

BEFORE THE BOARD OF COUNTY COMMISSIONERS

FOR COLUMBIA COUNTY, OREGON

In the Matter of Authorizing David Stocker)
to Sign an Extended Enterprise Zone) Resolution No. 60-2011
Agreement with Cascade Kelly Holdings LLC)

WHEREAS, Columbia County, together with Clatsop County, the City of Clatskanie, the City of Rainier, and the Port of St. Helens, is a Zone Sponsor of the Lower Columbia Maritime Enterprise Zone ("Enterprise Zone"); and

WHEREAS, Cascade Kelly Holdings LLC, (the "Firm") wishes to expand its business operations on industrial property located within the Enterprise Zone; and

WHEREAS, pursuant to ORS 285C.175(2)(b), property of an authorized business firm is exempt from ad valorem property taxation if (a) the property is qualified property under ORS 285C.180; (b) the firm meets the qualifications under ORS 285C.200; and the firm has entered into a first source hiring agreement under ORS 285C.215; and

WHEREAS, information provided by the Columbia County indicates that the Firm will be an authorized business firm pursuant to ORS 285C.200, the property will qualify under ORS 285C.180 for the initial property tax exemption, and the Firm will enter into a first source hiring agreement pursuant to ORS 285C.215; and

WHEREAS, pursuant to ORS 285C.175, the property may be exempt from property taxation for up to two additional tax years if authorized by a written agreement entered into by the Firm and the zone sponsors under ORS 285C.160; and

WHEREAS, pursuant to ORS 285C.160(3)(B), the written agreement may include any additional requirement that a sponsor may reasonably request; and

WHEREAS, David Stocker, is the Zone Manager for the Enterprise Zone; and

WHEREAS, David Stocker is in the process of negotiating an agreement with the Firm to exempt the Firm from property taxes for an additional two tax years; and

WHEREAS, the County agrees that Cascade Kelly Holdings LLC., is a good addition to the job market in Columbia County, and that the purpose of the Enterprise Zone is to attract companies that provide family wage jobs for our community;

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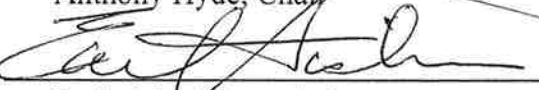
NOW, THEREFORE, BE IT RESOLVED as follows:

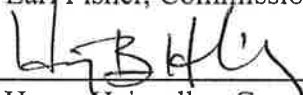
The County authorizes David Stocker to negotiate and sign on behalf of Columbia County, an agreement with the Firm pursuant to ORS 285C.160, granting an additional two years of tax exemption, provided that the Firm is eligible for Enterprise Zone extended benefits pursuant to ORS Chapter 285C.

DATED this 27th of July, 2011.

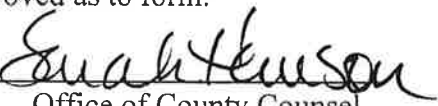
BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: 
Anthony Hyde, Chair

By: 
Earl Fisher, Commissioner

By: 
Henry Heimuller, Commissioner

Approved as to form:

By: 
Office of County Counsel

EXTENDED ENTERPRISE ZONE
EXEMPTION AGREEMENT

This Extended Enterprise Zone Exemption Agreement (this "Agreement") is made and entered into by and among the City of Rainier, Oregon ("Rainier"), the City of Clatskanie, Oregon ("Clatskanie"), Columbia County, Oregon ("Columbia"), Clatsop County, Oregon ("Clatsop"), and the Port of St. Helens ("Port"), as zone sponsors of the Lower Columbia Maritime Enterprise Zone, and Cascade Kelley Holdings LLC ("the Firm"). Rainier, Clatskanie, Columbia and Clatsop and "Port" are sometimes referred to collectively as the "Zone Sponsor," and the "Zone Sponsor" and the "Firm" are sometimes referred to individually as the "Party" and/or collectively as the "Parties."

RECITALS

WHEREAS, the Oregon Legislative Assembly has adopted ORS Chapter 285C creating provisions for the establishment and operation of Enterprise Zones. ORS 285C.175 provides that the qualified property of a qualified business firm shall be exempt from ad valorem property taxation under certain circumstances. ORS 285C.180 describes what kinds of property are qualified for the tax exemption provided under ORS 285C. ORS 285C.135 describes what kind of business firm is qualified to receive a property tax exemption under ORS 285C.175 for its qualified property; and

WHEREAS, pursuant to ORS 285C.175 the tax exemption shall first apply to the assessment year immediately following completion of the construction, addition, modification or installation of the property. The exemption shall continue for the two succeeding assessment years if the property continues to be owned or leased by the qualified business firm and located in the enterprise zone; and

WHEREAS, the tax exemption, also referred to as an "abatement" provided by ORS 285C.175(2)(a) may be extended up to a total of five consecutive assessment years, i.e. an additional two years, if the qualified business firm agrees with the zone sponsors in writing at the time of pre-certification:

- (a) To annually compensate all new employees hired by the firm at an average rate of not less than 150 percent of the county's average annual wage until the end of the tax exemption period, as determined at the time of authorization; and
- (b) To meet any additional reasonable requirements which the zone sponsor may request; and

WHEREAS, the Firm has agreed that the Firm's property, which is to be included in the Enterprise Zone, will be developed with new plant upgrades at the Columbia Pacific Biorefinery and proposed investment is expected to provide new full-time jobs within the Enterprise Zone. The commitment made by the Firm under term (a) above, and in Section 2.4, below, is given to assure that the average annual compensation paid to all New Employees, as defined in Section

