

A RESOLUTION APPROVING AN EXTENDED) RESOLUTION NO. 7
PROPERTY TAX ABATEMENT AGREEMENT)
BETWEEN THE CITY OF LEBANON, A CO-) for 2011
SPONSOR OF THE SOUTH SANTIAM ENTERPRISE)
ZONE, AND ENTEK INTERNATIONAL, LLC)

WHEREAS, ENTEK International, LLC is investing in construction of a new production line, and

WHEREAS, ENTEK International, LLC intends to add sixteen new employees; and

WHEREAS, ENTEK International, LLC anticipates providing average pay and benefits to these employees equal to or greater than 150 percent of the Linn County average, as required under ORS 285C.160; and

WHEREAS, ENTEK International, LLC, which is located in the City of Lebanon, has applied to extend the property tax abatement for which it qualifies through its inclusion in the South Santiam Enterprise Zone; and

WHEREAS, the City of Lebanon is a cosponsor of the South Santiam Enterprise Zone.

NOW, THEREFORE, BE IT RESOLVED that the attached Extended Abatement Agreement of February 9, 2011 is herein approved.

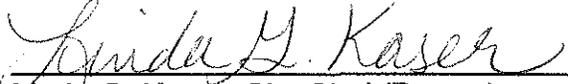
Section 1. This Resolution becomes effective March 8, 2011.

Passed by the Lebanon City Council by a vote of 6 for and 0 against and approved by the Mayor this 9th day of February, 2011.

CITY COUNCIL OF LEBANON OREGON


Kenneth I. Toomb, Mayor
Bob Elliott, Council President

ATTEST:


Linda G. Kaser, City Clerk/Recorder

AGREEMENT FOR OREGON ENTERPRISE ZONE EXTENDED ABATEMENT

AGREEMENT WITH THE SOUTH SANTIAM ENTERPRISE ZONE SPONSORS TO EXTEND PROPERTY TAX EXEMPTION TO FIVE CONSECUTIVE YEARS IN TOTAL FOR CAPITAL INVESTMENT BY ENTEK INTERNATIONAL, LLC.

The sponsors of the South Santiam Enterprise Zone comprising the governing bodies of the City of Albany, City of Lebanon, City of Millersburg and Linn County (hereinafter "The Zone Sponsor") and ENTEK International, LLC of Lebanon (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 investment in qualified property in the South Santiam Enterprise Zone contingent on certain special requirements, under ORS 285C.160 (2003).

The Zone Sponsor and The Firm jointly acknowledge: that subject to submission and approval of an application for authorization and the satisfaction of other requirements under ORS 285C.050 to 285C.250, 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 for these three years of the exemption.

The Zone Sponsor extends The Firm's property tax exemption an additional two years on all property that initially qualifies in the South Santiam Enterprise Zone in the assessment year beginning on January 1, 2012 and, thus, sets 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 under 285C.160 (3) (a) (A) that for each year of the entire exemption period, 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 specific definitions and guidelines in Oregon Administrative Rules (OAR), Chapter 123, Division 065, 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 authorization, except as pursuant to ORS 285C.160 (4), according to the 2009 Linn County average annual wage rate of \$36,868 for which 150 percent equals \$55,302.

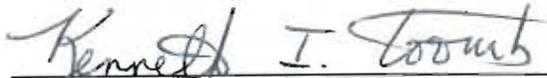
3. Only employees working at jobs filled for the first time after the application for authorization but by December 31 of the first full year of the initial exemption and performed within the current boundaries of the South Santiam Enterprise Zone are counted; and

4. Only full-time, year-round and non-temporary employees engaged a majority of their time in The Firm's eligible operations consistent with ORS 285C.135 & 285C.200(3) 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

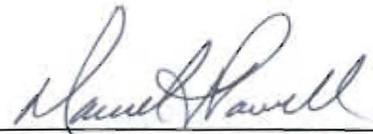
For The Firm to receive the additional two years of enterprise zone exemption granted herein, the Zone Sponsor and The Firm agree that there are no additional requirements besides the statutory requirements.

