

BEFORE THE BOARD OF COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

In the Matter of Granting an Extended Enterprise)
Zone Exemption to Westward Energy,) RESOLUTION NO. 91-2002
LLC, for Capital Investment in Power)
Generation Facilities)

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 property tax exemption for qualified property within the Zone; and

WHEREAS, Westward Energy, LLC ("Westward") proposes to make a capital investment in excess of \$300,000,000 by constructing and operating an energy generation facility within the Zone; and

WHEREAS, the proposed investment is expected to provide approximately 20 to 25 new full-time jobs within the Zone; and

WHEREAS, pursuant to ORS 285B.710(6)(a), Westward 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 County or Clatsop County, whichever is greater at the time Westward's application for precertification is approved; and

WHEREAS, Westward 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 North County; and

WHEREAS, ORS 285B.710(6), which defines the terms of the extended five-year exemption, requires that each sponsor of the Zone enter into a written agreement with a qualified company; 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 Tom Linhares as Zone Manager;


NOW, THEREFORE, it is hereby resolved that the Board of County Commissioners:

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 the form attached hereto, between Columbia County and Westward that provides for an extended exemption for Westward's qualified property within the Zone for two additional years, for a total of five years of exemption.

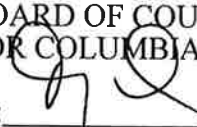
2. Authorizes this resolution to take effect immediately upon adoption.

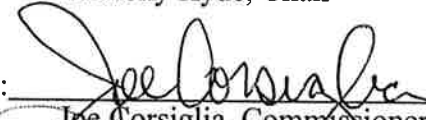
DATED this 13th day of November 2002.

Approved as to form

By: 
Office of the County Counsel

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: 
Anthony Hyde, Chair

By: 
Joe Corsiglia, Commissioner

By: 
Rita Bernhard, Commissioner

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"), as zone sponsors of the Lower Columbia Maritime Enterprise Zone, and Westward Energy, LLC ("the Firm"). Rainier, Clatskanie, Columbia and Clatsop 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 Legislature has adopted ORS 285B.650 through 285B.728 creating provisions for the establishment and operation of enterprise zones. ORS 285B.698 provides that the qualified property of a qualified business firm shall be exempt from ad valorem property taxation under certain circumstances. ORS 285B.713 describes what kinds of property are qualified for the tax exemption provided under ORS 285B.698. ORS 285B.704 describes what kind of business firm is qualified to receive a property tax exemption under ORS 285B.698 for its qualified property; and

WHEREAS, pursuant to ORS 285B.698(3)(a), 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, Pursuant to ORS 285B.710(6), the tax exemption, also referred to as an "abatement" provided by ORS 285B.698(3)(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 sponsor of the enterprise zone 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. If the zone is in more than one county, the county with the highest average annual wage shall be used; and
- (b) To meet any additional requirements which the zone sponsor may reasonably 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 a new power generation facility and that the Firm’s 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~~ Oregon Economic and Community Development Department at the time that the Firm's application for precertification is approved under ORS 285B.719(3); and

WHEREAS, the Oregon Economic and Community Development Department has adopted Chapter 123, Division 65 of the Oregon Administrative Rules (OAR), to administer the statutory provisions regarding enterprise zones; and

WHEREAS, the Lower Columbia Maritime Enterprise Zone is a non-urban Enterprise Zone. Pursuant to ORS 285B.650 to 285B.728, the Zone Sponsor wishes to offer the Firm the extended tax exemption provided by ORS 285B.710(6), in exchange for the Firm's location of qualified property within the Enterprise Zone; and

WHEREAS, the Firm is exploring the possibility of locating qualified property within the Enterprise Zone and intends to apply for precertification for the tax exemption provided under ORS 285B.698 and the extended abatement provided under ORS 285B.710(6). This Agreement shall constitute the written agreement described in ORS 285B.710(6) and OAR 123-65-4120.

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 285B.719 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 285B.707 and that the Firm has committed to meet the requirements of ORS 285B.704.
- 1.2 Approval of Tax Exemption Application. Upon timely submission of the Firm's application for tax exemption as provided by ORS 285B.722, 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 285B.698. 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 285B.698 shall remain in effect if the Firm remains in compliance with the other requirements for enterprise zones under ORS 285B.650 to 285B.728 and OAR Chapter 123, Division 65. 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 285B.698, 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 285B.650 to 285B.728 and OAR Chapter 123, Division 65. The Firm may separately apply for the extended five-year exemption for different portions of qualified property in the Zone that are covered by a single precertification as such portion becomes eligible for exemption pursuant to OAR 123-065-4360, 123-065-4560, and 123-065-4570.

- 1.4 Additional Requirements. The Zone Sponsor does not request any additional requirements of the Firm pursuant to ORS 285B.710(6)(b).

2. THE FIRM'S AGREEMENTS.

- 2.1 Application for Precertification. The Firm agrees to file an application for precertification pursuant to ORS 285B.719 following adoption of this Agreement.
- 2.2 Application for Tax Exemption. The Firm agrees to file an application for tax exemption pursuant to ORS 285B.722 following completion of construction or modification or the installation of qualified property.
- 2.3 Notices. The Firm agrees to provide any notices required by ORS 285B.728.
- 2.4 County Average Annual Wage. As required by ORS 285B.710(6), the Firm agrees to annually compensate all new employees, as that term is used in ORS 285B.710(7), 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 123-65-4110, 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 123-65-4100, must on average receive Compensation, as that term is defined by OAR 123-065-4100, of not less than 150 percent of the County Average Annual Wage, as that term is defined by OAR 123-065-4100, during each year throughout the exemption's first three years and the additional one or two years.
 - B. "County Average Annual Wage" is defined by OAR 123-065-4100 and OAR 123-065-4110 and is based on the time the application for precertification is approved, and is fixed during the entire exemption period. The County Average Annual Wage is the greater of (i) the most recent average annual covered payroll per employee for all industries in Columbia County or (ii) the most recent average annual covered payroll per employee for all industries in Clatsop County, according to the figures effective at the time the Firm's

application for precertification is approved.

C. "New Employees" include only employees working at jobs filled for the first time after the application for precertification is filed but prior to July 1 following the first full year of the initial exemption year 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 285B.707, 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 Tom Linhares, Zone Manager, to execute this Agreement pursuant to OAR 123-065-4120 by and through the resolutions which are attached hereto, and are incorporated herein by this reference.

Resolution No. 91-2002, dated November 13, 2002;
Resolution No. , dated
Resolution No. , dated
Resolution No. , dated

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 supersedes 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.

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IN WITNESS WHEREOF, the Parties have executed this Agreement on the _____, day of _____, 2002, which shall be known as the "effective date" of the Agreement.

LOWER COLUMBIA MARITIME
ENTERPRISE ZONE

WESTWARD ENERGY, LLC

By: _____
Tom Linhares, Zone Manager

By: _____
Name , Title