

A RESOLUTION APPROVING MODIFICATION OF ENTERPRISE ZONE REQUIREMENTS FOR ALLVAC (OREMET) ALBANY AS ALLOWED BY HB3609 BY COSPONSORS OF THE SOUTH SANTIAM ENTERPRISE ZONE

WHEREAS, Allvac (Oremet) Albany has applied for Enterprise Zone benefits and was approved for Waiver of Employment by the cosponsors; and

WHEREAS, Allvac (Oremet) Albany has invested \$36 million in the approved project; and

WHEREAS, the Oregon Legislature passed HB3609 to provide relief for authorized business firms under certain adverse economic conditions; and


WHEREAS, Linn County meets the adverse economic conditions specified in HB3609; and

WHEREAS, Allvac (Oremet) Albany has asked the cosponsors for relief as allowed by HB3609; and

WHEREAS, the City (County of Linn) of Albany is a cosponsor of the South Santiam Enterprise Zone.

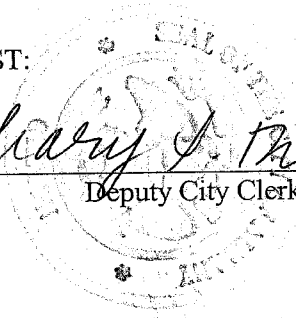

NOW, THEREFORE BE IT RESOLVED that the cosponsors of the South Santiam Enterprise Zone approve Allvac (Oremet) Albany's request to extend the period of time the company might qualify for benefits by two (2) years and sets the minimum number of employees the company must maintain to stay authorized for enterprise zone benefits at 1,100.

DATED AND EFFECTIVE THIS 14TH DAY OF JULY 2010.

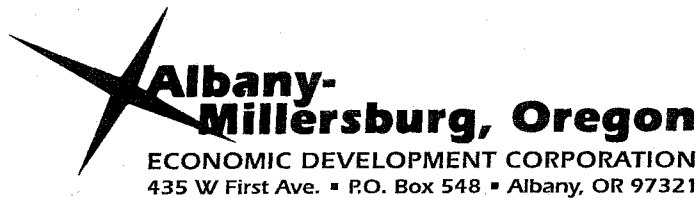


Mayor

ATTEST:

Deputy City Clerk



Memo

Date: June 21, 2010

To: South Santiam Enterprise Zone Co-Sponsors
City of Albany c/o Wes Hare
City of Lebanon c/o John Hitt
City of Millersburg c/o Barbara Castillo
Linn County c/o Ralph Wyatt

From: John Pascone, President

Subject: Enterprise Zone Request to Take Action as Allowed by
HB3609 on Behalf of Allvac (Oremet) Albany
Per Company request Letter (attached)

Background

Allvac (Oremet) Albany submitted an Authorization Application on January 10, 2007. This application was approved in May of 2007, after the zone co-sponsors passed resolutions approving the requested Employment Waiver. At the time of application, Allvac (Oremet) Albany and Wah Chang had 1345 employees in the enterprise zone. They agreed to maintain 1210 employees during the term of the exemption.

Subsequent to the application approval, Allvac (Oremet) Albany invested almost \$36 million and has qualified for their first year of exemption.

The problem is that since their initial application and completion of the investment, the economy has declined as has the orders for their products which are made for the aerospace industry. The drop in orders has meant that the company has had to layoff employees.

Under prior Enterprise Zone regulations, a company which has to cut employment, even due to a recession, gets disqualified for any future exemptions, even though the company has made the promised investment.

This is unfair, since they already invested their money, because through no fault of their own, they lose any opportunity to recover the exemption.

Remedy

With the help of Senator Morse and Representative Olson, HB 3609 was introduced and was passed to recognize this problem with the regulations and to offer relief to companies caught in this situation.

The company may apply for relief from the co-sponsors when recessionary indicators show that 1) county employment has declined for two or more consecutive quarters and 2) county unemployment rate is 2 percentage points higher than the state.

The above conditions exist in Linn County and Allvac (Oremet) Albany is asking for your help.

Action Requested

1. That Allvac (Oremet) Albany's employment requirement during the extension period be changed from the original requirement of 1210 to a minimum employment count of 1100 employees for each year of the extension, although they are hoping to grow above that number as the economy improves.
2. That the period of time that the company might qualify for the exemption be extended an additional 2 years.

HB3609 allows the above remedy. The above changes reflect the reality of the economy and give the company relief from the employment requirement and allow them additional time to qualify for the exemption.

Implementation of the Remedy

HB3609 became effective on May 27, 2010. The co-sponsors, after agreeing to take the requested action, must each pass a resolution outlining the action agreed upon within 60 days.

Please contact me if you have any questions.

Thank you, John



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www.wahchang.com Web site

May 21, 2010

John Pascone
President
Albany- Millersburg Economic Dev. Corp
435 First Avenue, W
Albany, Oregon 97321

Subject: Request for relief on Albany sponge plant EZ property

Dear John:

As you are aware that our sponge plant has been in temporary idling status since August 1, 2009 due to market conditions, we are requesting zone sponsors to extend relief on this E Z certified property claim to additional 2 years per recent legislation HB 3609.

This property is EZ exempt certified for 3 years, we have claimed one year with lien date of Jan 1, 2009 and are working with Linn county assessor on Jan 1, 2010 lien date in term assessment.

We appreciate your continued support of our operations.

Sincerely yours,

A handwritten signature in black ink that reads "Joseph Frazier". The signature is written in a cursive, flowing style.

Joseph Frazier
VP Finance