ACCEPTING FOR THE CITY OF LEBANON,
A ZONE SPONSOR OF THE SOUTH
SANTIAM ENTERPRISE ZONE:

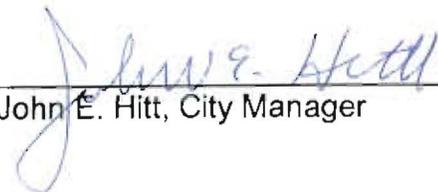


Kenneth I. Toomb, Mayor

ACCEPTING FOR ENTEK
INTERNATIONAL, LLC:



Daniel T. Powell, Chief Financial Officer



John E. Hitt, City Manager

The City of Albany, City of Millersburg and Linn County, zone co-sponsors, approve this Agreement by passing separate Resolutions. Copies of which are attached.



January 25, 2011

Mr. John Pascone
AMEDEC
PO Box 548
Albany, OR 97321

Dear John:

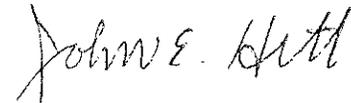
Please find enclosed an Enterprise Zone application from ENTEK seeking an extended abatement. I've also included a copy of our proposed agreement and adoption resolution.

Could you coordinate this approval request with Linn County and the City of Albany and Millersburg?

Should you have any questions, don't hesitate to contact me at (541) 258-4202 or jhitt@ci.lebanon.or.us.

Thanks for your help and consideration.

Sincerely,


John Hitt
City Manager

JEH:bh

Enclosure

ADMINISTRATION

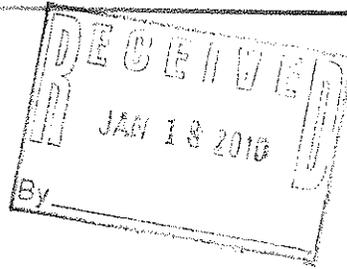


ENTEK International LLC
250 North Hansard Avenue
P.O. Box 127
Lebanon, Oregon 97355
Telephone: (541) 259-3901
FAX: (541) 259-3932

ISO 9001:2000 Certified QMS



January 18, 2011



Mr. John Hitt
City Administrator
City of Lebanon
925 Main St.
Lebanon, OR 97355-3200

Delivered in Person:

Re: ENTEK International LLC – Application for Enterprise Zone Tax Exemption

Dear John:

Enclosed is ENTEK International LLC's application for an Enterprise Zone Exemption for the construction of a ninth production line at 250 Hansard Avenue in Lebanon (see attached). The installation of the proposed production line will require the expansion of our current factory building to the north and west of our property. The attached application includes the estimated costs to construct the new production line, purchase and install required ancillary systems supporting the production process and expansion of our existing factory building. The lead time for the ordering and installation of the line would be approximately 14-18 months from placement of the order.

It is our understanding that the attached request will need approval from the Lebanon City Council. Please inform the Council that our objective is to further expand our automotive separator technology in Lebanon thereby remaining price competitive in battery technology. In addition to the above proposed line, ENTEK International and its affiliated Lebanon companies have been investing between 3-5 million dollars a year in new equipment or upgrades for which we do not request tax exemption. We anticipate that the addition of the new production line will provide sixteen (16) new living wage positions with related benefits. The Council's continuing support of our growth would be greatly appreciated.

Please let me know if you have any questions concerning the enclosed application.

Yours truly,

Daniel T. Powell
Chief Financial Officer

OREGON ENTERPRISE ZONE AUTHORIZATION APPLICATION

• Complete form and submit to the local enterprise zone manager **before** breaking ground or beginning work at the site. • Please type or print neatly.

APPLICANT

Enterprise Zone or Rural Renewal Energy Development Zone (where business firm and property will be located) South Santiam Enterprise Zone		County Linn County	
Name of Business Firm ENTEK International LLC		Telephone Number (541) 259-3901	
Mailing Address P.O. Box 127	City Lebanon	State OR	ZIP Code 97355
Location of Property (street address if different from above) 250 Hansard Avenue	City Lebanon	State OR	ZIP Code 97355
Map and Tax Lot Number of Site 12S02W03C 01600	Contact Person Dan Powell	Title Chief Financial Officer	

My firm expects to first claim the standard property tax exemption in the following year(s): 2013

- Check here if your firm has or has had another exemption in this enterprise zone. Note the first year of such exemption: 1992
- Check here that your firm commits to renew this authorization application. Renew this application on or before April 1 every two calendar years, until the tax exemption on qualified property is claimed.
- Check here if you are requesting an **extended abatement** of one or two additional years of exemption. This is subject to minimum average annual "compensation" for employees and written agreement with local zone sponsor. Sponsor may request additional requirements.

