



Multnomah County Oregon

Board of Commissioners & Agenda

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NOVEMBER 13, 2008

BOARD MEETING

FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	9:30 a.m. Opportunity for Public Comment on Non-Agenda Matters
Pg 2	9:30 a.m. Audit of the Sheriff's Civil Process Function
Pg 2	10:00 a.m. Proclaiming Monday, December 1, 2008 World AIDS Day in Multnomah County
Pg 3	11:00 a.m. Resolution Transferring Tax-Foreclosed Property to Non Profit Community Vision, Inc., for Low Income Housing Purposes
Pg 3	11:05 a.m. Resolution Approving Gresham Strategic Investment Zone #1 Agreement; Zone #1 Policy; and Submitting a Request to the OECD for Designation of the Zone
The November 20 and 27, 2008 Board Meetings are Cancelled	

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Thursday, November 13, 2008 - 9:30 AM
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

REGULAR MEETING

REGULAR AGENDA

PUBLIC COMMENT - 9:30 AM

Opportunity for Public Comment on non-agenda matters. Testimony is limited to three minutes per person. Fill out a speaker form available in the Boardroom and turn it into the Board Clerk.

AUDITOR'S OFFICE – 9:30 AM

- R-1 Audit of the Sheriff's Civil Process Function. Presented by LaVonne Griffin-Valade, Multnomah County Auditor and Joanna Hixson, Senior Auditor. 30 MINUTES REQUESTED.

NON-DEPARTMENTAL - 10:00 AM

- R-2 PROCLAMATION Proclaiming Monday, December 1, 2008 as World AIDS Day in Multnomah County, Oregon. Presented by Commissioner Maria Rojo de Steffey, Michael Kaplan, Cascade AIDS Project; Sister Krissy, Sisters of Perpetual Indulgence; Graham Harriman, Multnomah County and Dayna Kirk, Africa AIDS Response. 15 MINUTES REQUESTED.

SHERIFF'S OFFICE – 10:15 AM

- R-3 BUDGET MODIFICATION MCSO-02 Appropriating \$444,268 Federal COPS METH Grant Funding to the District Attorney, the Department of County Human Services and the Sheriff's Office for the County's Anti-Methamphetamine Initiative
- R-4 BUDGET MODIFICATION MCSO-03 Appropriating \$71,938 in Edward Byrne Memorial Justice Assistance Grant (JAG) Funding
- R-5 Briefing Regarding the Sheriff's Office New Cold Case Homicide Squad. Presented by Captain Monte Reiser. 10 MINUTES REQUESTED.

DEPARTMENT OF HEALTH – 10:35 AM

- R-6 BUDGET MODIFICATION HD-10 Appropriating \$39,997 in Revenue from the U.S. Food and Drug Administration – Innovative Food Defense Strategies for Restaurant Operators and Inspectors
- R-7 NOTICE OF INTENT to Submit a \$30,000 Grant Application to the National Association of County and City Health Officials' "Healthy Communities Demonstration Sites" Grant Program
- R-8 NOTICE OF INTENT to Submit a Proposal for \$850,000 to the Maternal and Child Health Bureau of the U.S. Department of Health and Human Services
- R-9 NOTICE OF INTENT to Submit a \$35,000 Grant Request to the National Association of County and City Health Officials to Support an Analysis of Public Health Informatics

DEPARTMENT OF COUNTY MANAGEMENT – 10:45 AM

- R-10 RESOLUTION Approving an Amendment to an Intergovernmental Agreement with Multnomah County School District No. 1J to Relinquish Space Currently Being Leased by Multnomah County in the Blanchard Building, 401 North Dixon Street, Portland, Oregon, Which is Surplus to County Use
- R-11 RESOLUTION Adopting Multnomah County Investment Policy and Repealing Resolution 07-077

COMMISSION ON CHILDREN, FAMILIES AND COMMUNITY – 10:55 AM

- R-12 BUDGET MODIFICATION NOND-08 Appropriating \$157,800 to the Commission on Children, Families and Community Budget for Fiscal Year 2009 for Implementation of the Commission's Six-Year Community Plan, the Roots and Wings Event and Expanding Youth Engagement Strategies

NON-DEPARTMENTAL - 11:00 AM

- R-13 RESOLUTION Approving the Transfer of Tax-Foreclosed Property to Community Vision, Inc., a Non-profit Corporation, for Low Income Housing Purposes
- R-14 RESOLUTION Approving the Gresham Strategic Investment Zone #1 Intergovernmental Agreement; Adopting the Gresham Strategic Investment Zone #1 Policy; and Submitting a Request to the Oregon Economic and Community Development Department for Designation of the Zone



MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS
501 S.E. HAWTHORNE BLVD., Room 600
PORTLAND, OREGON 97204
(503) 988-5213

Lonnie Roberts • DISTRICT 4 COMMISSIONER

MEMORANDUM

TO: Chair Ted Wheeler
Commissioner Maria Rojo de Steffey
Commissioner Jeff Cogen
Commissioner Lisa Naito
Board Clerk Deb Bogstad

FROM: Sam Peterson
Staff Assistant to Commissioner Lonnie Roberts

DATE: October 20, 2008

RE: November 13, 2008 Board Meeting.

