

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "**Agreement**") is entered into as of this 26th day of October, 2006, by and between SVC MANUFACTURING, INC., a Delaware corporation ("**SVC**"), the CITY OF ALBANY, OREGON, a municipal corporation organized under the laws of the State of Oregon (the "**City**"), the COUNTY OF LINN, a political subdivision of the State of Oregon (the "**County**"), the ALBANY MILLERSBURG ECONOMIC DEVELOPMENT CORPORATION, an Oregon non-profit corporation ("**AMEDC**"), the OREGON DEPARTMENT OF TRANSPORTATION ("**ODOT**") and the STATE OF OREGON acting by and through its Economic and Community Development Department ("**OECD**") (SVC, the City, the County, AMEDC, ODOT, and OECD are sometimes hereafter referred to collectively as the "**Parties**" and individually as a "**Party**").

RECITALS

- A. The State of Oregon is vitally interested in the economic welfare of its citizens, as are the City and County with that of their residents.
- B. Providing quality jobs to the citizens of Oregon by domestic and multi-national business employers is essential to the economic well-being of the State of Oregon, and so therefore to the economic well-being of the City and County.
- C. Subject to the provisions of this Agreement, SVC wishes to construct a manufacturing and warehousing facility in the City, which facility would create new jobs and provide other direct and indirect economic benefits, including enhancing the tax base, diversifying the economy, providing an economic stimulus, and attracting additional major investment.
- D. SVC's construction of such facility, however, would be difficult if not economically unfeasible without certain investment incentives, such as certain tax exemptions and credits under state law and other forms of public assistance more fully set forth in this Agreement, including but not limited to the City's construction and upgrading of certain public infrastructure in order to meet the needs of such a facility.
- E. As an inducement to SVC to construct its facility in the City of Albany, OECD, City, County, and AMEDC deem it appropriate to approve the execution of this Agreement providing for the facilitation of SVC's construction of its manufacturing and warehousing facility in accordance herewith, and determine that such is in the best interests of OECD, the City, and the County, as well as the citizens and residents thereof.

AGREEMENT

NOW THEREFORE, in consideration of the premises, and the terms, covenants, and conditions set forth in this Agreement, SVC, the City, the County, AMEDC, ODOT, and OECDD hereby agree as follows.

Article I. Acquisition of the Land

AMEDC has obtained options to purchase two certain tracts of land, one of approximately 193.02 acres, the other of approximately 49.29 acres, both more particularly described on Exhibit A attached hereto (the "**Land**"), pursuant to (i) that certain Option Agreement and Agreement of Purchase and Sale dated July 5, 2006, by and between AMEDC and Alice Weatherford Harper, *et al*; and (ii) that certain Option Agreement and Agreement of Purchase and Sale dated June 30, 2006, by and between AMEDC and Schrock Farms, Inc. (such agreements, collectively, the "**Options**"). Within three (3) days following SVC's written request of AMEDC to do so, AMEDC will obtain the written consent of each Owner (as defined in the Options, respectively) to AMEDC's assignment of the Options to SVC, and will irrevocably assign to SVC all of AMEDC's right and interest in and to the Options and deliver to SVC any and all studies, inspection reports, surveys, soil tests and any other similar documents in AMEDC's possession or control pertaining to the Land. If SVC has not so taken assignment of the Options prior to the date on which an Option Money Payment (as defined in the Options, respectively) is due, AMEDC will make such payment in accordance with the Options, provided that SVC delivers currently available funds in the amount of the Option Money Payments to AMEDC for the sole purpose of making such payments in accordance herewith. AMEDC acknowledges and agrees that the \$1,000.00 Option Money Payment due at signing under the Option entered into with Schrock Farms, Inc. has been paid to such Owner in accordance with the terms of such Option.

Article II. SVC Commitments

Section 2.01 Construction of the Project

Subject to the terms and conditions of this Agreement, SVC will take assignments of and exercise the Options to purchase the Land and will design, construct, and equip an approximately 900,000 square foot manufacturing and warehouse facility, including related wastewater treatment, pre-treatment, and other related facilities, upon a portion of the Land (the "**Project**"), which purchase, design, construction and equipping will constitute a total investment cost of not less than \$165,000,000.00 by December 31, 2009, \$100,000,000.00 of which investment cost will be expended by December 31, 2008. "Total investment cost", as used in this Agreement, both with regard to the investment by SVC in the Project and by the

owner of the Bottle Manufacturing Plant with respect thereto, shall be limited to funds actually paid and/or goods and services actually expended toward acquisition of the land and design, construction, equipping, testing and related start-up expenses of the Project or the Bottle Manufacturing Plant, as context may require. SVC agrees and acknowledges that upon demand by the City and/or any other unit of government required to consent to the Long Term Rural Enterprise Zone tax exemption to be granted to SVC and/or the owner of the Bottle Manufacturing Plant, SVC and/or the owner of the Bottle Manufacturing Plant, as context may require, shall be required to provide proof of such investment to the City or other such unit of government in accordance with applicable laws.

Section 2.02 Creation of Jobs

SVC covenants that the Project will hire between 200 and 250 full-time employees by June 1, 2009, and that the average annual compensation, based on payroll, for employees at the Project will be at least 150% of the average wage in Linn County at the time such requirement must be met in accordance with ORS 285C.412 and that it will maintain such employment for a minimum fifteen (15) year period beginning June 1, 2009.

Section 2.03 Bottle Manufacturing Plant

SVC anticipates that a "to be determined" bottle manufacturing plant (the "**Bottle Manufacturing Plant**") will be constructed on another portion of the Land by December 31, 2008, which plant will have a total investment cost of not less than \$85,000,000.00 by December 31, 2008; is anticipated to hire between 75 and 100 full-time employees by December 31, 2008; and is further anticipated to pay an average annual compensation, based on payroll, for employees at the bottle manufacturing plant of at least 150% of the average wage in Linn County at the time such requirement must be met in accordance with ORS 285C.412. The City and SVC acknowledge and agree that if the Bottle Manufacturing Plant obtains, and so long as it maintains, tax exempt certification pursuant to ORS 285C.400 *et seq.* (Long Term Rural Enterprise Zone Tax Exemption), the owner of the Bottle Manufacturing Plant shall pay to the City a project fee in the amount of \$630,000.00 per year for each year during which the Bottle Manufacturing Plant remains exempt from *ad valorem* taxation (such fee, the "**Project Fee**"). If payable, the Project Fee shall be paid on or before November 15th or such other date on which *ad valorem* property taxes become due and payable under applicable law. In the event the above-described Bottle Manufacturing Plant investment is made, but such facility fails to obtain or maintain tax exempt certification pursuant to ORS 285C.400 *et seq.* (Long Term Rural Enterprise Zone Tax Exemption), then the Bottle Manufacturing Plant shall be subject to *ad valorem* taxation in accordance with applicable law, but the owner of the Bottle

Manufacturing Plant shall have no obligation to pay, and the City shall have no entitlement to, the Project Fee. In the event, however, that the above-described Bottle Manufacturing Plant investment has not been made in full by January 1, 2010, and the Bottle Manufacturing Plant has failed to obtain or maintain tax exempt certification pursuant to ORS 285C.400 *et seq.* (Long Term Rural Enterprise Zone Tax Exemption), then SVC shall be responsible to pay to the City in each year in which such circumstances continue to exist for up to fifteen (15) years commencing January 1, 2010, a pro rata portion of the Project Fee (in no event exceeding \$630,000.00) based on the actual Bottle Manufacturing Plant investment made. For clarification in determining such pro rata amount, in any applicable year in which the actual Bottle Manufacturing Plant investment under such circumstances is zero, then the Project Fee payable by SVC for that year will be \$630,000.00. Otherwise, the pro rata portion of the Project Fee will be the amount which is the product of multiplying the actual Bottle Manufacturing Plant investment by a fraction, the numerator of which is \$630,000, and the denominator of which is \$85,000,000.