Zone Manager Use Only (after written agreement but before authorizing firm):

County Average Annual Wage: \$ _____ For Year _____ Total Exemption Period: 4 or 5 Consecutive Years (check one)

BUSINESS ELIGIBILITY

Eligible Activity—Check all activities that apply to proposed investment within the enterprise zone:

- Manufacturing Fabrication Bulk Printing Shipping Agricultural Production Energy Generation
- Assembly Processing Software Publishing Storage Back-office Systems
- Other—describe the activities that provide goods, products, or services to other businesses (or to other operations of your firm):

Check here if your business firm does or will engage in **ineligible activities** within the enterprise zone (such as retail sales, health care, professional services, or construction). Describe below (or in an attachment) these activities and their physical separation from "eligible activities" checked above: N/A

Special Cases—Check all that apply:

- Check here if a **hotel, motel, or destination resort** in an applicable enterprise zone.
- Check here if a **retail/financial call center**. Indicate expected percent of customers in local calling area: _____ %.
- Check here if a **"headquarters" facility**. (Zone sponsor must find that operations are statewide or regional in scope and locally significant.)
- Check here if an **electronic commerce investment** in an e-commerce enterprise zone. (This also provides for an income tax credit.)

EMPLOYMENT IN THE ENTERPRISE ZONE (see worksheets on last page)

Do **not** count temporary, seasonal, construction, FTE, part-time jobs (32 hours or less per week), or employees working at ineligible operations.

Existing Employment—My business firm's average employment in the zone over the past 12 months is 157 jobs.

New Employees—Hiring is expected to begin on (date or month and year):

May 2012

• Hiring is expected to be completed by (month and year):

Sept 2012

• Estimated total number of new employees to be hired with this investment is: 16

Commitments—By checking all boxes below, you agree to the following commitments as required by law for authorization:

- By April 1 of the first year of exemption on the proposed investment in qualified property, I will increase existing employment within the zone by one new employee or by 10 percent, whichever is greater.
- My firm will maintain at least the above minimum level as an annual average employment during the exemption period.
- When the exemption claim is also filed by April 1 following each calendar year of exemption, total employment in the zone will not have shrunk by 85 percent at one time or by 50 percent twice in a row, compared to any previous year's figure.
- My firm will comply with local additional requirements as contained in: (1) a written agreement for an extended agreement, (2) zone sponsor resolution(s) waiving required employment increase, or (3) an **urban** enterprise zone's adopted policy, if applicable.
- My firm will verify compliance with these commitments, as requested by the local zone sponsor, the county assessor or their representative, or as directed by state forms or administrative rules.
- My firm will enter into a **first-source hiring agreement** before hiring new eligible employees. (This **mandatory** agreement entails an obligation to consider referrals from local job training providers for eligible job openings within the zone during at least the exemption period.)

OREGON EMPLOYMENT OUTSIDE THE ENTERPRISE ZONE

Check only those that apply:

- Check here if your firm or a commonly controlled firm is, or will be, closing or curtailing operations in the state **beyond 30 miles of the zone's boundary**. Indicate timing, location, number of any job losses, and relationship to the proposed enterprise zone investment:

- Check here if you are transferring any operations into the zone from site(s) **within 30 miles of the zone boundary** (existing businesses only): My firm's average employment at the site(s) over the past 12 months is _____ jobs.
- Check here if your firm commits to increase the combined employment at the site(s) (within 30 miles) and in the zone to 110 percent of the existing combined level by April 1 and on average during the first year of exemption.

