1:

Unocal 76-branded retail gas station, convenience store, and car wash
8605 SW Elligsen Road, Wilsonville, Oregon. Sold: October, 2008
Going concern, cash-equivalent price = $2,110,000

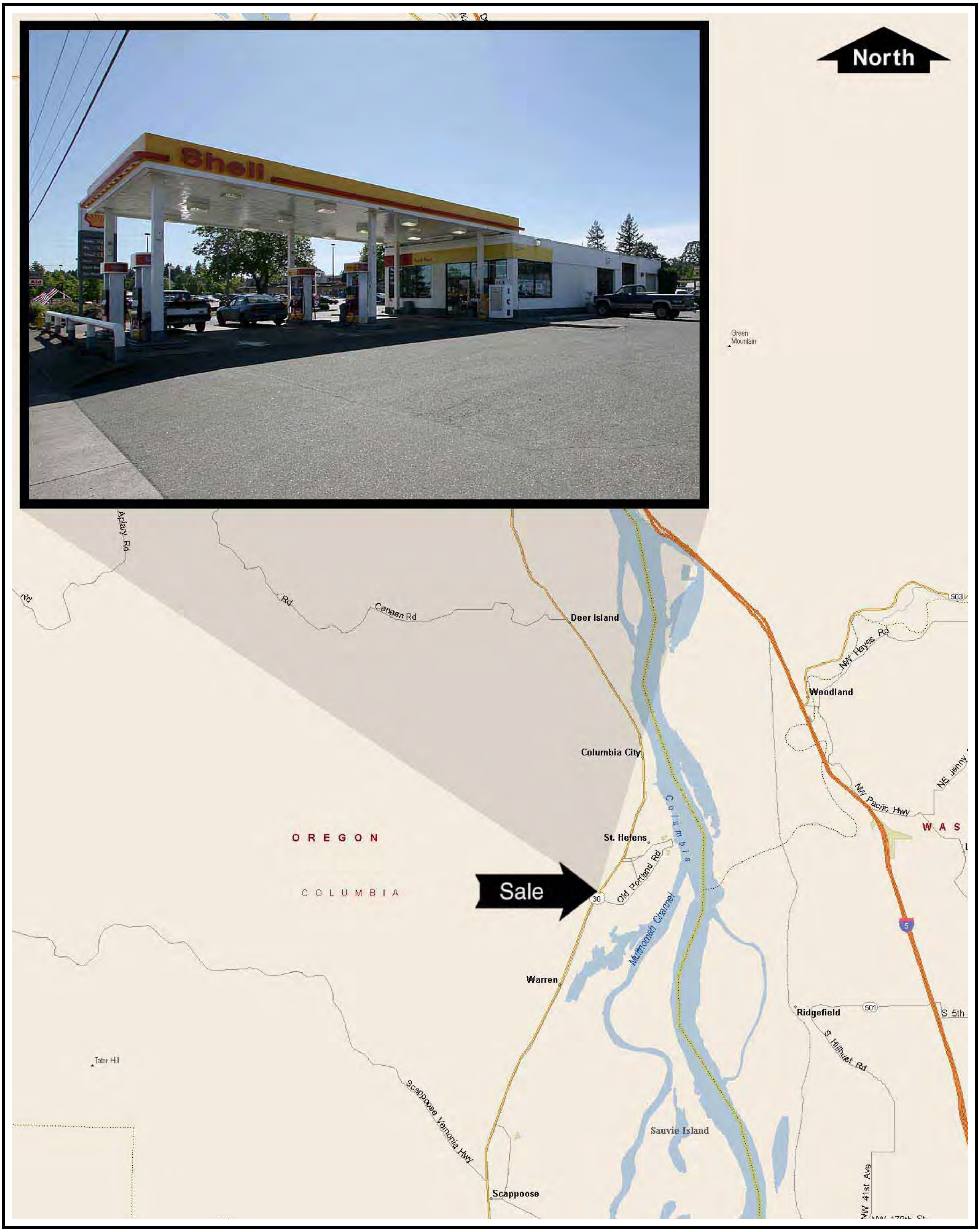


Improved Sale #2: ARCO-branded retail gas station, convenience store, and car wash
2155 Cubit Street, Eugene, Oregon. Sold: May, 2009
Going concern, cash-equivalent price = $2,600,000