Due to a previously planned travel arrangement, Commissioner Roberts will be out of town on November 13, 2008. Therefore he will not be attending that day's Board Meeting.

Thank you,

Sam Peterson



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-1
Est. Start Time: 9:30 AM
Date Submitted: 11/05/08

Agenda Title: Audit of the Sheriff's Civil Process Function

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: November 13, 2008
Amount of Time Needed: 30 minutes
Department: Non-Departmental
Division: Auditors Office
Contact(s): Judy Rosenberger
Phone: 503/988-83320 **Ext.** 88832 **I/O Address:** 503/601
Presenter(s): LaVonne Griffin-Valade, Multnomah County Auditor, Joanna Hixson, Senior Auditor

General Information

1. What action are you requesting from the Board?
Board Briefing.
2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.
The County Auditor's Office will brief the Board on the results of their audit of the Sheriff's civil process function.
3. Explain the fiscal impact (current year and ongoing).
4. Explain any legal and/or policy issues involved.
5. Explain any citizen and/or other government participation that has or will take place.

Required Signature

Elected Official or
Department/
Agency Director:

Date: Nov. 5, 2008



LaVonne Griffin-Valade
Multnomah County Auditor

Audit Staff
Joanna Hixson
Craig Hunt
Kathryn Nichols

Board Briefing on the Audit of the Sheriff's Civil Process Function – November 13, 2008

The Sheriff's Office civil process function is an important element of the public safety system. Since 2005, the Civil Process (Civil) unit and the Uniformed Patrol (Patrol) unit have had joint responsibility for the function. Prior to that, only the Civil unit carried out this work. The function does the following:

- provides for the serving and execution of civil court documents and orders
 - **notice process** examples: notice of claim, notice of eviction, protective orders
 - **enforcement order** examples: garnishment, restitution, eviction orders
 - **civil commitment process**: transport and custody of allegedly mentally ill persons during involuntary commitment hearings (performed by Civil unit deputies only)
- ensures that civil court can operate as statutorily intended and that steps are taken to protect the rights, property, and safety of county residents
- about 25,405 civil process cases in 2007
 - 82% = lower priority notice and enforcement order activities; about 10% = protective orders; 4% = evictions; and 3% = civil commitment transports

Audit focus:

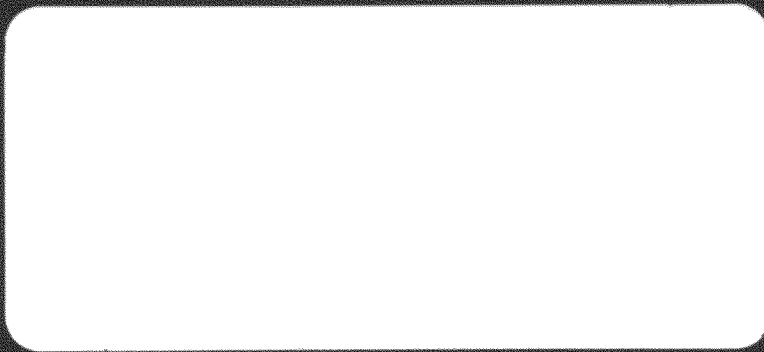
- compared the performance of both units in carrying out civil process work
- assessed the impact of dividing the civil process function between two units
- analyzed the impact of civil process duties on the Patrol unit's law enforcement efforts

Findings:

- 1) Civil process work created an imbalance in the Sheriff's law enforcement efforts
 - took Patrol unit deputies out of their assigned districts and into areas that frequently already had patrol coverage, such as Gresham or east Portland
 - at least one third of Patrol unit deputies' time was not spent in those areas of the county where MCSO had patrol service responsibility, creating a mismatch between the time patrol deputies spent on calls and the level of crime in assigned patrol districts
- 2) Civil unit deputies cost much less than employing Patrol unit deputies to do civil process work but at the same time, civil deputies were more productive in performing that work.
- 3) Patrol unit deputies lacked consistent oversight on performance of civil process calls.
- 4) The vast majority of civil process work did not require the expertise and training of the more expensive Patrol unit deputies.
- 5) Civil unit annual program offers overstated civil process costs and were not transparent regarding the funding of Patrol unit activities.
- 6) There are some alternatives that could potentially increase efficiency and bring down the cost of lower-risk civil process duties.