Section 2.04 SVC Guaranty

Subject to the terms and conditions of this Agreement, SVC agrees to pay to the City a fee of up to \$2,100,000.00 (the "**Guaranty Fee**") in each of the five successive years following the expiration of SVC's exemption from *ad valorem* property taxes pursuant to ORS 285C.400 *et seq.* in the event and to the extent that combined *ad valorem* property tax revenues from the Project and the Bottle Manufacturing Plant are less than \$2,100,000.00 in such years. *Provided, however,* that in any such year in which SVC is required to pay both a Guaranty Fee and a Project Fee pursuant to Section 2.03, SVC shall receive a credit against the Guaranty Fee in the amount of any Project Fee paid in any such year.

Subject to the terms and conditions of this Agreement, if SVC fails to meet the minimum employment requirements set forth in Section 2.02 or the minimum investment requirements set forth in Section 2.01, or if SVC meets such requirements but thereafter fails to maintain the minimum employment or compensation requirements set forth in Section 2.02, then SVC shall be obligated to pay to the urban renewal agency created pursuant to Section 4.03, or to the City if such agency does not at such time exist, a fee in the amount of the *ad valorem* property taxes that would otherwise have been assessed against the Project for the year in which such failure occurs, notwithstanding that the Project may continue to qualify for exemption from taxation pursuant to ORS 285C.400 *et seq.* In each such year in which SVC is obligated to pay such fee pursuant to this paragraph, such payment shall be paid on or before December 30 of such year. *Provided, however,* notwithstanding anything to the contrary in this Agreement, SVC's minimum employment or compensation levels may fall below the minimum requirements of Section 2.02 under the following

exceptional circumstances: (a) A natural disaster substantially disrupting the Project's operations; (b) six or more months of severe economic troubles or military conflict significantly affecting the United States, other major foreign economies or SVC's industry; (c) unforeseen coincidence of vacant positions at the Project, such as the case in which previously hired persons have died, voluntarily quit or been fired for cause; or (d) temporary curtailment in the operation of the Project lasting no longer than twelve months to undertake major repairs in response to mechanical breakdowns that are unusual and unexpected within normal engineering parameters and maintenance programming; except that SVC's minimum employment levels may under no circumstances fall more than 10% below the minimum requirements of Section 2.02. *Further provided*, the provisions of this paragraph of this Section 2.04 set forth an agreement between the City and SVC, independent of and which is in no way intended to affect SVC's qualification for exemption from taxation pursuant to ORS 285C.400 *et seq.* Notwithstanding that SVC may have in any year failed to meet the minimum investment requirements set forth in Section 2.01 or to meet or maintain the minimum employment or compensation requirements set forth in Section 2.02 in accordance with this Agreement, so long as SVC remains qualified for exemption from taxation pursuant to ORS 285C.400 *et seq.*, SVC shall not be obligated to pay the aforementioned fee pursuant to this paragraph for any subsequent years throughout which SVC does meet and/or maintain such minimum requirements in accordance with this Agreement. In the event that SVC is ever disqualified for the exemption from taxation pursuant to ORS 285C.400 *et seq.*, or is otherwise required by law to pay to the taxing authority for *ad valorem* taxation an amount equal to the taxes that would otherwise have been assessed against the Project for each of the years for which the Project was exempt pursuant to ORS 285C.400 *et seq.*, then SVC shall be entitled to a credit against such amount for the aggregate amount of fees, if any, paid by SVC pursuant to this paragraph, the amount of which credit shall be refunded to SVC by the City by December 30 of the year in which SVC is assessed with such amounts.

Section 2.05 Commitments Contingent

Without limitation of any other provision of this Agreement, SVC's commitments set forth in this Agreement shall be conditioned entirely on the Project Incentives (as defined in Article III of this Agreement) being available in accordance with Article III of this Agreement, the Land being properly zoned and entitled for the construction of the Project, the City's performance of all of its obligations under and in accordance with Article IV of this Agreement, and the County's and ODOT's performance of their respective agreements set forth in Section 4.01(c).

Without limitation of any other provision of this Agreement, the City's commitments set forth in this Agreement are conditioned upon the following:

- (a) SVC's compliance with its obligations hereunder including, but not limited to, construction, investment, and employment that meets all anticipated or targeted levels as set forth in this Agreement; and
- (b) As to the City's obligation to complete the Infrastructure Projects, except with respect to the City's commitments set forth in subsections (a), (b), (c), (d) and (e) of Section 4.01, availability of the funding as set forth in and in accordance with Section 4.02 of this Agreement.

Article III. Project Incentives

The County and City, each to the extent applicable, agree to take all steps necessary (including steps more particularly set forth below) to make the following described project incentives (the "Project Incentives") available to SVC, the Project, and/or the Bottle Manufacturing Plant, each as applicable, *provided that* all statutory and regulatory requirements for such availability are satisfied and subject in all cases to applicable law:

- (a) Certification of the Project and any expansion thereof as exempt from *ad valorem* property taxes for each year in which the Project is not yet in service and for fifteen (15) years thereafter in accordance with ORS 285C.400 *et seq.* (Long Term Rural Enterprise Zone Tax Exemption), and approval by the Governor of the State of Oregon of the corporate excise tax credit to SVC for a duration of fifteen (15) years pursuant to and in accordance with ORS 317.124, *et seq.* (Long Term Rural Enterprise Zone Tax Credit), all by October 27, 2006.
- (b) Certification of the Bottle Manufacturing Plant and any expansion thereof as exempt from *ad valorem* property taxes for each year in which the Bottle Manufacturing Plant is not yet in service and for fifteen (15) years thereafter, in accordance with ORS 285C.400 *et seq.* (Long Term Rural Enterprise Zone Tax Exemption), and approval by the Governor of the State of Oregon of the corporate excise tax credit to the Bottle Manufacturing Plant for a duration of fifteen (15) years pursuant to and in accordance with ORS 317.124, *et seq.* (Long Term Rural Enterprise Zone Tax Credit).
- (c) The Pollution Control Facilities Tax Credit pursuant to ORS 468.150, *et seq.*
- (d) Business Energy Tax Credit pursuant to ORS 315.354.
- (e) Oregon Investment Advantage – Business Development Income Tax Exemption pursuant to ORS 285C.500, *et seq.* and ORS 317.391.

Article IV. City Commitments

Section 4.01 Construction of Infrastructure Projects

The City, at no cost to SVC or to the owner of the Bottle Manufacturing Plant, will construct or cause to be constructed the following infrastructure projects, and will make the contributions hereafter described (the "**Infrastructure Projects**"), all in accordance with the plans, specifications, timelines and other terms and conditions as set forth in this Agreement:

- (a) Upgrade of the water distribution system by April 1, 2008, to provide SVC a 12-inch connection in accordance with the project description set forth on Exhibit B. This connection will initially provide SVC with water at a flow of 1,200 gallons per minute with 60 pounds per square inch pressure and 2,000 gallons per minute of fire flow at a residual pressure of 50 pounds per square inch when the water system is at maximum day demand. The water distribution system will be sized to accommodate SVC's future expansion needs for an 8-line facility and will provide a water flow of 2,400 gallons per minute at 60 pounds per square inch pressure with a maximum monthly average flow of 3.5 million gallons per day subject to subsection (e) below and Section 4.08;
- (b) Upgrade of wastewater collection system by April 1, 2008, to provide SVC with a 24-inch connection in accordance with the project description set forth on Exhibit C, which will accommodate the Project's discharge needs set forth in subsection (d) below;
- (c) City shall complete, by September 1, 2009, the extension of 53rd Avenue east of OR State Highway 99E that includes construction of a separated crossing over the railroad, modification and expansion of the traffic signal at OR State Highway 99E and 53rd Avenue, all as shown on Exhibit D. The City further agrees to work with ODOT Rail Division and Union Pacific Railroad, or any successor or assign thereof, to close the existing rail crossing at Ellingson Road upon the completion and opening of the aforementioned extension of 53rd Avenue described herein. The City agrees to obtain, to the extent required, any appropriate public road access permit and rail crossing order from ODOT in connection with such extension. The City will prepare a traffic impact analysis ("TIA") on the Project's and the Bottle Manufacturing Plant's impact to the OR State Highway 99E and Ellingson Road intersection and rail crossing and other necessary transportation facilities. ODOT will scope the study and the study will be limited to the Project's and the Bottle Manufacturing Plant's impact. The City agrees to implement short term safety mitigations called for by the TIA. These improvements will be short term and not sufficient to require a rail

crossing order. The City will pay for such improvements up to \$25,000. If the cost of such short term mitigation improvements exceeds \$25,000, OECDD agrees to provide \$225,000 additional funds for such mitigation improvements from a Special Public Works Fund Grant to be awarded to the City, subject to the terms of this Agreement and in accordance with applicable law and regulations. While the parties anticipate that the cost of the short term improvements should be less than \$250,000, if the TIA requires improvements above \$250,000, OECDD agrees to provide up to another \$250,000 in funding to the City to cover any additional short term mitigation improvement costs. Nothing in this Agreement shall require the City to expend more than \$25,000 to implement the short term safety mitigations called for herein.

Notwithstanding anything to the contrary in this Agreement or otherwise, until the extension of 53rd Avenue is complete, ODOT, the City, and the County agree to do everything in their lawful power, including but not limited to the expenditure of monies (but subject to the immediately preceding \$25,000 maximum as to the City, which \$25,000 the County agrees to guaranty jointly and severally) for alternate access for other parties, in order to allow the existing Ellingson Road connection to OR State Highway 99E, including the existing rail crossing, to remain open not only in accordance with its current use but also in service of the Project (including future expansion thereof to an approximately 1,800,000 square foot facility) and the Bottle Manufacturing Plant.

- (d) Treatment system capacity will be provided by April 1, 2008, to allow SVC to discharge to the sanitary sewer system the maximum of maximum month average flow of 1.50 million gallons per day, average month flow of 1.1 million gallons per day, peak daily flow of 2.5 million gallons per day, maximum monthly average biochemical oxygen demand of 500 pounds per day, maximum monthly average total suspended solids of 375 pounds per day, pH range of 6.0 to 10.0; and
- (e) Construction of the Ellingson Road Reservoir (as defined in Section 4.08) subject to and in accordance with Section 4.08 of this Agreement; and
- (f) Payment of \$2,500,000 to the order of SVC's contractor, at SVC's direction, for infrastructure (e.g. access road improvements, sewer, water) that will be owned by the City but constructed at SVC's expense. (This contribution is to partially compensate for wetland mitigation expenses incurred by SVC.)

The City shall be responsible for obtaining any and all approvals or permits required in connection with the Infrastructure Projects. All of the work associated with and all of the City's obligations with respect to the Infrastructure Projects shall

be performed in compliance with all applicable federal, state, and local laws, rules, regulations, orders, resolutions and ordinances, including without limitation any applicable bonding, public bid, prevailing wage, and licensing requirements, and subject to the following requirements:

- (i) To the extent the work is performed by independent contractors, the contracts for such work will contain provisions for daily liquidated damages for delay in completing the work according to schedule in amounts sufficient in the City's reasonable discretion to incentivize each contractor's timely completion of the work. Provided, nothing herein shall prohibit the City from providing positive incentives in such contracts in addition to liquidated damages provisions.
- (ii) To the extent the work is performed by independent contractors, the contracts shall be administered and enforced to achieve completion of the work on schedule, subject only to Force Majeure Events (as defined in Section 8.10 of this Agreement); and, except to the extent prohibited from doing so by applicable laws with respect to public bidding requirements, the City shall in good faith endeavor to select contractors known by it to be reliable and capable of performing the work on schedule.
- (iii) To the extent the work is performed by independent contractors, and to the extent not prohibited by applicable law, the contract or contract(s) awarded for such work shall name SVC as a third party beneficiary thereof entitled to enforce all rights of the City thereunder.
- (iv) To the extent that the City's employed work crews and/or contractors are not proceeding on schedule to achieve completion of any of the Infrastructure Projects in accordance with this Agreement, other than by reason of any Force Majeure Event, SVC may give notice to the City that it will assume the work and perform it to completion and be reimbursed by the City for all of its actual costs in so doing. *Provided, however,* (a) in exercising such rights hereunder, SVC shall take no action that will materially impair the City's ability to make a claim against any bond securing the performance of such work, and (b) the City's reimbursement obligation shall be limited to the budgeted amount for such work under the applicable contract that is unpaid at the time SVC exercises such rights hereunder. In the event such notice is given by SVC, the City will, to the extent not prohibited by applicable law, cooperate and coordinate with SVC fully and in all respects necessary to replace the City work crews or contractors with SVC's designated contractor, or, if SVC exercises its rights as third party beneficiary to any contract for such work, to facilitate SVC's assumption of the administration of such

contract, and to transfer or otherwise make available to SVC or its designated contractor any permits, access, right-of-way, or other rights needed to perform and execute the work and complete it on schedule.

- (v) To the extent that the City's employed work crews and/or contractors are not proceeding on schedule to achieve completion of the project as described in Section 4.01(c) in accordance with this Agreement, other than by reason of any Force Majeure Event, ODOT may (but is not required to) give notice to the City that it will assume the work and perform it to completion and be reimbursed by the City for all of its actual costs in so doing. Provided, however, (a) in exercising such rights hereunder, ODOT shall take no action that will materially impair the City's ability to make a claim against any bond securing the performance of such work, and (b) the City's reimbursement obligation shall be limited to the budgeted amount for such work under the applicable contract that is unpaid at the time ODOT exercises such rights hereunder. In the event such notice is given by ODOT, the City will, to the extent not prohibited by applicable law, cooperate and coordinate with ODOT fully and in all respects necessary to replace the City work crews or contractors with ODOT's designated contractor, or, if ODOT exercises its rights as third party beneficiary to any contract for such work, to facilitate ODOT's assumption of the administration of such contract, and to transfer or otherwise make available to ODOT or its designated contractor any permits, access, rights-of-way, or other rights needed to perform and execute the work and complete it on schedule.
- (vi) Upon completion of all obligations relating to the construction of the Infrastructure Projects, the City shall provide SVC with the certification of a duly authorized representative of the City that all such Infrastructure Projects have been completed in accordance with this Agreement.