2.4 below, who work at the new facility during the exemption period shall not be less than 150 percent of the most recent average annual wage paid in either Columbia or Clatsop County available from the Oregon Employment Department at the time that the Firm's application for pre-certification is approved under ORS 285C.140; and

WHEREAS, the Oregon Business Development Department has adopted Chapter 123-674 of the Oregon Administrative Rules (OAR), to administer the statutory provisions regarding Enterprise Zones; and

WHEREAS, the Firm is exploring the possibility of locating qualified property within the Enterprise Zone and intends to apply for pre-certification for the tax exemption provided under ORS 285C.140 and the extended abatement provided under ORS 287C.175. This Agreement shall constitute the written agreement described in ORS 285C.160; and

WHEREAS, the Enterprise Zone is a non-urban enterprise zone and pursuant to ORS Chapter 285C, the Zone Sponsors wish to offer the Firm the extended tax exemption provided by ORS 285C.175(3)(b) in exchange for the Firm's location of qualified property within the Enterprise Zone;

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the parties agree as follows:

1. ZONE SPONSOR'S AGREEMENTS.

- 1.1 Approval of Precertification Application. Upon timely submission of the Firm's application for precertification as provided by ORS 285C.140 and paragraph 2.1 below, the Zone Sponsor agrees to approve the application if the Zone Sponsor determines that the Firm is eligible under ORS 285C.135 and that the Firm has committed to meet the requirements of ORS 285C.200.
- 1.2 Approval of Tax Exemption Application. Upon timely submission of the Firm's application for tax exemption as provided by ORS 285C.140, and paragraph 2.2, below, the Columbia County Assessor shall determine whether the property for which the tax exemption is sought satisfies the requirements of ORS Chapter 285C. That determination is beyond the authority of the Zone Sponsor. However, the Zone Sponsor agrees that the three year tax exemption provided for by ORS 285C.175 shall remain in effect if the Firm remains in compliance with the other requirements for enterprise zones under ORS 285C and OAR Chapter 123, Division 674. Nothing in this Agreement shall modify or infringe on the regular three-year exemption or the requirements thereof.
- 1.3 Extended Tax Abatement. Notwithstanding ORS 285C.175(2)(a), the Zone Sponsor agrees to extend the period of property tax abatement or exemption by two additional years to a total of five consecutive assessment years, subject to compliance with paragraph 2.4 below and the other requirements for enterprise

zones under ORS Chapter 285C and OAR Chapter 123, Division 674.

- 1.4 Additional Requirements. The Zone Sponsor does not request any additional requirements of the Firm pursuant to ORS 285C.160.

2. THE FIRM'S AGREEMENTS.

2.1 Application for Precertification. The Firm agrees to file an application for pre-certification pursuant to ORS 285C.140 following adoption of this Agreement.

2.2 Application for Tax Exemption. The Firm agrees to file an application for tax exemption pursuant to ORS 285C.220 following completion of construction or modification or the installation of qualified property.

2.3 Notices. The Firm agrees to provide any notices, statements, claims or reports required by ORS Chapter 285C and OAR Chapter 25, Division 674, and shall file all claims or reports as required by ORS 285C.220.

2.4 County Average Annual Wage. As required by ORS 285C.160, the Firm agrees to annually compensate all new employees, as that term is used in ORS 285C.05(13), hired by the Firm at an average rate of not less than 150 Percent (150%) of the County Average Annual Wage until the end of the tax exemption period.

- A. Pursuant to OAR 123-674-600, to qualify for the additional one or two years of an enterprise zone exemption, all of the eligible business Firm's Affected Employees, as that term is defined by OAR 123-674-0600(4), must on average receive Compensation, as that term is defined by OAR 123-674-0600(5), of not less than 150 percent of the County Wage, as that term is defined by OAR 123-674-0100(5), during each year throughout the exemption's first three years and the additional one or two years.
- B. "County Wage" as defined by OAR 123-674-0100(5) and OAR 123-674-4110, is established as set forth in OAR 123-674-3000(1) and is fixed during the entire exemption period.
- C. "New Employees" include only employees working at jobs filled for the first time after the application for precertification is filed but prior to December 31 following the first full year of the initial exemption and performed primarily within the current boundaries of the Zone. "New Employees" include only full-time, year-round, and non-temporary employees engaged a majority of their time in the Firm's eligible operations pursuant to ORS 285C.050(13), whether such employees are leased, contracted for, or otherwise obtained through an external agency or are employed directly by the Firm.

2.5 Election to Forego. The Firm shall have the right to elect to forego the extension of the term for two additional years by delivery of written notice of such election to the Zone Sponsor and Columbia County Assessor prior to expiration of the initial three year term, and upon delivery of said notice, this Agreement and the Firm's rights and obligations hereunder shall terminate, except that nothing in this Agreement shall modify or infringe on the regular three-year exemption or of the requirements thereof.

3. **AUTHORIZATION.** The Zone Sponsors have authorized and directed David Stocker, Zone Manager, to execute this Agreement pursuant by and through the resolutions which are attached hereto, and are incorporated herein by this reference.

Resolution No.
Resolution No.
Resolution No.
Resolution No.
Resolution No.

4. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together shall constitute one and the same Agreement.

5. **ENTIRE AGREEMENT.** This Agreement constitutes the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, written or oral, between the Parties with respect to such subject matters.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the _____, day of _____, 2011, which shall be known as the "effective date" of the Agreement.

LOWER COLUMBIA MARITIME ENTERPRISE ZONE

By: _____
David Stocker, Zone Manager

CASCADE KELLY HOLDINGS LLC

By: _____