

City of St. Helens
RESOLUTION NO. 1821

A RESOLUTION OF THE CITY OF ST. HELENS AUTHORIZING EXTENDED ENTERPRISE ZONE BENEFITS FOR A FOURTH AND FIFTH YEAR TO AERO INVESTMENT STRATEGIES LLC (d/b/a Composites Universal Group) LOCATED IN THE SOUTH COLUMBIA COUNTY ENTERPRISE ZONE

WHEREAS, the South Columbia County Enterprise Zone has six (6) co-sponsors, the City of St. Helens, the City of Scappoose, the City of Columbia City, the City of Vernonia, the Port of St. Helens, and Columbia County offering economic incentives through property tax relief to businesses and industries providing capital investments resulting in job growth; and

WHEREAS, Aero Investment Strategies LLC, located at 58144 Old Portland Road, Warren, Oregon 97053 has made an application to extend the three year property tax abatement by two years for a total of five years; and

WHEREAS, Aero Investment Strategies LLC proposes to invest \$2,050,000 in enterprise zone qualified property at their existing manufacturing operation located in Warren, Oregon resulting in the creation of a minimum of ten (10) new jobs within the South Columbia County Enterprise Zone; and

WHEREAS, Aero Investment Strategies LLC is required to pay employee wages and benefits at a rate of not less than 150% of the Average Annual Covered Payroll which is \$34,593, and that Average Annual Compensation Standard of 150% is \$51,890; and

WHEREAS, the co-sponsors and the zone manager of the Aero Investment Strategies LLC have reviewed the application and agree that the proposed investment is consistent with the Enterprise Zone Purpose.

NOW, THEREFORE, BE IT RESOLVED, that the City of St. Helens authorizes the two year extension request for a total of five years exemption subject to the terms and conditions set forth in the Extended Enterprise Zone Exemption Agreement hereto attached and incorporated herein by this reference; and

IT IS FURTHER RESOLVED, the South Columbia County Enterprise Zone, upon concurrence of all the other sub-zone sponsors, is authorized to execute the Extended Enterprise Zone Exemption Agreement with Aero Investment Strategies LLC.

Approved and adopted by the City Council on June 20, 2018, by the following vote:

Ayes: Locke, Carlson, Conn, Morten, Scholl

Nays: None



Rick Scholl, Mayor

ATTEST:



Kathy Payne, City Recorder

Oregon Enterprise Zone Authorization Application*

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

Applicant

Enterprise zone or rural renewable energy development zone (where business firm and property will be located) South Columbia County Enterprise Zone		Email blair.quantum@frontier.com	
Name of business firm Aero Investment Strategies LLC d/b/a Composites Universal Group		Phone ()	
Mailing address 58144 Old Portland Road; Bldg B	City Warren	State OR	ZIP code 97053
Location of property (street address if different from above) 58144 Old Portland Road; Bldg E	City Warren	State OR	ZIP code 97053
County, TRS map ID number, and Tax lot number of site 4N1W17-00-00100 0201-15111	Contact person William H Blair	Title Managing Member	

My firm expects to first claim standard property tax exemption in the following (up to three) year(s): 2018-2019; 2019-2020 ;2020-2021

- Check here if your firm has or has had another exemption in this enterprise zone.
- 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 requesting an extended abatement of one or two additional years of exemption. Extended abatement is subject to written agreement with local zone sponsor, and to possibly additional state or local requirements before this application is approved.

Zone manager use only (after written agreement but before authorizing firm):	
County average annual wage: \$ _____ Year _____	Total exemption period: 4 <input type="checkbox"/> or 5 <input type="checkbox"/> 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":

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—regional in scope and locally significant)
- Check here if an **electronic commerce investment** in an e-commerce enterprise zone. (May also provide for an income tax credit)

Employment in the enterprise zone (see worksheets on last page)

Don't count FTEs, temporary, seasonal, construction, part-time jobs (32 hours or less per week), or employees working at ineligible operations.

