

A RESOLUTION APPROVING EXTENDED ENTERPRISE ZONE BENEFITS TO TEC LABORATORIES INC., ALBANY

WHEREAS, the City of Albany is a member of the South Santiam Enterprise Zone; and

WHEREAS, certain businesses qualify for Extended Enterprise Zone tax abatement benefits for years four and five following precertification approval based on projected new employment where compensation is expected to exceed 150 percent of Linn County's average payroll and meet the requirements of the City of Albany Resolution No. 4401; and


WHEREAS, Tec Laboratories Inc. of Albany, Oregon, has applied for Extended Enterprise Zone benefits based on their projection of providing a compensation packages exceeding the 150 percent standard; and

WHEREAS, Tec Laboratories Inc. agrees to abide by the provisions in Albany Resolution No. 4401, including the contribution of an amount equal to one-third of the total taxes abated in years four and five to the City of Albany as described in the Agreement for Enterprise Zone Extended Abatement attached as Exhibit "A"; and

WHEREAS, the Albany City Council wishes to assist Tec Laboratories in achieving their planned growth and high level of investment in the Albany community.

NOW, THEREFORE, BE IT RESOLVED by the Albany City Council that the City Manager shall be directed to enter into an agreement with Tec Laboratories Inc. to approve their application for Extended Enterprise Zone benefits for tax years four and five.

DATED THIS 10TH DAY OF APRIL 2002.



Mayor

ATTEST:



City Recorder

AGREEMENT FOR ENTERPRISE ZONE EXTENDED ABATEMENT

WRITTEN AGREEMENT WITH THE SOUTH SANTIAM ENTERPRISE ZONE SPONSORS TO EXTEND PROPERTY TAX EXEMPTION TO FIVE CONSECUTIVE YEARS IN TOTAL FOR CAPITAL INVESTMENT BY TEC LABORATORIES, INC.

The sponsors of the South Santiam Enterprise Zone comprised of the governing bodies of the Cities of Albany, Lebanon and Millersburg and Linn County (hereinafter "The Zone Sponsors") and Tec Laboratories, Inc. (hereinafter "The Firm") do hereby enter into an agreement for extending the period of time in which The Firm shall receive an exemption on its investments in qualified property in the South Santiam Enterprise Zone contingent on certain special requirements.

The Zone Sponsors and The Firm jointly acknowledge: that subject to the satisfaction of requirements under ORS 285B.650 to 285B.728, The Firm is eligible for three years of complete exemption on its qualified property; that nothing in this agreement shall modify or infringe on this three-year exemption or the requirements thereof, and that this agreement becomes null and void if The Firm does not qualify or ceases to qualify for these three years of the exemption.

The Zone Sponsors extend The Firm's property tax exemption an additional two years on all property that initially qualifies in the South Santiam Enterprise Zone in or before the assessment year beginning on January 1, 2003 and, thus, set a total period of exemption of five consecutive years during which statutory requirements for the standard three-year enterprise zone exemption must also be satisfied and maintained.

CONFIRMATION OF STATUTORY PROVISIONS

In order to receive the additional two years of enterprise zone exemption granted herein, The Firm agrees herewith pursuant to ORS 285B.710(6)(a) (1999) that for each year of the exemption, all of The Firm's new employees shall receive an average level of compensation equal to or greater than 150 percent of the county average annual wage, in accordance with the definitions and guidelines in Oregon Administrative Rules (OAR), Chapter 123, Division 065 (-41##), which provides that:

1. Such compensation may include non-mandatory benefits that can be monetized;
2. The county average annual wage is set at the time of precertification according to the 1998 Linn County average annual payroll rate of \$27,413 for which 150 percent equals \$41,119;
3. Only employees working at jobs filled for the first time after the application for precertification but prior to July 1 following the first full year of the initial exemption year and performed within the current boundaries of the South Santiam Enterprise Zone are counted; and
4. Only full-time, year-round and non-temporary employees engaged a majority of their time in The Firm's eligible operations under ORS 285B.707 are counted, regardless if such employees are leased, contracted for or otherwise obtained through an external agency or are employed directly by The Firm.

LOCAL ADDITIONAL REQUIREMENTS

For The Firm to receive the additional two years of enterprise zone exemption granted herein, The Zone Sponsors and The Firm agree that The Firm shall meet the following additional requirements as reasonably requested by The Zone Sponsors and the City of Albany under ORS 285B.710(6)(b) (1999):

Pursuant to City of Albany Resolution No. 4401.