Recommendations to the Sheriff:

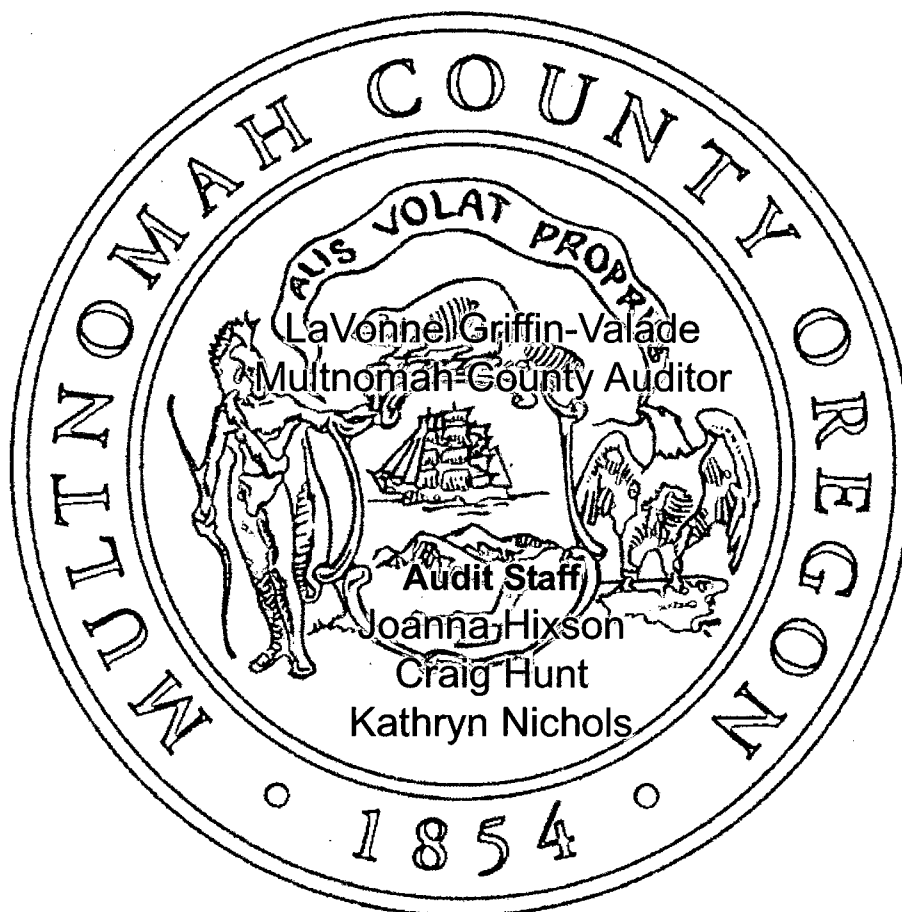
- Operate the Civil unit using civil deputies rather than patrol deputies in order to hold down costs, maintain optimum productivity, better match Patrol unit time in assigned districts, potentially increase response time to 911 calls, and better match patrol time to crime incidence.
- Establish civil process practices in procedures and provide ongoing oversight of that work.
- Bill the Civil unit annually for any civil process work carried out by the Patrol unit in order to provide decision makers with accurate budget information.
- Study the feasibility of alternative methods to conducting lower-risk civil process activities.



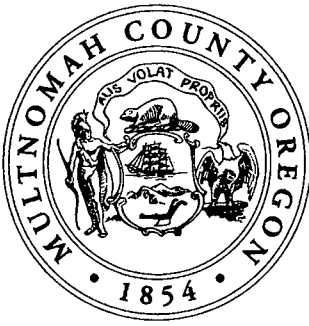
MULTNOMAH COUNTY AUDITOR
PORTLAND, OREGON

Audit of the Sheriff's Civil Process Function

November 2008



We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



LaVonne Griffin-Valade Multnomah County Auditor

501 SE Hawthorne Room 601
Portland, Oregon 97214
Phone: (503) 988-3320

MEMORANDUM

Date: November 13, 2008

To: Bob Skipper, Multnomah County Sheriff
Ted Wheeler, Multnomah County Chair
Maria Rojo de Steffey, Commissioner, District 1
Jeff Cogen, Commissioner, District 2
Lisa Naito, Commissioner, District 3
Lonnie Roberts, Commissioner, District 4