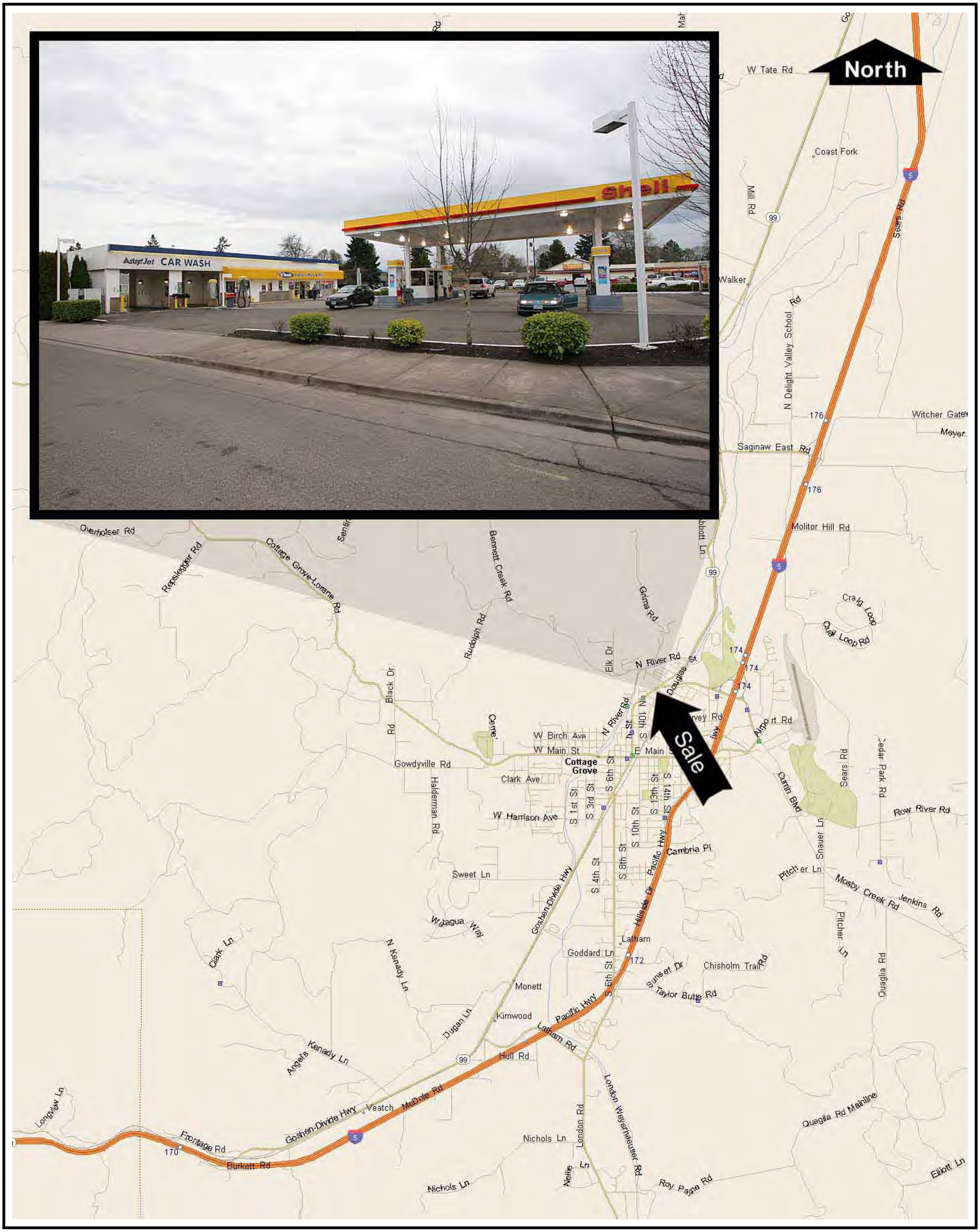


Improved Sale #3:

Unocal 76-branded retail gas station and convenience store.
2890 SE 12th Street, Salem, Oregon. Sold: May, 2010
Going concern, cash-equivalent price = $1,100,000



Improved Sale #4: Shell-branded retail gas station and convenience store.
745 South Columbia River Highway, Saint Helens, Oregon. Sold: September, 2010
Going concern, cash-equivalent price = $750,000



Improved Sale #5: Shell-branded retail gas station, convenience store, and self-serve car wash
1220 Pacific Hwy 99, Cottage Grove, Oregon. Sold: June, 2011
Going concern, cash-equivalent price = $850,000

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Petroleum marketing is a volatile industry that is constantly buffeted by ever-changing market dynamics and government legislation. Now more than ever, today's petroleum marketer has to focus on their core business to stay competitive. Marketers and lenders alike need knowledgeable, informed professionals to assist them with a wide range of business challenges.

Petroleum Realty Advisors fills this niche by exclusively providing real estate services on petroleum marketing facilities in the Pacific Northwest. We are the only firm in the region exclusively committed to this niche. We limit our service area to maximize our market knowledge within the region.

A few national-scale companies also specialize in this niche. However, their broad geographic coverage makes it impossible to have meaningful knowledge of the local and regional markets they claim to serve. This business model--broad and shallow--yields services that are out of touch with the factors that fundamentally determine value. Our philosophy is the polar opposite: narrow and deep.

Petroleum Realty Advisors has extensive experience with a varied combination of retail fueling operations, quick-serve restaurants, convenience stores, card locks, tunnel/rollover car washes, car polishers, service bays, and quick lubes. Facilities have ranged in location from remote rural to downtown urban to highway interchange and everywhere in between. The adjacent table shows some of the clients we have had the opportunity to serve.

Petroleum Marketer Clients	Lender Clients
BiMor Stations	Bank of Eastern Oregon
BP West Coast Products	Banner Bank
Carson Oil Company	Citizen's Bank
Chevron	Columbia River Bank
Convenience West	GE Capital Small Business Finance
Cummings Transfer	Homestreet Bank
Jacksons Food Stores	iQ Credit Union
Laughlin Oil Company	Key Bank
Leathers Enterprises	Liberty Bank
Marc Nelson Oil Products	North County Bank
Oil Products, Inc.	Pacific NW Credit Union
Pacific Petroleum	Riverview Community Bank
Peavey Oil Company	SELCO Credit Union
Poole Oil	Sterling Savings Bank
SeQuential Biofuels	Temecula Valley Bank
Space Age Fuel	U.S. Bank
United Energy	Umpqua Bank
Wilco	Wachovia Small Business Capital
WSCO	Wauna Federal Credit Union
Younger Oil Company	West Coast Bank

Christopher Gaskins, MAI, the president of Petroleum Realty Advisors, is active within the industry. He currently serves on the board of directors of the Oregon Petroleum Association. He previously served on the board of directors of the Oregon Gasoline Dealer's Association prior to their merger with the Oregon Petroleum Marketer's Association.

Petroleum Realty Advisors subscribes to a number of industry periodicals including Oil Express, Oil Price Information Service, National Petroleum News, Journal of Petroleum Marketing, Oil and Gas Journal and NACS Magazine. We maintain and constantly update an expansive, proprietary database of industry-specific data. We work hard to maintain a healthy network of knowledgeable contacts within the industry. In short, we strive to be the best valuation and consulting company for the Pacific Northwest's petroleum marketing industry and the companies that serve the industry.