Section 4.02 Funding of Infrastructure Projects

The City anticipates that it will obtain funding for the Infrastructure Projects from the following sources and the County, OECDD, and ODOT (as hereafter defined), each as applicable, agree to provide such funding, as follows:

- (a) (i) OECDD agrees with the City that it will provide a loan to the City in the principal amount of \$14,200,000.00, and the Loan will have a maturity date that is not later than 20 years from (and including) the date of first disbursement, and on the maturity date the outstanding balance of the Loan shall be due and payable in full, the outstanding principal balance shall accrue interest at not more than 5.5% per annum, except for the first five years during

which time interest shall accrue at no more than 4.91% per annum, and during the first five years of the Loan term, interest only shall be due, and thereafter City will pay the principal in accordance with a repayment schedule acceptable to OECDD and the City and based on the City's TIF and local improvement district income stream (the "OECDD Loan");

(ii) If and only if OECDD finds it is unable to provide the loan described in (a)(i) above, despite diligent good faith efforts to do so, then, as a contingent alternative to such financing, OECDD agrees with the City that it will provide a fully amortizing loan to the City in the principal amount of \$3,200,000, payable over a term of twenty (20) years at not more than 5.5% annual interest rate and no more than 4.91% annual interest only for the first five years of such term; and the County will provide a loan ("County Loan") to the City in the principal amount of \$11,000,000.00 payable over a term of five (5) years at no more than 4.91% annual interest, such County Loan to be consistent with and subject at all material times to the Oregon Constitution and Oregon Revised Statutes governing county expenditures, local budget law, and debt limitations, including Oregon Constitution Article 11, Section 10; ORS 294.050; ORS 294.060; ORS 368.722; ORS 373.260; and ORS 373.270. The County agrees with the City that the City's obligations under the County Loan will either be subject to annual appropriation by the City Council or shall be secured by a special fund or funds of the City so that the City's obligations under the County Loan will not violate Section 46 of the City Charter. OECDD agrees with the City that it will provide a loan to the City to refinance the County Loan on the maturity date thereof, which OECDD loan to the City will accrue interest at a rate of not more than 5.5 % per annum and be fully amortizing with a maturity date and interest rate that is the same as the maturity date and interest rate for its \$3,200,000 loan to the City. In the event the financing arrangement described in this subsection (a) (ii) is implemented, the City agrees that it will not renew the Urban Renewal District to be formed pursuant to Section 4.03 at any time after the City's above-described indebtedness has been paid in full.

- (b) Linn County will contribute the amount of \$1,500,000 cash for road infrastructure, the City and the County agreeing between themselves that such \$1,500,000 contribution is consideration for the City accepting jurisdiction over Ellingson Road, Lochner Road, and a portion of Columbus Street, by separate agreement with the County;
- (c) ODOT will grant the City the amount of \$250,000 of federal SAFETEA LU Section 1401 funds for closure of the existing at grade rail crossing on Ellingson Road and construction of a new grade separated rail crossing;

- (d) ODOT will grant the City the amount of \$1,000,000 from the Immediate Opportunity Fund for construction of the project identified in Section 4.01(c); and
- (e) OECDD agrees with the City that it will make a grant to the City of \$500,000 from the Strategic Reserve Fund for the Infrastructure Projects.

The City agrees to take all necessary steps for obtaining such funding, or if necessary, alternative funding, by October 27, 2006, or as soon as reasonably practicable thereafter and otherwise in the manner and on terms necessary in order to complete the Infrastructure Projects and otherwise perform and comply with its obligations and covenants under this Agreement. The County and ODOT likewise agree to take all necessary steps to ensure the availability of such funding by October 27, 2006, or as soon as reasonably practicable thereafter and otherwise in the manner and on terms necessary in order to enable the City to complete the Infrastructure Projects and otherwise perform and comply with its obligations and covenants under this Agreement. OECDD agrees with the City to take all necessary steps to ensure the availability of such funding by October 27, 2006, or as soon as reasonably practicable thereafter and otherwise in the manner and on terms necessary in order to enable the City to complete the Infrastructure Projects and otherwise perform and comply with its obligations and covenants under this Agreement. The City, the County, and ODOT shall promptly and timely provide SVC with such evidence of the availability and commitment of such funds as SVC may reasonably require.

Notwithstanding any other provision of this Agreement, any obligation of OECDD or ODOT to make any funding available to the City is subject to the execution and delivery of such documents, instruments and agreements as are reasonably required by OECDD or ODOT, as the case may be (containing such terms and conditions, including but not limited to, with respect to funding by OECDD, a pledge of tax increment financing revenues collateral requirements, as OECDD or ODOT reasonably deems necessary or prudent and in form and substance reasonably satisfactory to OECDD or ODOT, as the case may be, and its respective counsel), and any obligation of OECDD or ODOT to make such financing available is subject to all applicable law, including but not limited to, with respect to funding by OECDD, ORS 285B.437. In regards to any obligations of OECDD or ODOT hereunder to provide funding to the City, OECDD and the City or ODOT and the City, as the case may be, are the only parties entitled to enforce such obligations. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to any third persons (including but not limited to SVC, AMEDC and the County) any rights and benefits with respect to such obligations greater than those enjoyed by the general public.

The County and the City each agrees that it shall not attempt to obtain any portion of such funding or, in effect, reimbursement for any portion of such funding via means of any levy, tax, assessment, fee, charge, or other enactment not presently in effect affecting SVC, the Project, the Bottle Manufacturing Plant, or the bottle manufacturer.

Section 4.03 Urban Renewal Area – Tax Increment Financing

(a)(i) In connection with its obtaining funding for completion of the Infrastructure Projects and its other commitments set forth in this Agreement, the City will take all necessary steps to consider adoption of an urban renewal plan designating the Land as within an urban renewal area and providing for tax increment financing sufficient to repay the urban renewal indebtedness (including but not limited to the OECD Loan) contemplated by this Agreement, including due consideration for adoption of any and all required or appropriate incidental resolutions and/or ordinances, all in strict accordance with ORS 457.010, *et seq.*, and any other applicable laws and ordinances, and to the extent reasonably practicable, within not more than twelve months from the date of this Agreement, but in any event in as expeditious a manner possible as permitted under applicable laws and ordinances. The City represents that the urban renewal area created pursuant to this Agreement will qualify under applicable law for tax increment financing of the urban renewal indebtedness contemplated by this Agreement.

(ii) The County agrees that it will take all necessary steps to cause the county assessor to make all such certifications and will otherwise take such actions as may be required by applicable laws and ordinances in connection with the creation of the aforementioned urban renewal area in accordance with this Agreement and any financing secured by the tax increment revenues of such area.

(b) In connection with the formation of any local improvement district(s) ("LID") by the City to finance any portion of the City's obligations in connection with the Infrastructure Projects and its other commitments set forth in this Agreement, certain portions of such an LID may be outside the corporate limits of the City, but within the City's urban growth boundary, as permitted by Oregon law, including, without limitation ORS 223.878, with respect to street improvements. The City agrees to comply with existing Oregon law, including without limitation, ORS 223.878, in connection with the formation of an LID that has a portion of its boundaries outside the boundary limits of the City. The County agrees that, subject to Oregon law, including without limitation ORS 223.878, the City may include property located outside the boundary limits of the City in an LID formed in connection with the Infrastructure Projects and other commitments of the City set forth in this Agreement, and with respect to any property within an LID formed for the purpose of

street improvements the County agrees, pursuant to ORS 223.878 that such property may be included in the LID subject to the following conditions:

- (i) the type of street improvement is one which the City has authority to finance by assessments against property within the City;
- (ii) the governing body of the County, by resolution, agrees to approve the improvement if any portion of it is outside the City;
- (iii) the governing body of the County, by resolution, agrees to approve the assessment of the property outside the City;
- (iv) the assessment authority, including authority to enforce collection of assessments, will be exercised for property outside the City in the same manner as for property within the City; and
- (v) the owners of property outside the City subject to assessment under the LID formed by the City shall have the same rights, including remedies, which the owners of property within the City may have.

Section 4.04 System Development Charges – Water, Wastewater and Transportation

The City agrees that all system development charges ("SDC's") attributable to the Project water, waste water and transportation capacity described in Section 4.01 shall be paid by the City or by the Urban Renewal Agency created pursuant to Section 4.03 above. Provided, in the event that SVC's use of City infrastructure exceeds the capacity projections set forth in Section 4.01, SVC shall be responsible to pay any additional SDC's at the applicable SDC rates then in effect.

