Seeking Solar Industry: Is Hillsboro Getting It Right?

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Do solar companies *really* need large lot sites?

The City of Hillsboro says:
- They need a big inventory of large lots
- They need 50 to 100 acre shovel-ready industrial sites

But are large lots what really brings companies here?

Let’s look at solar, one of Hillsboro’s targeted industries.
Solar Companies Locating in Oregon

<table>
<thead>
<tr>
<th>Solar Company</th>
<th>City</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>SolarWorld</td>
<td>Hillsboro</td>
<td>2006</td>
</tr>
<tr>
<td>Solexant</td>
<td>Gresham</td>
<td>2010</td>
</tr>
<tr>
<td>CentroSolar AG</td>
<td>Gresham</td>
<td>2010</td>
</tr>
<tr>
<td>Oregon Crystal Technologies</td>
<td>Gresham</td>
<td>2010</td>
</tr>
<tr>
<td>Ferrotec</td>
<td>Fairview</td>
<td>2010</td>
</tr>
<tr>
<td>SoloPower</td>
<td>Wilsonville</td>
<td>2011</td>
</tr>
<tr>
<td>Solaicx</td>
<td>Portland</td>
<td>2006</td>
</tr>
<tr>
<td>Peak Sun Silicon</td>
<td>Millersburg</td>
<td>2007</td>
</tr>
<tr>
<td>PV Powered, Inc</td>
<td>Bend</td>
<td>2001</td>
</tr>
<tr>
<td>Sanyo Electric Group</td>
<td>Salem</td>
<td>2008</td>
</tr>
<tr>
<td>XsunX</td>
<td>Wood Village</td>
<td>Bankrupt</td>
</tr>
</tbody>
</table>
Tax Subsidies are the #1 reason solar companies come to Oregon

“No other state has programs like Oregon.”
Solexant President and CEO Damonder Reddy, 2010

“Local and State incentives were a major driver in the company’s decision to locate in Oregon.”
Ferrotec President Akira Tamamura, 2010

“Solar entrepreneurs enticed by lucrative incentives...are pouring into the Oregon market...”
“The Rise of Oregon’s Solar Industry”
by Ben Jacket, June 2008
Other reasons solar companies move to Oregon

- Experienced silicon workers
- Relatively cheap power
- Close to California market

NOTE: Availability of large lots is NEVER MENTIONED

Source: “Solar jobs rising in Oregon”, Shelby Wood, the Oregonian, July 22, 2008
<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SolarWorld</td>
<td>Hillsboro</td>
<td>$82M (Fed) + $20M (OR)</td>
</tr>
<tr>
<td>Solexant</td>
<td>Gresham</td>
<td>$43M (OR)</td>
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<td>Centro Solar AG</td>
<td>Gresham</td>
<td>$10.9M (OR)</td>
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<tr>
<td>SoloPower</td>
<td>Wilsonville</td>
<td>$40M (OR)</td>
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<tr>
<td>Solaicx</td>
<td>Portland</td>
<td>$18.2M (OR)</td>
</tr>
<tr>
<td>Peak Sun Silicon</td>
<td>Millersburg</td>
<td>$14M (OR)</td>
</tr>
</tbody>
</table>
Who chooses 50+ acre greenfields?
No one.

- Most choose 25 acres or less
  Solaicx
  Sanyo Electric Group
  Ferrotec
  SoloPower
  Oregon Crystal Technology

- Many prefer to recycle existing buildings
  SoloPower (old Nike Distribution Center)
  SolarWorld (old Kumatsu manufacturing facilities)
  Solaicx
  Ferrotec
  Oregon Crystal Technology
Large lot availability is NOT the problem for Hillsboro

- Hillsboro is not attracting solar companies and land availability is NOT the reason.

- Hillsboro is focusing too much on getting HOME RUNS and STRIKING OUT by losing the small/midsize solar business to other cities.
So, does Hillsboro really need more urban reserves?

- Hillsboro has empty facilities available (IDT, Credence, etc.)
- Hillsboro has at least 1.5 million square feet of manufacturing/flex facilities available for lease NOW
- Hillsboro has at least 1.0 million square feet of commercial office space available for lease NOW
- Hillsboro has \( \approx 2500 \) acres of vacant industrial land inside UGB
- Hillsboro has 2,849 acres of industrial Urban Reserves

... NO. Reject the addition of more urban reserves north of Hwy. 26

Sources: LoopNet listings (Feb. 2011), Hillsboro Aspiration Plan (12/2008)
The End