

Dolan and Company, LLC

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To Whom It May Concern,

My family partnership, Dolan and Company, LLC is comprised of my mother Florence, my brother and I and our six sisters. The partnership purchased about 11 acres near the Willamette River in 2005. We were very surprised when in April of 2011 we received a letter from the Department of State Lands stating that it had a claim on our property. At that time it did not state any amount. They later sent an appraiser out and told us last year that the amount they are seeking from us is \$2.4 million. We purchased the property for \$8 million which makes the claim about 30% of the value of the property.

When we bought the property in 2005 we wanted to build a 280,000 square foot warehouse and office for our lighting business, Globe Lighting. When the Great Recession came on we abandoned those plans and have been trying to sell the property for the past three years. With this claim hanging over us we cannot sell the property even if we had a buyer. We are leasing parts of the six buildings on the property. Most the buildings are old and need updating.

When we purchased the property we didn't even realize that most of our property was actually fill material. Even though there was an exception on our title report concerning submerged lands we thought that is was "standard" language for property near the river. Our parcel is not even on the river, there is 75 feet of land between us and the seawall and dock.

Virtually all of the Willamette River in Portland has been dredged. The river used to be less than 25 feet deep with a very narrow channel, now it is 40 feet in depth and several hundred feet wide. The spoils have to go somewhere which usually means along the shoreline. The federal government in conjunction with state and local governments set a harbor line in Portland which property owners were encouraged to build out to. It is very clear that there was a federal, state and city policy of dredging the river and depositing dredged materials along the shoreline to build up the harbor and encourage commerce. Much of Portland's harbor and many city blocks were created from fill material.

The Port of Portland was created by the Oregon Legislature in 1891 to dredge a shipping channel from Portland to the Pacific Ocean. In order to make the channel deeper and wider the Port of Portland typically charged riparian landowners for the dredged material. We believe there were several fills on our property between 1905 and 1924. Our fills occurred in water that was between four and twelve feet deep, which is not deep enough for most ships. In 1917, in one of several fills on our property, the Port of Portland charged \$25,000 for the dredged materials. From what I have found our fills were done lawfully and with the full knowledge and authorization of the Portland Harbormaster and the Port of Portland, which is a political subdivision of the State of Oregon. The prior owners of our property followed the law and now we are being penalized.

It is an injustice to property owners that the State of Oregon and its political subdivisions that they would encourage filling in of the shallow areas of the river in one century and come back in the next to make a claim against subsequent owners of land that may have been filled. There should be a time limit on how far back a claim can be made by the state; I think 50 years is a reasonable time. With aerial photography and GPS technology illegal filling of waterways is very difficult to get away with so I believe 50 years is more than enough time to deal that. For legal fills, such as ours, done by the state, the state should not be able to make a claim at all. With our fills, from what I have found, the Port of Portland was paid once already so for the state to claim it didn't get paid for the underlying river does not make any sense. The state cannot claim it did not know about the policy or what was going up and down the river; it was part of the policy. It should not be able to come back later and make claims against landowners because policy has changed.

I have had to do a lot of research into the history of the dredging, which for me is not yet complete. This claim by the State of Oregon is costing me a lot of time and our LLC a lot of money. We have already spent over \$25,000 in attorney fees in our evaluation of the State's claim as well as preparation of our defense for the upcoming probable litigation.

Thank You,

A handwritten signature in cursive script that reads "Dan Dolan".

Dan Dolan