Section 4.05 Completion of Existing Hydraulic Upgrades to Wastewater System

Without limitation of any other provision of this Agreement, the City agrees to complete, at its sole cost, all of the hydraulic upgrades to the City waste water system described on Exhibit E (the "**Hydraulic Upgrades**"), and have such upgrades fully operational by September 30, 2008. Upon completion of the Hydraulic Upgrades, the City shall provide SVC with the certification of a duly authorized representative of the City that all such Hydraulic Upgrades have been completed and are fully operational.

Section 4.06 Treatment of Sludge

SVC shall provide the City with an advance notice of six (6) months that it intends to contract with the City to provide treatment and disposal of food processing sludge from SVC's industrial pretreatment system. SVC guarantees that the sludge is only from their food processing waste stream and is free from hazardous, radioactive, and human sanitary waste. The City agrees to accept and treat such sludge from SVC at a cost of services rate yet to be established, but which charge will not exceed the City's actual cost of operations, maintenance, capital, debt service, and normal administrative overhead to provide such service.

Section 4.07 Water and Wastewater Treatment Charges

The City acknowledges that uniformity, proportionality, and stability in future water and sewer rates are a material inducement to SVC to enter into and perform under this Agreement. The City promises that it will not adopt any water or sewer rates or any other resolution or ordinance that will, directly or indirectly, substantially shift the user class cost burden or constituent allocations to disproportionately or disparately burden SVC with charges for water and sewer services.

Section 4.08 Construction of Ellingson Road Reservoir

The City represents that upgrading the City's water distribution system sufficiently to accommodate the expansion of the Project's water distribution system to an 8-line facility will require the construction of a four million gallon reservoir and pump station on up to five acres of land south of Ellingson Road that the City does not own as of the date of this Agreement (the "**Ellingson Road Reservoir**"). Solely for the purpose of providing the land needed for construction of the Ellingson Road Reservoir, SVC agrees to grant the City an option to purchase up to five (5) contiguous acres of the land south of Ellingson Road (the "**Reservoir Site**") at a purchase price of \$125,000.00 per acre (inclusive of mitigation costs), and otherwise subject to the following terms. In the event SVC provides written notice to the City that SVC will require the additional water distribution system flow to accommodate an 8-line facility, then the City shall have not more than eighteen (18) months following its receipt of such notice in which to close on its purchase of the Reservoir Site and complete construction of the Ellingson Road Reservoir thereon. In the event the City is required hereunder to construct the Ellingson Road Reservoir prior to January 1, 2012, then SVC will compensate the City for any additional financing costs the City incurs in order to purchase the land and construct the reservoir, *provided, however*, that such compensation shall not exceed interest on such additional financing amount at the general municipal bond rate for similar projects in

the State of Oregon in effect at the time of SVC's notice and shall be payable only until January 1, 2012.

Article V. Permit Coordination

OECD represents that the Office of the Governor has agreed to provide staff support for the building and permitting process, including committing staff from the Governor's Economic Revitalization Team to serve as a permit "ombudsman" to provide overall permit coordination, including state wetlands permits required for the Project, all as set forth in that certain letter from Governor Theodore R. Kulongoski addressed to Mr. Russell A. Burton, dated September 26, 2006.

Article VI. Representations and Warranties

Section 6.01 Representations and Warranties of SVC

- (a) SVC has taken all actions and has obtained all consents necessary to enable it to enter into this Agreement, to be bound hereby, to consummate the transactions contemplated hereby and to perform its obligations hereunder.
- (b) The person executing this Agreement on behalf of SVC has been duly authorized and empowered to do so.
- (c) The execution of this Agreement on behalf of SVC will bind and obligate SVC to the extent provided by the terms hereof.
- (d) There exists no litigation or other proceeding pending or threatened against SVC that, if determined adversely, would materially and adversely affect the ability of SVC to consummate the transactions contemplated hereby or to perform its obligations hereunder.

Section 6.02 Representations and Warranties of the City

- (a) Under the provisions of the Oregon Constitution, the Oregon Revised Statutes, applicable jurisprudence of the State of Oregon, and its charter, the City has the power to enter into this Agreement, to be bound hereby, to consummate the transactions contemplated hereby and to perform its obligations hereunder.
- (b) The City has taken all actions and has obtained all consents necessary to enable the City to enter into this Agreement, to be bound hereby, to consummate the transactions contemplated hereby and to perform its obligations hereunder.
- (c) The person executing this Agreement on behalf of the City has been duly authorized and empowered to do so.

- (d) The execution of this Agreement on behalf of the City will bind and obligate the City to the extent provided by the terms hereof.
- (e) There exists no litigation or other proceeding pending or threatened against the City that, if determined adversely, would materially and adversely affect the ability of the City to consummate the transactions contemplated hereby or to perform its obligations hereunder.

Section 6.03 Representations and Warranties of the County

- (a) Under the provisions of the Oregon Constitution, the Oregon Revised Statutes, and applicable jurisprudence of the State of Oregon, the County has the power to enter into this Agreement, to be bound hereby, to consummate the transactions contemplated hereby and to perform its obligations hereunder.
- (b) The County has taken all actions and has obtained all consents necessary to enable the County to enter into this Agreement, to be bound hereby, to consummate the transactions contemplated hereby and to perform its obligations hereunder.
- (c) The person executing this Agreement on behalf of the County has been duly authorized and empowered to do so.
- (d) The execution of this Agreement on behalf of the County will bind and obligate the County to the extent provided by the terms hereof.
- (e) There exists no litigation or other proceeding pending or threatened against the County that, if determined adversely, would materially and adversely affect the ability of the County to consummate the transactions contemplated hereby or to perform its obligations hereunder.

Article VII. Representations and Warranties of OECDD

- (a) Under the provisions of the Oregon Constitution, the Oregon Revised Statutes, and applicable jurisprudence of the State of Oregon, OECDD has the power to enter into this Agreement, to be bound hereby, to consummate the transactions contemplated hereby and to perform its obligations hereunder.
- (b) OECDD has taken all actions and has obtained all consents necessary to enable OECDD to enter into this Agreement, to be bound hereby, to consummate the transactions contemplated hereby and to perform its obligations hereunder.

- (c) The person executing this Agreement on behalf of OECDD has been duly authorized and empowered to do so.
- (d) The execution of this Agreement on behalf of OECDD will bind and obligate OECDD to the extent provided by the terms hereof.
- (e) There exists no litigation or other proceeding pending or threatened against OECDD that, if determined adversely, would materially and adversely affect the ability of OECDD to consummate the transactions contemplated hereby or to perform its obligations hereunder.

Article VIII. Representations and Warranties of ODOT

- (a) Under the provisions of the Oregon Constitution, the Oregon Revised Statutes, and applicable jurisprudence of the State of Oregon, ODOT has the power to enter into this Agreement, to be bound hereby, to consummate the transactions contemplated hereby and to perform its obligations hereunder.
- (b) ODOT has taken all actions and has obtained all consents necessary to enable ODOT to enter into this Agreement, to be bound hereby, to consummate the transactions contemplated hereby and to perform its obligations hereunder.
- (c) The person executing this Agreement on behalf of ODOT has been duly authorized and empowered to do so.
- (d) The execution of this Agreement on behalf of ODOT will bind and obligate ODOT to the extent provided by the terms hereof.
- (e) There exists no litigation or other proceeding pending or threatened against ODOT that, if determined adversely, would materially and adversely affect the ability of ODOT to consummate the transactions contemplated hereby or to perform its obligations hereunder.