From: LaVonne Griffin-Valade, County Auditor

Re: Audit of the Sheriff's Civil Process Function

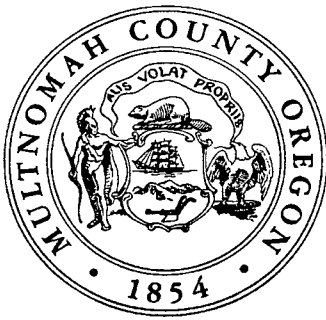
The attached report covers our audit of the Multnomah County Sheriff's Office civil process function. We reviewed the efficiency, effectiveness, and performance of the two units assigned to carry out civil process work, and we found a number of areas where improvements should be made. We recommend several changes to create savings, gain efficiencies, and promote productivity, while preserving the integrity of the county's public safety system.

This audit and our recommendations arrive at a time of fiscal crisis for the county, when departments, including the Sheriff's Office, have been asked to examine how to cut spending and still continue to provide essential services. Although difficult choices will likely be required of all departments, Multnomah County is fortunate to have entered a new era of leadership in the Sheriff's Office. We are encouraged by the Sheriff's commitment to working cooperatively with county decision makers and promise of greater accountability and stewardship of the public trust and tax dollars.

We want to thank Sheriff Skipper, Undersheriff Slyter, Chief Deputy Moore, and other members of the Sheriff's management team for their cooperation and assistance throughout the audit. In particular, we want to thank the deputies in the Civil Process unit and the Uniformed Patrol unit, as well as numerous other Sheriff's Office staff, who spent time with us out in the field, responded to our numerous inquiries, assisted us with retrieving data, and helped us obtain a thorough understanding of this complex function.

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LaVonne Griffin-Valade
Multnomah County Auditor

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Audit of the Sheriff's Civil Process Function

November 2008

Executive Summary

The Multnomah County Sheriff's Office (MCSO) civil process function is an important element of the public safety system, providing for the serving and execution of civil court documents and orders. This ensures that civil court operates as statutorily intended and that steps are taken to protect the rights, property, and safety of county residents. The Civil Process (Civil) unit and the Uniformed Patrol (Patrol) unit share responsibility for the civil process function. We analyzed the performance of both units in carrying out civil process work and assessed the impact of civil process duties on the Patrol unit's law enforcement efforts.

The audit found that civil process work created an imbalance in MCSO law enforcement efforts by taking Patrol unit deputies out of their assigned districts and into areas that frequently already had patrol coverage, such as Gresham or east Portland. As a result, at least one third of Patrol unit deputies' time was not spent in those areas of the county where MCSO had patrol service responsibility. This created a mismatch between the time patrol deputies spent on calls and the level of crime in assigned patrol districts.

We determined that Civil unit deputies cost much less than employing Patrol unit deputies to do civil process work, but at the same time, were more productive in performing that work. Further, Patrol unit deputies lacked consistent oversight on performance of civil process calls. Analyses also showed that the vast majority of civil process work did not require the expertise and training of the more expensive Patrol unit deputies.

We found that Civil unit annual program offers overstated civil process costs and were not transparent regarding the funding of Patrol unit activities. Finally, we identified some alternatives that could potentially increase efficiency and bring down the cost of lower-risk civil process duties.

We recommend that MCSO operate the Civil unit using civil deputies rather than patrol deputies in order to better match Patrol unit time in assigned districts, potentially increase response time to 911 calls, better match patrol time to crime incidence, hold down costs, and maintain optimum productivity. Further, civil process practices should be established in procedure and receive ongoing oversight. We also recommend that the Patrol unit bill the Civil unit annually for any civil process work in order to provide decision makers with accurate budget information. Finally, MCSO should study the feasibility of alternative methods to conducting lower-risk civil process activities.

Background

The Multnomah County Sheriff's Office (MCSO) is responsible for serving a variety of civil court documents and orders throughout the county, including all incorporated cities and unincorporated areas. These civil process duties are significant to protecting the public and to maintaining a well-functioning public safety system. For example, without the timely delivery of restraining orders, petitioners could risk being harmed or intimidated, since restraining orders are only valid after they have been served.

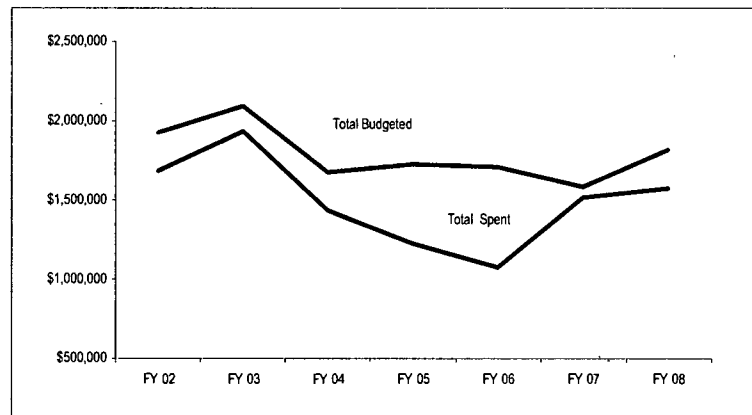
The three categories of civil process are briefly discussed below. For additional detail regarding the civil process categories and types, see the Appendix on page 18.

