

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

In the Matter of Granting an Extended)
Enterprise Zone Exemption to Portland)
General Electric Company, for Capital)
Investment in Power Generation Facilities) RESOLUTION NO. 70-2004

WHEREAS, the city of Clatskanie, the City of Rainier, Columbia County, and Clatsop County are co-sponsors of the Lower Columbia Maritime Enterprise Zone (the "Zone"); and

WHEREAS, Oregon law generally provides a three-year tax exemption for qualified property within the Zone; and

WHEREAS, Portland General Electric Company ("PGE") proposes to make a capital investment in excess of \$200 million by constructing and operating an energy generation facility within the Zone; and

WHEREAS, the proposed investment is expected to provide approximately seventeen full-time jobs within the Zone; and

WHEREAS, Pursuant to ORS 285C.1(3)(a), PGE has expressed its willingness to compensate its new employees during the exemption period at an average level of compensation equal to or greater than 150 percent of the average annual wage in Columbia or Clatsop counties, whichever is greater at the time PGE's application for pre-certification is approved; and

WHEREAS, PGE has expressed an interest in receiving the two-year extended property tax exemption, for a total of five years of exemption; and

WHEREAS, it is in the best interest of the public to provide Enterprise Zone incentives to qualifying firms in order to attract new capital investment and employment to the region; and

WHEREAS, OAR 123-065-4120 allows each sponsor of the Zone to authorize an agent to conclude such an agreement with a qualified company; and

WHEREAS, the co-sponsors of the Zone have appointed Janet Wright as Zone Manager.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board of County Commissioners for Columbia County do hereby:

- 1) Authorizes and directs the Zone Manager of the Lower Columbia Maritime Enterprise Zone to execute on behalf of Columbia County, as a Zone Sponsor, a written agreement, substantially in form attached hereto, between the Zone Sponsors and PGE that provides

for an extended exemption for PGE's qualified property within the Zone for two additional years, for a total of five years of exemption.

- 2) Authorizes that this Resolution take effect immediately upon adoption.

Dated in St. Helens, Oregon, this 15th day of September, 2004.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: _____

Rita Bernhard, Chair

By: _____

Anthony Hyde, Commissioner

Approved as to form

By: _____

Office of County Counsel

By: _____

Not Present

Joe Corsiglia, Commissioner

AGREEMENT EXTENDING ENTERPRISE ZONE PROPERTY TAX EXEMPTION
FOR CAPITAL INVESTMENT BY PORTLAND GENERAL ELECTRIC COMPANY

RECITALS

WHEREAS, the City of Clatskanie, the City of Rainier, Clatsop County, and Columbia County, as sponsors (collectively, the "Sponsors") of the Lower Columbia Maritime Enterprise Zone of Oregon ("the Zone"), desire to enter into an agreement (the "Agreement") with Portland General Electric Company (the "Firm") to extend the period of property tax exemption for the Firm's qualified property from three years pursuant to ORS 285C.175 (the "Regular Three-Year Exemption") to five years pursuant to ORS 285C.160 (the "Extended Five-Year Exemption"), in consideration for the Firm's agreement to satisfy certain compensation and other requirements as set forth below; and

WHEREAS, the Sponsors and the Firm acknowledge that the Firm's proposed investment is centrally assessed property that will not receive the two-year exemption from property taxes for commercial facilities under construction pursuant to ORS 307.330, as a result of which the Firm will be subject to property taxes on its qualified property before it becomes commercially viable and eligible for enterprise zone property tax exemption under ORS 285C.140 to 285C.220; and

WHEREAS, the Sponsors and the Firm further acknowledge that on June 5, 2002, the Firm and Columbia County entered into a Transportation Improvement Contribution Agreement, whereby the Firm is obligated to pay Columbia County or its designee \$272,034 (or less if certain conditions not within the Firm's control occur), within 60 days of issuance of final building permits for the Firm to construct an energy generation facility in the Zone, such payment to include any payments made by the Firm to Columbia County pursuant to the Guarantee; and

WHEREAS, the Sponsors have authorized and directed Janet Wright, as Manager of the Zone, to execute this Agreement pursuant to OAR 123-065-4120 and the attached Resolutions Numbers:

_____	dated _____,
_____	dated _____,
_____	dated _____,
_____	dated _____.

NOW, THEREFORE, the Sponsors and the Firm agree as follows:

1. Subject to timely submission and approval of an application for precertification and the satisfaction of other requirements under ORS 285C.050 to ORS 285C.240, the Firm is eligible for the Regular Three-Year Exemption with respect to the Firm's qualified property.

2. Nothing in this Agreement shall modify or infringe on the Regular Three-Year Exemption or the requirements thereof; and
3. This Agreement is null and void if the Firm does not qualify for the Regular Three-Year Exemption.
4. The Sponsors and the Firm further acknowledge that, for up to three consecutive years, the Firm may separately apply for the property tax exemption for all portions of qualified property in the Zone that are covered by a single precertification, as each such portion becomes eligible for exemption.
- 5) The Sponsors hereby extend the Firm's Regular Three-Year Exemption for a period of two additional years with respect to all qualified property in the Zone and, thus, set a total period of enterprise zone property tax exemption equal to five consecutive years pursuant to ORS 285C.160.
- 6) The Firm hereby agrees to comply with (i) the statutory and regulatory requirements of the Regular Three-Year Exemption, (ii) the statutory Compensation Requirements of the Extended Five-Year Exemption, (iii) all federal, state and local laws, rules, and regulations, and (iv) the following additional provisions as stated below:

1. **COMPENSATION REQUIREMENTS OF EXTENDED FIVE-YEAR EXEMPTION.** Pursuant to ORS 285C.160(3)(a), the Firm agrees that for each of the five years of the Extended Five-Year Exemption, to annually compensate all new employees hired by the Firm at an average rate of not less than 150 percent of the County Average Annual Wage for each assessment year during the tax exemption period, as determined each year. As used in this Agreement, the following terms have the meanings assigned below:

1. The "County Average Annual Wage" means the most recently available average annual covered payroll for the county in the highest of either Columbia County or Clatsop County, as determined by the Employment Department.
2. "New Employees hired by the firm" include only those employees of an authorized business firm engaged for a majority of their time in eligible operations. "New Employees hired by the firm" does not include individuals employed in a job or position that (A) is created and first filled after December 31 of the first tax year in which qualified property of the firm is exempt under ORS 285C.175, (B) existed prior to the submission of the relevant application for authorization; or (C) is performed primarily at a location outside of the enterprise zone.

This Agreement is effective _____ (the "Effective Date").

ZONE MANAGER, LOWER COLUMBIA
MARITIME ENTERPRISE ZONE

PORTLAND GENERAL ELECTRIC CO.

By: _____
Janet Wright

By: Stephen McSwain

Title: VICE PRESIDENT