Article IX. General Provisions

Article 9.01 Default and Remedies

Without limitation of any other express provisions of this Agreement, in the event any Party defaults in the performance of any obligations under this Agreement, any non-defaulting Party shall give written notice of such default to the defaulting Party. The defaulting Party (i) shall have thirty (30) days from receipt of such notice in which to cure such defaults, or (ii) in the event such default involves performance other than the payment of money, and cannot be reasonably cured within such thirty

(30) day period notwithstanding the diligent efforts of the defaulting Party, shall have such additional period as may be necessary to cure such default so long as the defaulting Party has commenced such cure within such thirty (30) day period and thereafter diligently and continuously pursues a cure for such default. In the event any such default is not cured within such period, the non-defaulting Party shall be entitled to pursue any and all of its rights and remedies under applicable law, including without limitation, specific performance and other equitable remedies.

Section 9.02 Governing Law

This Agreement and its construction shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between the Parties that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Linn County for the State of Oregon; *provided, however*, that any Claim against OECD or ODOT that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon (unless the law requires that the Claim be brought in another county). . ALL PARTIES, BY EXECUTION OF THIS AGREEMENT, HEREBY CONSENT TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

Section 9.03 Severability

If any provisions of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, then the remainder of this Agreement, or the application of such provision, or portion thereof, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 9.04 Entire Agreement

This Agreement and the exhibits attached hereto sets forth the entire understanding among the Parties with respect to the subject matter referenced herein, there being no terms, conditions, warranties or representations with respect to its subject matter other than as contained herein.

Section 9.05 Third Parties

Except as expressly provided otherwise in this Agreement, the provisions of this Agreement are for the exclusive benefit of the Parties hereto and not for the benefit of any other persons, as third-party beneficiaries or otherwise, and this

Agreement shall not be deemed to have conferred any rights, express or implied, upon any person not a Party to this Agreement.

Section 9.06 No Partnership

This Agreement specifically does not create any partnership or joint venture between or among any of the Parties or in any respect render any Party liable for any of the debts or obligations of any other Party.

Section 9.07 Notices and Demands

Any notice, demand, or other communication under this Agreement shall be sufficiently given if sent by (i) registered or certified mail return receipt requested, postage prepaid, (ii) nationally recognized overnight courier service or (iii) facsimile transmission, when it is deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, or delivered personally to :

In the case of SVC:

SVC Manufacturing, Inc.
Attn: Jim Lynch, President
555 West Monroe Street
Chicago, Illinois 60661
Telecopy: (312) 821-1316

With a copy to:

SVC Manufacturing, Inc.
Law Department
Attn: Stephen Naughton, Esq.,
Vice President and Assistant Secretary
555 West Monroe Street
Chicago, Illinois 60661
Telecopy: (312) 821-1316

In the case of OECDD:

Oregon Economic and Community Development Department
Attn: Manager, Community Development Division
775 Summer Street, N.E.
Suite 200
Salem, Oregon 97301-1280
Facsimile: 503-581-5115

In the case of the City:

City of Albany
Attn: Wes Hare, City Manager
333 Broadalbin SW
P.O. Box 490
Albany, OR 97321-0144
Facsimile: (541) 917-7511

With a copy to:

Long, Delapoer, Healy, McCann & Noonan, P.C.
Attn: James V. Delapoer, Albany City Attorney
201 First Avenue W
P.O. Box 40
Albany, OR 97321
Facsimile: (541) 926-7167

In the case of the County:

Linn County Board of Commissioners
Attn: Roger Nyquist, Chairman
300 SW 4th Avenue
PO Box 100
Albany, OR 97321
Facsimile: (541) 926-8228

In the case of the AMEDC:

Albany-Millersburg Economic Development Corp.
Attn: John Pascone, President
435 W First Avenue
Albany, OR 97321
Telecopy: (541) 926-7064

In the case of the ODOT:

Oregon Department of Transportation
Attn: Matthew Garrett, Director
355 Capitol St. N.E.
Salem, OR 97301-3871
Facsimile: (503) 986-3432

or to such other address, within the United States, with respect to a Party as that Party may from time to time designate in writing and forward to the others as provided in this Section. A copy of any notice, demand or other communication under this Agreement given by a Party under this Agreement to any one Party under this Section shall be given to each other Party to this Agreement. Notice shall be deemed given on the earlier of (i) actual receipt, or (ii) three (3) business days after mailing.

Section 9.08 Binding Effect

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective legal representatives, successors and assigns.

Section 9.09 Modifications

This Agreement cannot be changed orally, and no agreement shall be effective to waive, change, modify or discharge it in whole or in part unless such agreement is in writing and is signed by the Parties against whom enforcement of any waiver, change, modification or discharge is sought.

Section 9.10 Force Majeure Event

The time for performance of any term, covenant, condition, or provision of this Agreement shall be extended by any period of any Force Majeure Event, as hereafter defined. In this Agreement, "Force Majeure Event" means any occurrence beyond the reasonable control of the Party obligated to perform the applicable term, covenant, condition or provision under this Agreement and shall include, without limiting the generality of the foregoing, delays attributable to acts of God, strikes, riot, civil

commotion, acts of public enemy and casualty, and, except with respect to the City's commitments under Section 4.02(a) through (e), Section 4.05, and Section 4.08, legal challenge by a non-signatory to this Agreement not arising from breach or non-compliance with this Agreement so long as the Party claiming such force majeure is proceeding diligently and with good faith commercially reasonable efforts to settle, fully adjudicate, or otherwise obtain final disposition of such matter; but shall not include delays attributable to financial difficulties of such Party, shortages of materials, unforeseen or unknown conditions, adverse environmental conditions or contamination, actions of public utilities, or weather conditions that do not deviate more than fifteen percent (15%) from monthly average weather conditions that have occurred during the last twenty (20) years.

Section 9.11 Further Assurances

Each Party agrees that it will, without further consideration, execute and deliver such other documents and take such other action as may be reasonably requested by the another Party to more effectively consummate or achieve the purposes or subject matter of this Agreement.

Section 9.12 Attorneys' Fees

In the event of any controversy, claim or dispute between the Parties affecting or relating to the subject matter or performance of this Agreement, each prevailing Party shall, to the extent not prohibited by applicable law, be entitled to recover from each non-prevailing Party all of its reasonable expenses, including reasonable attorneys, experts and accountants fees and expenses of litigation, whether incurred at trial or on appeal and including any incurred in or in connection with any bankruptcy proceeding.

Section 9.13 Counterparts

This Agreement may be executed in several counterparts, either by manual, facsimile or email signatures and all such executed counterparts shall constitute one and the same agreement.

Section 9.14 Headings

The section headings set forth in this Agreement are for convenience and reference only and in no way define or limit the scope or content of this Agreement or in any way affect its provisions.

Section 9.15 Construction

The Parties acknowledge that the Parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

Section 9.16 Time of the Essence

Time is of the essence of each and every term, covenant, and condition set forth in this Agreement.

[Nothing further on this page – signatures begin on the following page]

THIS AGREEMENT is executed by the SVC, the City, AMEDC, the County, ODOT, and OECDD as of the date first hereinabove written.