PROPOSED INVESTMENT IN QUALIFIED PROPERTY

Anticipated Timing—Enter dates or months/years

Action	Site and Building & Structures			Machinery and Equipment		
	Preparation	Construction*	Placed in Service	Procurement**	Installation	Placed in Service
To commence or begin on	Mar 2011	Sep 2011	Dec 2011	Mar 2011	Jan 2012	Aug 2012
To be completed on	Jun 2011	Dec 2011		Jul 2012	Jul 2012	

* And/or new reconstruction, additions to, or modifications of existing building(s) or structure(s).
 ** May precede application by up to three months.

Special Issues:

- Check here for building/structure acquired/leased for which construction, reconstruction, additions, or modifications began prior to this application (attach executed lease or closing documents).
- Check here for **Work-in-Progress** tax exemption for qualified property that is not yet placed in service and is located on site as of January 1. (Attach description and list of such probable property. See "Special Issues Worksheet," on the last page.)

Qualifying Property: Estimates of cost (please attach a preliminary list of machinery and equipment).

Type of Property		Number of Each/Item	Expected Estimated Value	Check if any Item will be Leased
Real Property	Building or structure to be newly constructed		\$	<input type="checkbox"/>
	New addition to or modification of an existing building/structure		\$ 2,000,000	<input type="checkbox"/>
	Heavy or affixed machinery and equipment		\$ 27,940,260	<input type="checkbox"/>
Personal Property Item(s) Costing:	\$50,000 or more		\$	<input type="checkbox"/>
	\$1,000 or more (E-commerce zone or used exclusively for tangible production)		\$	<input type="checkbox"/>
Total Estimated Value of Investment			\$ 29,940,260	

Additional Description: In addition to what is explained elsewhere, briefly comment below (or in an attachment) on the scope of your investment, the particular operations and output that are planned, and the intended uses of the qualifying property.

See additional information attached

DECLARATION

I declare under penalties of false swearing [ORS 305.990(4)] that I have examined this document and attachments, and to the best of my knowledge, they are true, correct, and complete. If any information changes, I will notify the zone manager and the county assessor and submit appropriate written amendments. I understand that my business firm will receive the tax exemption for property in the enterprise zone, only if my firm satisfies statutory requirements (ORS Chapter 285C) and complies with all local, Oregon, and federal laws that are applicable to my business.

MUST BE SIGNED BY AN OWNER, COMPANY EXECUTIVE, OR AUTHORIZED REPRESENTATIVE OF THE BUSINESS FIRM

Signature X  Date January 17, 2011

Title (if not an owner or executive, attach letter attesting to appropriate contractual authority)

Chief Financial Officer

Local enterprise zone manager and county assessor must approve this application (with *Enterprise Zone Authorization Approval*, form 150-303-082)

**ENTEK International LLC
Enterprise Zone Precertification Application
Supplementary Information
As of 17 January 2011**

**(A) Type of Property
Summary Description**

ENTEK International LLC proposes to expand its current production capabilities for the production of microporous membrane material for automotive lead-acid batteries. The total cost of the investment will be approximately \$30 million. The new line will have the capability of producing 55 to 60 million m2 of material annually.

The production line requires well-trained manufacturing personnel familiar with such concepts as on-line characterization, quality assurance, and other testing techniques.

(B) Prior Oregon Enterprise Zone Exemptions

The predecessor company of ENTEK International LLC, Emark Inc., applied for and received an Oregon Enterprise Zone Exemption in 1992.

(C) Other Allowed Circumstances

Briefly explain checked items:

- (1) ENTEK International requests that construction in progress be tax exempt for the period under construction.
- (2) ENTEK International applies for all incentives provided by local sponsoring jurisdictions.

(D) Manpower

The new line will require 8-10 new production workers that will be required to provide on-line sheet characterization and quality control testing.

Average hourly wage	\$21 / hour	(2011 \$)	\$ 43,680
Non - Mandated Benefits			<u>\$10,483</u>
			<u>\$ 54,163</u>

**ENTEK International LLC
Enterprise Zone Precertification Application
Existing Jobs and Required Employment Increase**

Jan-10	149
Feb-10	151
Mar-10	150
Apr-10	150
May-10	157
Jun-10	157
Jul-10	158
Aug-10	159
Sep-10	165
Oct-10	160
Nov-10	164
Dec-10	<u>168</u>

Average annual existing jobs 157

Multiplier Factor 1.1

Level of Employment Required 173