

A RESOLUTION TO ALLOW PACIFIC CAST TECHNOLOGIES, INC. TO REMAIN ELIGIBLE FOR ENTERPRISE ZONE BENEFITS ON AN ANNUAL BASIS) RESOLUTION NO. 40) FOR 2003

WHEREAS, Pacific Cast Technologies, Inc. has invested in capital improvements (costing less than \$15 million) at their plant in Albany, Oregon; and

WHEREAS, the Albany plant is located within the South Santiam Enterprise Zone, which is sponsored by Linn County, City of Albany, City of Lebanon and City of Millersburg; and

WHEREAS, Pacific Cast Technologies, Inc. applied for pre-certification in the South Enterprise Zone for the aforementioned investment and was approved for pre-certification between January 1, 1999 and January 1, 2002; and


WHEREAS, Pacific Cast Technologies, Inc. has provided timely notice of its inability to reach or maintain a sufficient level of employment as normally required under ORS 285B.650 to 285B.728, due to recent and exceptionally unfavorable economic conditions; and

WHEREAS, the sponsor of the South Enterprise Zone values the investment and continued contribution to the economic health of the community made by Pacific Cast Technologies, Inc., despite the recent difficulties, which may prove entirely transitory; and

WHEREAS, the 72nd Oregon Legislative Assembly allowed under section 51b(3), chapter 662, Oregon Laws 2003 (House Bill 2299) that subject to sponsor resolution adopted on or before December 31, 2003, an authorized business firm, such as Pacific Cast Technologies, Inc., shall qualify or remain qualified for the exemption under ORS 285B.698. For each year of noncompliance due to insufficient employment levels, the otherwise qualified property shall be assessed having taxes collected and distributed in the same manner as non-qualifying property.

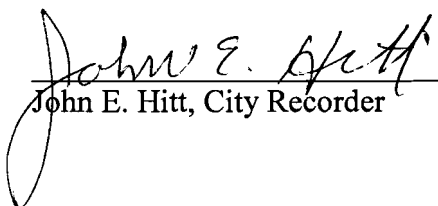
BE IT RESOLVED THAT THE CITY OF LEBANON hereby approves Pacific Cast Technologies, Inc. for qualification or continued qualification in accordance with section 51b(3)(d), chapter 662, Oregon Laws 2003, for qualification or continued qualification.

Approved by the Lebanon City Council, Linn County, Oregon by a vote of 4 for and 0 against on this 10th day of December 2003.



Kenneth I. Toombs, Mayor
Ron Miller, Council President

Attest:



John E. Hitt, City Recorder

Albany-Millersburg Economic Development Corporation

To: South Santiam Enterprise Zone Sponsors
Linn County, City of Albany, City of Lebanon, City of Millersburg

From: John Pascone, AMEDC

Subject: Resolution to Maintain Eligibility for Pacific Cast Technologies, Inc. (PCT)
Date Deadline 12/31/03.

Reason for the Resolution:

To allow Pacific Cast Technologies, Inc. to keep their eligibility in the Enterprise Zone and in a year in which they meet the required employment level they would receive the tax deferral on their qualified investment for that tax year. The law as previously written bars them from eligibility forever if they do not make the employment level the first year of exemption.

The 2003 legislature enacted a fix for this situation in HB 2299 at my request. Representative Close sponsored my amendment because we felt the existing law unfairly penalized the company. Below is part of the testimony.

I realize that this is short notice, but I just received the draft resolution from Art Fish. I will be glad to discuss this with you and be present at your council/commission meetings if needed.

The Issue:

PCT was very excited about their expansion and was looking forward to their increased capacity (almost doubling) and the extra jobs created.

Construction was completed in 2002, and therefore, the first year of exemption would be 2003. An Exemption Application must be filed with the Linn County assessor by April 1st. As zone manager, I was helping the company prepare the form for filing and discovered that their employment level was below the average of 240. This company was hit very hard, first by the falling economy, then by 9/11 and the subsequent recession.

We did not know, until we talked to the assessor and Art Fish, that if a company does not meet the new employment numbers, they not only lose the first year of exemption, but lose the whole benefit for the entire period, for this company; 5 years.

If a company qualifies for the first year and not the second, they can re-qualify for the third, or in this case fourth and fifth also. This company cannot.

I have been zone manager for six years and have never run across this situation before. The reason is that in a growing economy, companies usually have no trouble in making their employment numbers. But in a down economy, through no fault of their own, if they can't make

the numbers in the first year, they are forever barred, under current regulations, from trying for the exemption in subsequent years.

The Enterprise Zone incentive is the only real incentive this community and State has in our economic development tool kit. We encourage companies to invest and risk their capital hoping for increased jobs. Due to an economic downturn, the company should not be penalized every year of their pre-certified exemption, if they can't meet the numbers the first year of exemption.

There should be a mechanism which allows them the opportunity to apply for the exemption in every year that they are approved for. I think that local zone sponsors should be allowed to review these on a case by case basis and allow a waiver or exception so that the company can apply in future years if their employment numbers improve. The local zone sponsors are in the best position to know if the company should merit the waiver.

This is only fair, since the company has already made the investment, and the community will benefit by higher taxes because of the investment and increased employment when the economy improves. The company is already hiring again.

I hope I have explained this sufficiently. If you have any questions or need any further information please do not hesitate to contact me.

Company: Pacific Cast Technologies, Inc. (PCT)
150 Queen Ave. SW
Albany, Oregon 97321
Contacts: Jay Tofflemire, Purchasing Manager
541-967-4846
Nolin Barnes, Controller
541-967-4860

Project Details:

Enterprise Zone: South Santiam

Project Pre-certified on 10/12/00, Approved on 5/24/01

Regular Exemption; 3 years

Extended Abatement approved for years 4 and 5

Pre-certified investment; \$8,978,625, actual \$9,700,756

Pre-certified average annual employment; 240

Estimated new employment level; 264



CITY OF LEBANON

MEMORANDUM

TO: Mayor Toombs & City Council

DATE: 12/3/03

FROM: John Hitt, City Administrator

SUBJECT: Resolution for Tax Abatement – Pacific Cost Technologies

Attached is a memo and proposed resolution from John Pascone of AMEDC, seeking the concurrence of the zone sponsors to extend Tax Abatement for Pacific Cast Technologies.

Approval of this resolution will not impact the City's tax revenues in any way. Nor will it reduce, or otherwise affect, our ability to grant abatements in the future.

Staff recommends City Council approval of the attached resolution.