SVC MANUFACTURING, INC.,
a Delaware corporation

By: 

Name: Jim Lynch

Its: Owner & Supply Chain 

CITY OF ALBANY, OREGON,
a municipal corporation organized
under the laws of the State of Oregon

By: Wes Hare

Name: Wes Hare

Its: City Manager

COUNTY OF LINN, OREGON,
a political subdivision of the
State of Oregon

By: **LINN COUNTY BOARD OF
COUNTY COMMISSIONERS**

By: 

Roger Nyquist, Chairman

By: 

John K. Lindsey, Commissioner

By: 

Cliff Wooten, Commissioner

ALBANY MILLERSBURG ECONOMIC
DEVELOPMENT CORPORATION,
an Oregon non-profit corporation

By: [Signature]
Name: Jeff Pagan
Its: President

STATE OF OREGON acting by and
through its Economic and Community
Development Department

By: [Signature]
Name: BOB REPINE
Its: DIRECTOR

OREGON DEPARTMENT OF
TRANSPORTATION

By: [Signature]
Name: Jeff Schick
Its: ODOT Region Manager

Exhibits:

Exhibit A Land
Exhibit B 4.01(a)
Exhibit C 4.01(b) and (d)
Exhibit D 4.01(c)
Exhibit E 4.05 Hydraulic Upgrades



NEWS RELEASE

FOR IMMEDIATE RELEASE

Economic Development Department

Dick Ebbert, Director

333 Broadalbin SW

P.O. Box 490

Albany, OR 97321

(541) 917-7500

Web Site: www.cityofalbany.net

Contact: Wes Hare, City Manager, (541) 917-7505 or Dick Ebbert, Economic Development Director, (541) 917-7639

Date: October 26, 2006

SUBJECT: Government Partners Sign Development Agreement with PepsiCo

Representatives of the City of Albany, Linn County, the Albany-Millersburg Economic Development Corporation, and the Oregon Departments of Economic and Community Development and Transportation signed an agreement today with PepsiCo, Inc., allowing the Chicago-based company to move toward building production and bottle manufacturing plants for Gatorade sports drink and Propel fitness water on 243 acres in Southwest Albany.

The signing ceremony took place on the PepsiCo property, which is now farmland, south of Ellingson Road and north of Beta Drive, and east of Highway 99E and the Union Pacific rail line.

The local agencies have been working with PepsiCo since February on details of an industrial development agreement. The Albany City Council and Linn County Board of Commissioners received the detailed agreement in late September.

PepsiCo plans to build a 900,000-square foot production plant and a 400,000-square foot bottle manufacturing facility for Gatorade and Propel. The property has been owned for many years by members of the Weatherford and Schrock families.

PepsiCo had been trying to locate property in the Pacific Northwest for several years and approached the Oregon Economic Development Department about two years ago. The City of Albany's year-old water treatment plant and upgrades and expansion now underway at its wastewater treatment plant, were important factors in the company's choice of the Albany site. Access to Interstate 5 and major rail lines were other considerations.

"The foresight Albany showed in building a new state-of-the-art water treatment plant with Millersburg, as well as expanding the wastewater treatment facility and creating a large industrial park over 20 years ago, is now paying off," said Dick Ebbert, Economic Development Director for the City of Albany. "PepsiCo would not be locating here without each of those elements being in place and the vision Albany residents had for the future."

The company will invest about \$250 million in the Albany plants. It has guaranteed that the plants will employ at least 200 people. The plants plan to be operating by fall 2008.



PEPSICO

AGENDA

Signing of Agreement for SVC Corporation Development in Albany

Thursday, October 26, 2006

10:00 a.m.

1. Welcome

◆ Chuck McLaran, Mayor of Albany

2. Project Background

- ◆ Wes Hare, Albany City Manager
- ◆ Dick Ebbert, Albany Economic Development Director
- ◆ Bruce Laird, Oregon Economic and Community Development
- ◆ Roger Nyquist, Linn County Board of Commissioners

3. Why We Chose Albany

◆ Rich Schutzenhofer, SVC Corp.

4. Introduction of Partners

5. Signing of the Agreement

6. Adjourn

Following the signing, refreshments will be served in the Santiam Rooms, Albany City Hall

U:\Administrative Services\City Manager's Office\Signing agd.doc

Exhibit A

The facility will be located on 241 acres of industrial zoned property located in the City of Albany in Linn County. The property is part of the South Santiam Enterprise Zone.

The site is located south of Ellingson Rd., north of Beta Dr. and east of Highway 99E and the railroad tracks which run north – south, and forms the site's west property line.

Property legal description and size

Map	Tax Lot	Acreage
11S-3W-30	311	50
"	500	49
"	700	51
"	1100	49
"	1200	42 (part of 125.8 acre parcel)
Total		241

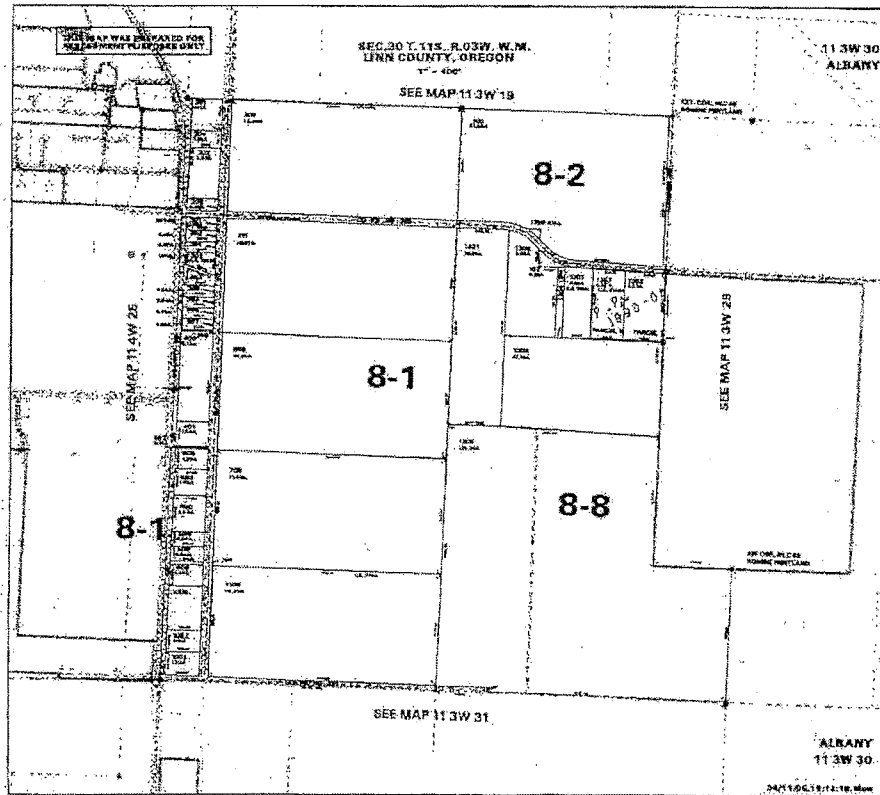


Exhibit B

Plan FY: 2007-2008 ELLINGSON ROAD WATER LINE EXTENSION

CIP Project # 1870

Master Plan: Water Supply Master Plan
Category: Water
Department: Public Works Department

Plan Element:
Classification: New Construction - Water

This project will provide water at sufficient volume and pressure as required by SVC as outlined in the Development Agreement. This project will construct the following water line components:

- 16-inch diameter water line along Columbus between Oak Creek and Ellingson Road.
- 16-inch diameter water line along Ellingson Road between Columbus and Lochner Road.
- 24-inch diameter water line along Ellingson Road between Lochner Road and the Union Pacific railroad tracks.