Qualifications of Petroleum Realty Advisors, Inc.

Petroleum Realty Advisors is pleased to be uniquely positioned to offer the following valuation, brokerage, and consulting services to the Pacific Northwest's petroleum marketing industry:

- Financing appraisals for new facility construction, renovation of existing facilities, ground-up rebuilds, and acquisition;
- Going-concern valuations with allocations of value among real estate, personal property, and business/goodwill;
- Asset valuation for the buying and selling of facilities, from one site to hundreds;
- Jobbership valuations;
- Condemnation appraisals in defense of city, state, or federal government eminent domain actions;
- Appraisals for divorce arbitration and litigation proceedings;
- Asset valuation for partnership/corporation formation and dissolution;
- Brokerage services for facility sales and/or leases, representing buyers and sellers;
- Development and production of prospectuses for the marketing of petroleum marketing assets and/or jobberships;
- Debt capital placement to help marketers find lenders friendly to the industry;
- Feasibility studies for new construction and remodeling of existing stations to maximize productivity;
- Review of leases for completeness, defensibility, equity, and maximum productivity and benefit;
- Property tax appeals;
- Internal Revenue Service-compliant appraisals for estate planning;
- Expert witness testimony related to any of these services.

Christopher Gaskins, MAI is the principal owner of Petroleum Realty Advisors, Incorporated, a valuation, consulting, and brokerage firm exclusively committed to serving the petroleum marketing industry. Mr. Gaskins is a state-certified appraiser in Oregon and Washington and a licensed real estate broker in Oregon and Washington.

Professional Affiliations

- Member of the Appraisal Institute
- Board member of Oregon Petroleum Association's Board of Directors
- Certified General Appraiser, State of Oregon, License #C000486
- Certified General Appraiser, State of Washington, License #1100583
- Principal Broker, State of Oregon, License #20039091
- Designated Broker, State of Washington, License #23678

Education

- Carnegie Mellon University, Pittsburgh, Pennsylvania
- University of Connecticut, Storrs, Connecticut - Bachelor of Arts in Political Economics, graduated Cum Laude
- Appraisal Institute:

Real Estate Appraisal Principles	Real Estate Basic Valuation
Residential Case Studies	Basic Income Capitalization
Advanced Income Capitalization	Report Writing & Valuation Analysis
Advanced Applications	Standards of Prof. Practice (A/B/C)
Condemnation Appraising: Basic Principles	Condemnation Appraising: Adv. Topics
Lease Abstraction and Analysis	Effective Appraisal Writing

  Attacking and Defending Appraisals in Litigation
  Separating Real and Personal Property From Intangible Business Assets
  Valuation of Detrimental Conditions in Real Estate

- CCIM Institute:

  Financial Analysis for Commercial Investment Real Estate

Employment History

Petroleum Realty Advisors, Inc.	December, 1998 to present
Tapanen Group, Inc.	December, 1997 to November, 1998
Capital Valuation Group, Ltd.	October, 1992 to November 1997
Chemeketa Community College Instructor	1994 to 1999

Appraiser Certification and Licensure Board

State Certified General Appraiser

28 hours of continuing education required for renewal

License No.: **C000486**

Issue Date: **May 21, 2012**

Expiration Date: **April 30, 2014**

Christopher Gaskins
Petroleum Realty Advisors Inc
PO Box 1485
Lake Oswego, OR 97035

Robert A Keith, Administrator

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON NAMED HEREON IS AUTHORIZED, AS PROVIDED BY LAW, AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

CHRISTOPHER GASKINS
7420 SW HUNZIKER STREET
SUITE A
PORTLAND OR 97223

Cert/Lic No.	Issued Date	Expiration Date
1100583	04/29/1998	04/23/2012

Elizabeth A. Luce
Director

PL-630-159 (R/2/04)

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