- **The notice process** informs an individual of an ongoing legal proceeding and through its service, the court gains jurisdiction over that individual. The notice process represents the bulk of civil process work. Some of the types of notice documents include: "protective order," such as restraining orders and stalking orders; "summons" issued by a plaintiff; "notice of claim" which notifies a defendant of a civil suit; and "notice of eviction" notifying a tenant of an impending eviction.
- **The enforcement order** allows sheriff officials to carry out an order of the court through the seizure and sale of property, seizure and delivery of personal property, and foreclosure of real property. Some of the types of enforcement orders include: "writ of assistance" to assist a private party in an action; "writ of execution," allowing the Sheriff to take and later sell property; "writ of garnishment" to turn over money due to a debtor, "writ of restitution," to return property to an owner, usually the act of eviction; and "claim and delivery" to recover personal property.
- **The Civil commitment process** includes the transport and custody of allegedly mentally ill persons during involuntary civil commitment hearings.

Deputies make several attempts to deliver notice documents, and depending on the type of notice, they follow specific guidelines regarding the delivery method. Their choices range from delivering legal papers in person to posting them on the door of the residence being served or leaving them with other people at the same address. In some cases the delivery is made to a person's work place. If deputies are unable to locate an individual or an address, the papers are returned to court to possibly be mailed to a last known address or posted in a newspaper. Deputies have to document the result of each service attempt and whether a case was sent back to civil court.

Funding and Spending The Civil Process (Civil) unit has primary responsibility for carrying out the civil process function in the county. The Civil unit's budget decreased by 18% between Fiscal Year 2002 (FY02) and FY07, going from \$1.9 million to \$1.6 million, when adjusted for inflation. This trend was reversed in FY08, when the budget increased by 15% over the prior year to \$1.8 million. MCSO included 19 full-time equivalent (FTE) deputies in the FY08 Civil unit budget, however only 11 of those FTE were civil deputies. These figures include one civil deputy position separately funded to focus solely on serving complaints from delinquent payment of the temporary income tax (ITAX) passed by county voters in 2003.

A small portion of the Civil unit budget is generated by reimbursement fees for specific civil process actions as set by the Oregon State Legislature, but the vast majority of funding comes from the General Fund.

Exhibit 1**Civil Process
Funding and Spending
(adjusted for inflation)****FY02 through FY08**

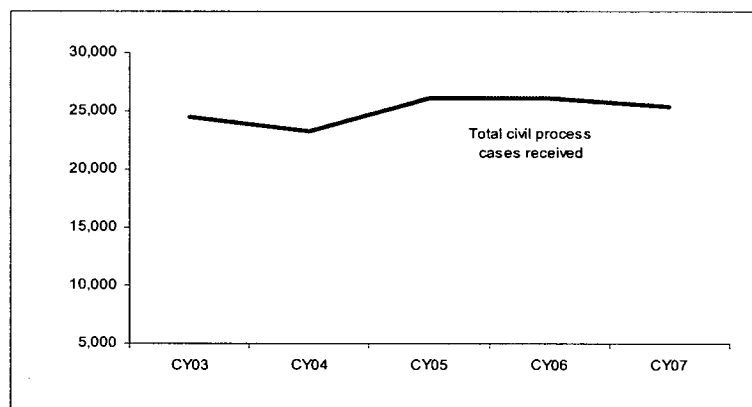
Source: Auditor's Office analysis based on MCSO data

Staffing In Calendar Year 2004 (CY04), MCSO management assigned five Uniform Patrol (Patrol) unit deputies to the Civil unit to assist with serving and enforcing civil process documents. Civil and patrol deputies worked side-by-side and reported to the senior civil deputies supervising the unit. Deputies were assigned a unique geographic area and had responsibility for the civil process function in that area.

In CY05, MCSO management removed the patrol deputies from the Civil unit to accommodate the Patrol unit's work schedule change from five 8-hour days to four 10-hour days. The change to the Patrol unit schedule required more patrol deputies than were previously utilized in that unit, which some research has shown can result when such a schedule configuration is used by law enforcement agencies.