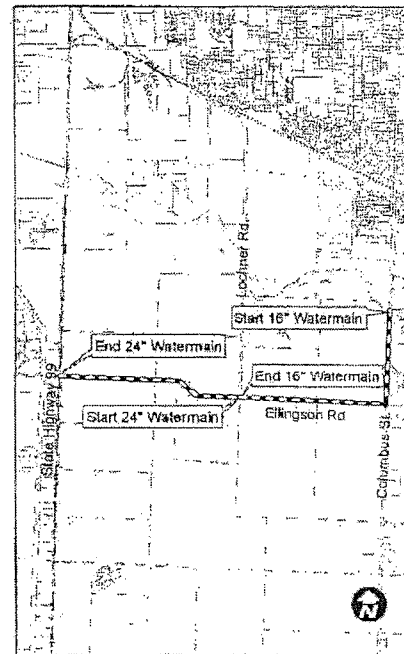


Exhibit C

Plan FY: 2007-2008 ELLINGSON ROAD SEWER EXTENSION

CIP Project # 1869

Master Plan: Sanitary Sewer Master Plan
Category: Wastewater
Department: Public Works Department

Plan Element:
Classification: Sewer Mains

This project will provide sanitary sewer service with sufficient sewer capacity to meet SVC needs as outlined in the Development Agreement. The project includes the extension of a 24-inch diameter sanitary sewer approximately 2,100 feet along the project's frontage on Ellingson Road. This project also provides some funding for the improvements required at the Oak Creek lift station and force main to accommodate the sanitary sewer flows discharged by SVC.

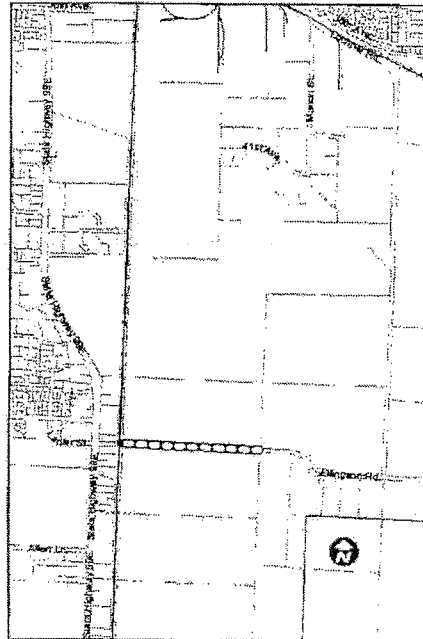


Exhibit D

Plan FY: 2007-2008 53RD AVENUE EXTENSION AND RAILROAD OVERPASS
CIP Project # 1868

Master Plan: Transportation Master Plan
Category: Transportation
Department: Public Works Department

Plan Element:
Classification: New Construction

The project will construct a new arterial street from the intersection of 53rd Avenue and Highway 99E to Ellingson Road in the vicinity of Lochner Road. The improvements will include a bridge over the Union Pacific railroad tracks. The roadway is anticipated to be a three-lane section. Intersection improvements include signal construction/modifications at 53rd Avenue and Highway 99E, and a new intersection east of the overpass that will serve industrial property adjacent to the railroad tracks. The project will also include a traffic signal and a south bound right-turn lane off of Ellingson Road for the SVC site.

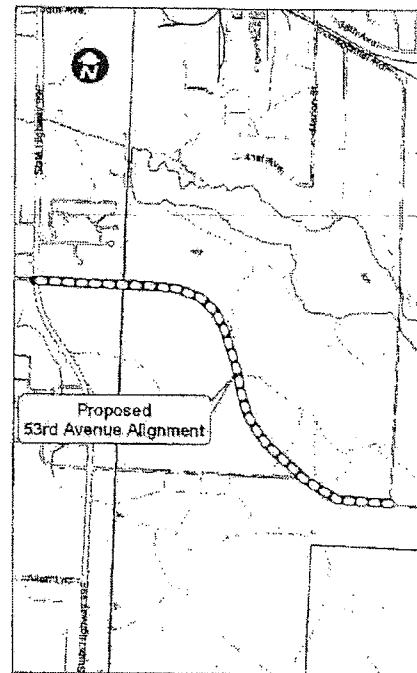
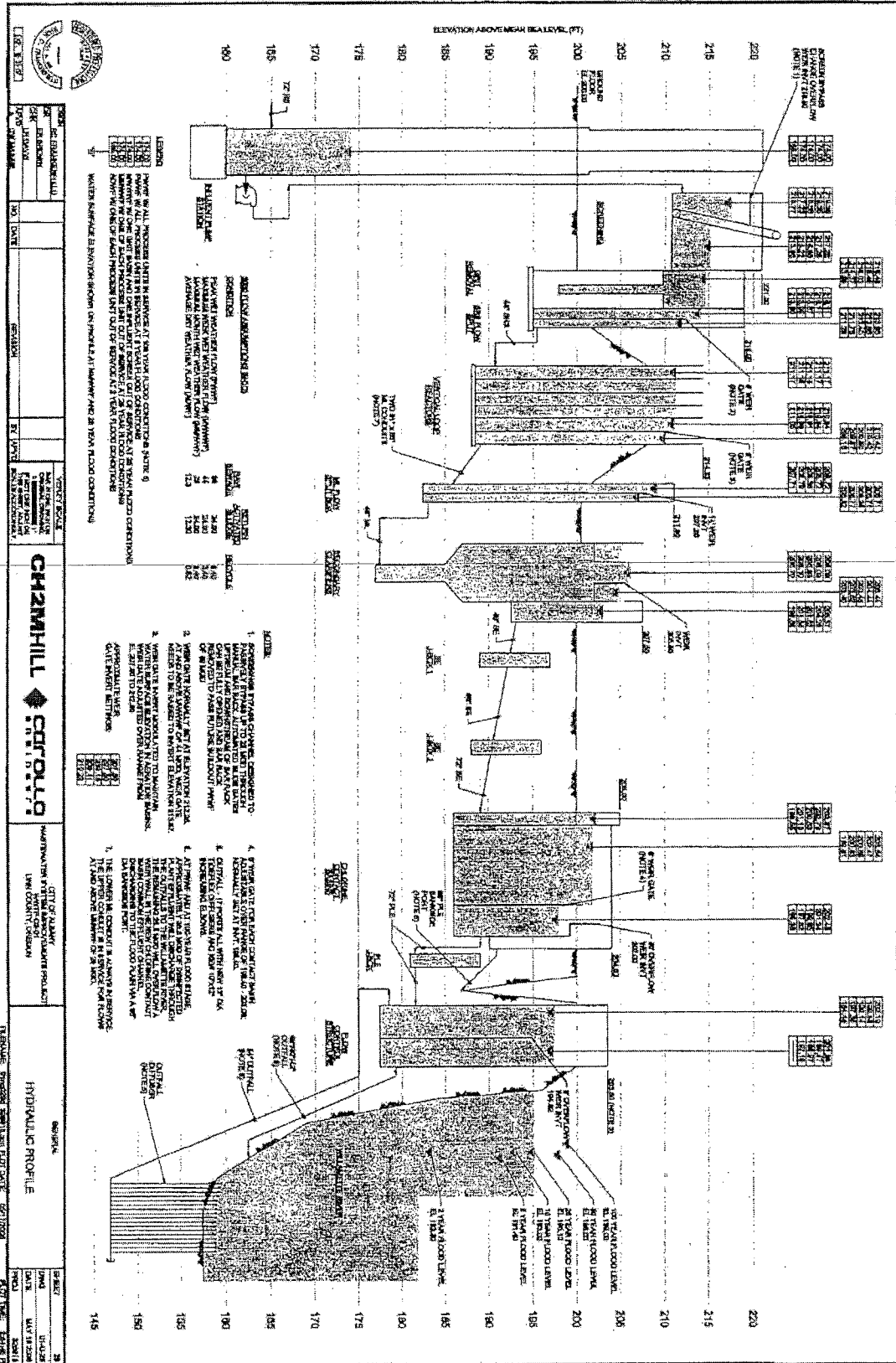


Exhibit E



THIS DOCUMENT, AND THE IDEAS AND DESIGN INCORPORATED HEREIN, ARE THE PROPERTY OF CH2M HILL. IT IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREIN, AND IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN AUTHORIZATION OF CH2M HILL.