Existing Employment—My business firm's average number of full-time employees in the zone over the past 12 months is: 60

New Employees— • Hiring is expected to begin on (date or month and year): April 2018
 • Hiring is expected to be completed by (month and year): December 2018
 • Estimated total number of new employees to be hired with this investment is: 10

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 have increased existing employment within the zone by one new employee or by 10%, 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 filed by April 1 following each calendar year of exemption, total employment in the zone will also not have shrunk by more than 85% at one time or by more than 50% twice in a row, compared to the highest such figure with any previous claim.
- My firm will comply with local additional requirements as contained in: (1) a written agreement for an extended abatement, (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 yours or any commonly controlled firm will curtail operations in the state beyond 30 miles of the zone boundary and move them into the zone. Indicate timing, location, number of any job losses, and relationship to the proposed enterprise zone investment:
- Check here if you are transferring operations into the zone from site(s) in the state within 30 miles of _____ zone boundary: My firm's average employment at the site(s) over the past 12 months is 7 _____ jobs.
- Check here, if applicable, that your firm commits to increase the combined employment at the site(s) (within 30 miles) and in the zone to 110% 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 (non-binding)

Action	Site and building and structures			Machinery and equipment		
	Preparation	Construction*	Placed in service**	Procurement***	Installation	Placed in service**
To commence or begin on	March 2018	April 2018	September 2018	May 2018	June 2018	November 2018
To be completed on	May 2018	August 2018		June 2018	September 2018	

* Including new reconstruction, additions to, or modifications of existing building(s) or structure(s).

** This is in the calendar year directly before the very first year of exemption.

*** May precede application by up to three months (includes personal property).

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, and don't take up occupancy until this application is approved).
- Check here if anticipating using Construction in process tax exemption for qualified property that is still being constructed/installed and isn't yet placed in service and is located on site as of January 1. If so, file *Application for Construction-in-Process Enterprise Zone Exemption*, 150-310-021, by April 1 with the county assessor's office.

Qualifying property: Estimates of cost and details about property are not binding, but in order for property to be exempted, its basic type and any major building/structure needs to be at least represented below.

Type of property		Number of each/item	Estimated value	Check if any Item will be leased
Real property	Building or structure to be newly constructed	1	\$ 1,350,000	<input checked="" type="checkbox"/>
	New addition to or modification of an existing building/structure		\$	<input type="checkbox"/>
	Heavy or affixed machinery and equipment	1	\$ 200,000	<input type="checkbox"/>
Personal property item(s) costing:	\$50,000 or more	2	\$ 500,000	<input type="checkbox"/>
	\$1,000 or more (E-commerce zone or used exclusively for tangible production)		\$	<input type="checkbox"/>
Total estimated value of investment			\$ 2,050,000	

In addition, describe below (or in an attachment) the overall nature and potential extent of your investment, including preliminary building plans and lists of property items, as appropriate and recommended by zone manager or county assessor (may be kept confidential).

Installing a new Delta H oven for curing parts and relocating the Jensen Oven from the Scappoose location.

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 March 26, 2018

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

Managing Member

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

Aero Investment Strategies LLC dba Composites Universal Group has been doing business in Columbia county since 2007. Originally formed for real estate investment focused on industrial applications, in late 2014 approached Composites Unlimited Inc about purchasing the assets of the company as the recession of 2007-2010 had severe impact on their operations. In fact, they were on the verge of declaring bankruptcy which would have left the work force of 40-45 employees at risk.

AIS took over the operations and assumed vendor and other obligations of the previous entity and started to expand the customer base and business volume. We approached the Port of St. Helens in 2015 regarding the lease of the Building B in Multnomah Business Park to handle this new volume. This was completed with a June 2016 move in to the newly remodeled building.

This left the remaining building on Highway 30 in Scappoose which housed the commercial industrial oven used in production of composites. The landlord gave notice that AIS would have to vacate this facility which led to discussions with the Port for a new building (E) located in Multnomah Industrial Park adjoining the current Building B. In addition to moving the oven AIS must purchase a secondary oven to install at building B to make sure there is no interruptions in providing the customer base with products.

EXTENDED ENTERPRISE ZONE EXEMPTION AGREEMENT

This Extended Enterprise Zone Exemption Agreement (this "Agreement") is made and entered into by and among the City of St. Helens, Oregon ("St. Helens"), the City of Columbia City, Oregon ("Columbia City"), the City of Scappoose, Oregon ("Scappoose") Port of St. Helens ("Port"), the City of Vernonia ("Vernonia") and Columbia County, Oregon ("Columbia"), as zone sponsors of the South Columbia County Enterprise Zone, and AERO INVENTMENT STRATEGIES LLC ("the Firm"). St. Helens, Scappoose, Port, Columbia City, Vernonia and Columbia County 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 Legislative Assembly has adopted ORS Chapter 285C creating provisions for the establishment and operation of Enterprise Zones. ORS 285C.175 provides that the qualified property of a qualified Firm shall be exempt from ad valorem property taxation under certain circumstances. ORS 285C.180 describes what kinds of property are qualified for the tax exemption provided under ORS 285C.175. ORS 285C.135 describes what kind of Firm is qualified to receive a property tax exemption under ORS 285C.175 for its qualified property; and