There were nine civil deputies and two senior civil deputies in the Civil unit through the end of FY08. Five civil deputies and one senior civil deputy focused solely on civil notice and enforcement activities. Three civil deputies and the second senior civil deputy were responsible for the unit's civil commitment work. But when not involved in civil commitment transport and hearings, they were expected to perform other civil process duties. Civil commitment hearing schedules are known a day in advance, usually take place on Mondays or Fridays, and the times for hearings are not negotiable, but are subject to change.

Workload Trends As shown in Exhibit 2, the total number of civil process cases remained generally steady between CY03 and CY07, with an average of about 25,000 cases received a year. Between CY03 and CY06, the average backlog at the end of each month was more than 500 cases. However, in CY07, the monthly backlog was over 800 per month.

Exhibit 2**Civil Process Workload
CY03 through CY07**

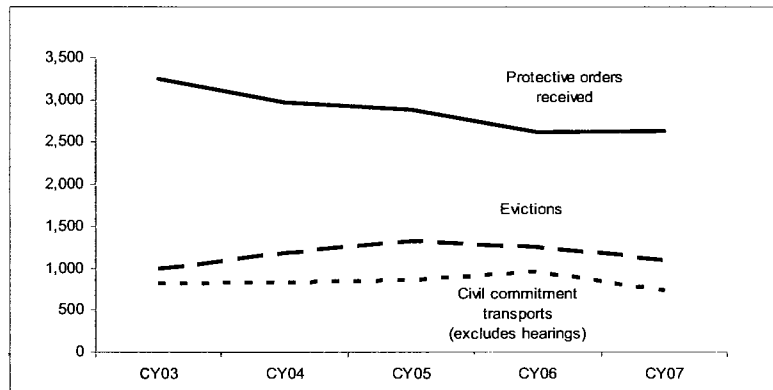
Source: Auditor's Office analysis based on Civil unit data

The Civil unit received 25,405 civil process cases in CY07, and of these, protective orders – including restraining orders – accounted for about 10% of all cases. Evictions accounted for 4%, and civil commitment transports accounted for 3% of all cases in CY07. About 80% of civil process cases were lower priority notice and enforcement order activities.

Trends for the higher priority cases are shown in Exhibit 3. The number of protective orders served per year declined 19% over those five years, going from 3,252 in CY03 to 2,628 in CY07. Total evictions increased by 11%, from 985 in CY03 to 1,096 in CY07. Civil commitment transports fluctuated from year to year, with an overall decrease of 10%, going from 806 in CY03 to 729 in CY07.

Exhibit 3

**Higher Priority
Civil Process Cases
CY03 through CY07**



Source: Auditor's Office analysis based on Civil unit data

Since the last quarter of the CY05, Civil unit deputies have been responsible for serving about 400 delinquent ITAX complaints a month. The County Attorney's Office forwards ITAX complaints to MCSO and also jointly funds one FTE in the Civil unit. MCSO expects to be involved with delinquent ITAX complaints through the end of CY08. In addition, the Oregon Department of Justice (DOJ) sent child support papers to the Civil unit during CY07. Those had previously been served by a private contractor. The influx of additional documents contributed to the monthly backlog, which grew rapidly over most of CY07. DOJ recently resumed contracting with a private server and now sends only a portion of the child support documents to the Civil unit.

Civil and Patrol Unit Organization and Training The Civil and Patrol units share responsibility for the civil process function, but each unit has their own set of priorities, procedures, level of oversight, duties, workforce, as well as assigned geographic area. Both units are under the command of the MCSO Enforcement Division, but senior civil deputies in the Civil unit have no supervisory authority over the civil process duties performed by Patrol unit deputies.

Civil and patrol deputies have different education and training requirements. Civil deputies resemble patrol deputies in uniform and regalia, but their primary charge is serving notice process and enforcement orders in the areas of the county where coverage is designated to the Civil unit. The civil deputies' expertise is in civil law, which is very prescriptive regarding how, when, and by whom civil notice actions must be served and enforcement orders carried out. Civil deputies must have knowledge of court and civil procedures and be familiar with basic medical and mental health issues related to civil commitment custody and transport. Civil deputies are trained to operate firearms and use restraints, and they are trained to defuse conflict and call for backup if a situation has the potential to escalate into violence. Civil deputies also participate with patrol deputies in some MCSO trainings.