1) a) Name and Business Characteristics:

Tec Laboratories, Inc. currently an Albany business, employs 24 people, is relocating from Water St. to 31848 Allen Lane across from LBCC's ball fields. The company makes Technu, a poison oak and ivy cleanser, lice control and other products.

b) Job creation, pay and benefits:

Tec Labs expects to hire 2.4 FTE or more regular staff with an average total compensation greater than \$41,119 per year by April 1, 2003.

c) Impact on City services:

Construction is in compliance with all municipal, county, state and federal agencies with appropriate approvals and permitting, and will have no foreseen untoward impact on city services.

2) a) Satisfaction of state requirements for extended benefits:

b) Each new qualifying job is equal to at least \$100,000 of new private investment:
Total investment is in excess of \$4 million (\$1.67 mm per new position).

c) There are no outstanding environmental, land use, city infrastructure, or permit violation issues that will not be resolved by the time of occupancy or mutually agreed upon deadline.

There are no outstanding or unresolved issues.

d) The City Council finds that approval of the extension of benefits will not cause irreparable harm to the City's financial condition.

3) The Firm will contribute an amount equal to 1/3 of the total taxes abated in years four and five to the City. The City Council will designate the use of these funds.

The contribution for year four will be made no later than December 31, 2006. The contribution for year five will be made no later than December 31, 2007.

ACCEPTING FOR THE CITY of
ALBANY



Steve Bryant, City Manager

ACCEPTING FOR Tec Laboratories,
Inc.

Steve Smith, President

APPROVED AS TO FORM

Jim Delapoer, City Attorney

RESOLUTION NO. 4401

A RESOLUTION ESTABLISHING CITY COUNCIL POLICIES REGARDING ENTERPRISE ZONE BOUNDARY AMENDMENTS AND APPLICATIONS FOR EXTENDED BENEFITS

WHEREAS, the City of Albany is a member of the South Santiam Enterprise Zone; and

WHEREAS, on occasion, proposals are made to amend the Enterprise Zone boundaries within the city of Albany; and

WHEREAS, certain businesses within the city of Albany may qualify for extension of Enterprise Zone tax abatement incentives from the usual three-year benefit period for up to five years based on the creation of new family wage jobs; and

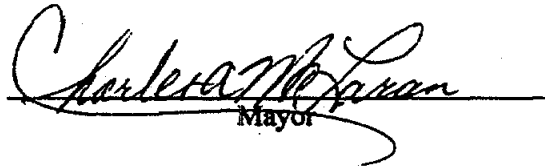
WHEREAS, the City Council wishes to establish certain criteria for considering all such requests.

NOW, THEREFORE, BE IT RESOLVED by the Albany City Council that the following criteria and additional factors may be considered prior to approval of any such requests:

- 1) For Enterprise Zone boundary amendments within the city of Albany, the City Council may request information that may result in the public disclosure of the following items:
 - a) The name and/or business characteristics of all businesses proposed to be located within the amended zone boundary.
 - b) The number of projected jobs to be created, the estimated pay and benefits by each classification of employment, and how many positions will be new versus relocated jobs.
 - c) The estimated impact of the businesses on all City services and the need for improved infrastructure and how that infrastructure will be provided.
- 2) For Enterprise Zone extension of benefits requests, the Albany City Council may request all of the above information. In addition, extensions of property tax abatement from three years to five years will be considered only when the applicant demonstrates to the Council's satisfaction how the following factors have been addressed:
 - a) The application satisfies all state requirements for extended benefits.
 - b) The estimated number of new qualifying jobs is equal to at least one for each \$100,000 of new private investment (or about \$700 in annual City property tax relief and \$1,600 in total property tax relief per job created). Alternatively, the applicant may provide information indicating that the additional property tax relief will result in a comparable public benefit that would not otherwise be achieved.
 - c) There are no outstanding environmental, land use, city infrastructure, or permit violation issues that will not be resolved by the time of occupancy or mutually agreed-upon deadline.
 - d) The City Council finds that approval of the extension of benefits will not cause irreparable harm to the City's financial condition.

- 3) The business shall be required to contribute to the City of Albany an amount equal to one-third (1/3) of the total property taxes abated in years four and five, not to exceed the total property taxes that would have been paid to the City of Albany had the extended abatement not been approved. The payment shall be designated by the City Council for a public purpose related to the additional public service requirements that the business will place on the City's services.
- 4) The City Council may choose to attach conditions to the approval of a request for extended benefits in accordance with state of Oregon Community and Economic Development Department rules. Such conditions may include additional public improvement requirements, cash contributions paid in-lieu-of property taxes to advance certain public purposes, and other requirements as provided by state regulations.
- 5) Performance of the conditions provided for by this resolution shall be set forth in an agreement between the City and the business prior to the receipt of extended tax abatement benefits.

DATED THIS 28TH DAY OF MARCH 2001.


Mayor

ATTEST:


City Recorder