WHEREAS, pursuant to ORS 285C.175, the tax exemption shall apply to the first tax year for which, as of January 1 preceding the tax year, the qualified Property is in service. The exemption shall continue for the two succeeding assessment years if the property continues to be owned or leased by the qualified Firm and located in the Enterprise Zone; and

WHEREAS, pursuant to ORS 285C.160, the tax exemption, may be extended up total of five consecutive assessment years, i.e. an additional two years, if the qualified Firm agrees with the Zone 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, as determined at the time of authorization. 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 located within the Enterprise Zone, will be developed as a specialty medical transportation and aircraft maintenance 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 2.3, below, is given to assure that the average annual compensation paid to all New Employees, as defined in Section 2.3 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 Columbia County

available from the Oregon Employment Department at the time that the Firm's application for precertification is approved under the Oregon Revised Statutes; and

WHEREAS, the Oregon Business Development Department has adopted Chapter 123, Division 674 of the Oregon Administrative Rules (OAR), to administer the statutory provisions regarding Enterprise Zones; and

WHEREAS, the South Columbia County Enterprise Zone is a non-urban Enterprise Zone and pursuant to ORS Chapter 285C, the Zone Sponsor wishes to offer the Firm the extended tax exemption provided by ORS 285C.175(2)(b) in exchange for the Firm's location of qualified property within the Enterprise Zone.

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 Authorization Application. Upon timely submission of the Firm's claim for authorization as provided by ORS 285C.220 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 285C.135 and that the Firm has committed to meet the requirements of ORS 285C.200.

1.2 Approval of Tax Exemption Claim. Upon timely submission of the Firm's claim for tax exemption as provided by ORS 285C.220, 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 Chapter 285C. 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 285C.175 shall remain in effect if the Firm remains in compliance with the other requirements for Enterprise Zones under ORS Chapter 285C and OAR Chapter 123, Division 674. 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 285C.175, 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 Chapter 285C and OAR Chapter 123, Division 674. 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 authorization as such portion becomes eligible for exemption pursuant to OAR 123-674-6200, and 123-674-6300.

1.4 Additional Requirements. The Zone Sponsor requires the following additional community benefit investments to qualify for the additional two years of property tax abatement:

- \$3,151.58 per year for five consecutive years payable to the Columbia County Economic Team beginning on January 1, 2019. The amount is Betterment Contribution based upon 10% of annual property tax of \$31,515.76.

2. THE FIRM'S AGREEMENTS.

2.1 Application for Authorization. The Firm agrees to file an application for authorization pursuant to ORS 285C.140 following adoption of this Agreement.

2.2 Notices. The Firm agrees to provide and, if necessary, file applicable notices, statements, claims or reports required by ORS Chapter 285C or OAR Chapter 123, Division 674 and shall file all claims or reports as required by ORS 285C.220.

2.3 County Average Annual Wage. As required by ORS 285C.160, the Firm agrees to annually compensate all new employees, as that term is used in ORS 285C.050(13), 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.

2.3.1 Pursuant to OAR 123-574-0600, to qualify for the additional one or two years of an enterprise zone exemption, all of the eligible Firm's Affected Employees, as that term is defined by OAR 123-674-0600(4), must on average receive Compensation, as that term is defined by OAR 123-674-0600(1), of not less than 150 percent of the County Average Annual Wage, as that term is defined by OAR 123-674-0100(5) during each year throughout the exemption's first three years and the additional one or two years. The firm agrees to maintain an average wage and benefits package of \$ 55,338 per year for the five years of exemption.

2.3.2 "County Average Annual Wage" is defined by OAR 123-674-0100(5) and OAR 123-674-0600 and is based on the time the application is approved, and is fixed during the entire exemption period and is defined in paragraph 2.3.1 of this Agreement.

2.3.3 "New Employees" include only employees working at jobs filled for the first time after the application for precertification is filed but prior to December 31 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 285C.050(13), whether such employees are leased, contracted for, or otherwise obtained through an external agency or are employed directly by the Firm.

2.4 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 the Executive Director of CCET as Zone Manager to execute this Agreement pursuant to OAR 123-674-0700.

4. COUNTERPARTS. This Agreement may be executed in counterparts, each of which, when taken together, shall constitute fully executed originals. A signature sent and received by facsimile or a scanned signature sent by e-mail shall have the same effect as an original signature.

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.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the _____, day of _____, 201__, which shall be known as the "effective date" of the Agreement.

SOUTH COLUMBIA COUNTY
ENTERPRISE ZONE ENTERPRISE ZONE

AERO INVESTMENT STRATEGIES LLC

By:

Chuck Daughtry, Zone Manager

By:

Steve Ruege, Owner