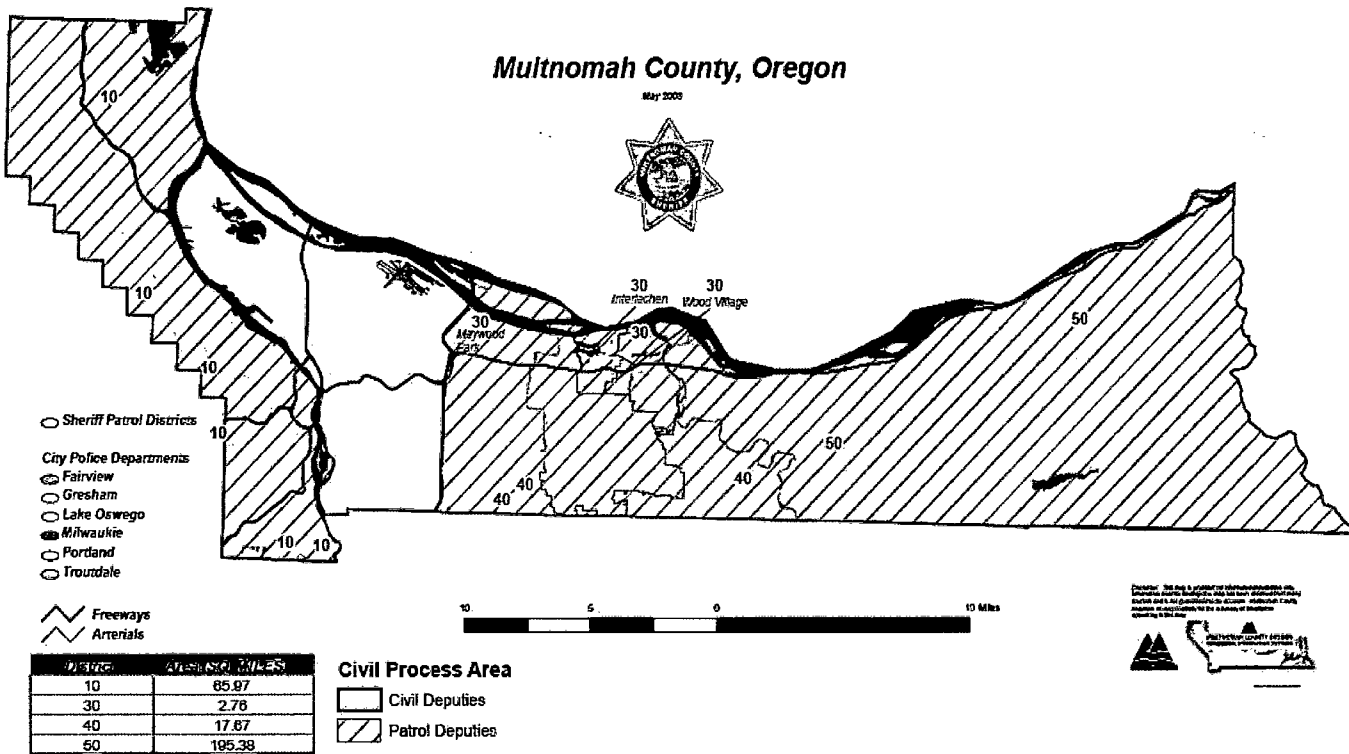
Patrol deputies must have a Bachelor's degree, and they must graduate from a police academy, complete a three-week orientation program, and participate in lengthy, on-the-job field training. Patrol deputies' expertise is in criminal law, and their primary focus is the arrest and proper disposition of individuals engaged in criminal behavior, as well as peacekeeping and the patrol of unincorporated areas in the county. This includes responding to calls for service, traffic enforcement, and accident investigation. When not performing these tasks, patrol deputies are expected to attend to civil notice and enforcement order responsibilities within the Patrol unit's assigned civil process areas.

MCSO management intends to eventually replace civil deputies in the Civil unit with patrol deputies. Management views the civil function as increasingly more dangerous and complex and one that should be the responsibility of the better trained patrol deputies. Currently, only civil deputies participate in civil commitment actions and proceedings. Management has not yet determined future responsibility for the civil commitment portion of the civil process function.

District Boundaries Since CY05, civil deputies have been responsible for notice and enforcement processes in the area between the Willamette River and Interstate-205 (I-205), while patrol deputies have been responsible for the area west of Willamette River and the area east of I-205 (see the map that follows in Exhibit 4 on page 6). Patrol deputies are expected to serve and enforce civil notice and enforcement orders in addition to their district patrolling duties, but they have a good deal of discretion in whether and how they do so.

The primary responsibility of patrol deputies is to provide law enforcement services in three districts in the unincorporated areas of the county (districts 10, 40, and 50), as well as in Wood Village and Maywood Park (district 30). These patrol districts comprise about 60% of the county's land area but contain only 2% of the county's population. Services in patrol districts include emergency situations that must be dealt with immediately, responses to traffic-related calls, and activities where patrol deputies can use more discretion over the priority of responding to calls, including civil process calls.

Exhibit 4

Sheriff's Civil Process Areas by Enforcement Unit

Source: Multnomah County GIS Office

Audit Results

The purpose of this audit was to review the efficiency and effectiveness of the Multnomah County Sheriff's Office (MCSO) civil process function, which involves the county-wide serving and execution of civil court documents and orders. Two MCSO units – Civil Process (Civil) and Uniformed Patrol (Patrol) – are responsible for a variety of civil process activities, including the delivery and enforcement of protective orders, summonses, evictions, writs of garnishment, and repossession orders. Civil process responsibilities also include the transport and custody of allegedly mentally ill persons during involuntary civil commitment hearings.

The audit assessed the impact of dividing the civil process function between two units, compared the performance of civil and patrol deputies in carrying out civil process duties, and analyzed the effect of civil process calls on the Patrol unit's calls for service. We identified the following major themes and issues:

- Civil process calls took patrol deputies out of their assigned districts, which led to an imbalance in law enforcement efforts.
- Civil deputies cost less and were more productive than patrol deputies in carrying out civil process work.
- Patrol deputy expertise was not needed for most civil process activities.
- Patrol deputies lacked consistent oversight on civil process calls.
- The Civil unit budget overstated civil process costs.
- Alternatives could potentially increase efficiency in and/or lower the cost of carrying out lower-risk civil process duties.

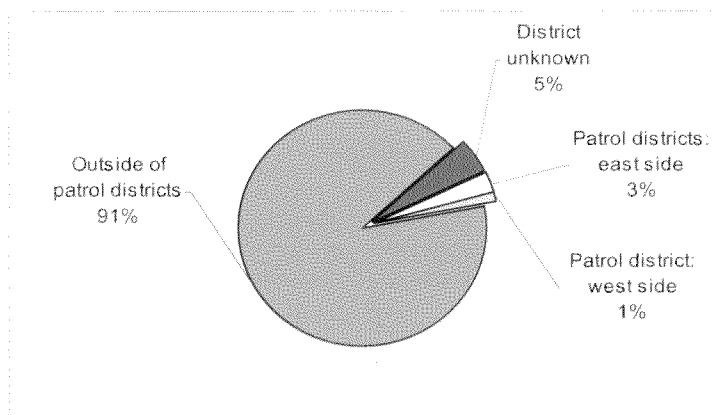
Civil process work created an imbalance in law enforcement efforts

We used Bureau of Emergency Communication (BOEC) data to analyze Patrol unit activities, including the dispatched 911 calls for service to which patrol deputies respond and the discretionary calls initiated by patrol deputies that they entered into the BOEC system. We found that civil process work frequently took patrol deputies out of their assigned patrol districts where they also engaged in other law enforcement activities, such as traffic stops.

Civil process duties represented a very small portion of Patrol unit activities actually undertaken out of assigned districts. Patrol deputies were not available to respond to emergency calls in their own districts while they were delivering civil process documents or patrolling outside of those districts. Additionally, the patrol coverage they provided when out of district was frequently in areas that already had coverage, such as Gresham or east Portland. As shown in Exhibit 5, at least 91% of the civil process calls performed by patrol deputies were outside of their assigned districts where other law enforcement agencies had primary responsibility for providing patrol services.

Exhibit 5**Patrol Deputies:
Civil Process Calls**

1/05 through 7/07

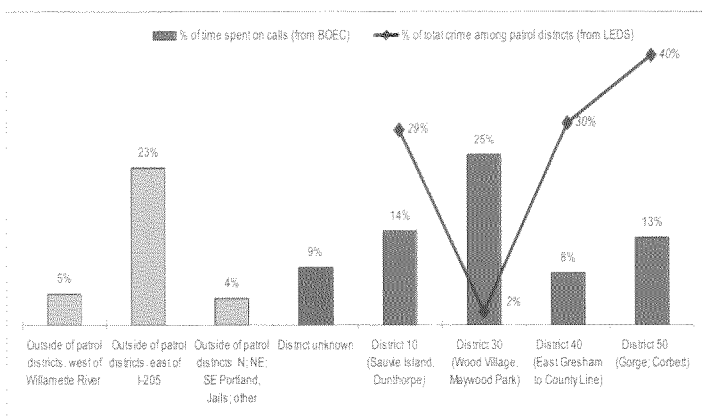


Source: Auditor's Office analysis based on BOEC data

We found that the amount of time patrol deputies spent patrolling an area did not match the relative crime rate. Exhibit 6 depicts all calls logged by patrol deputies from January 2005 through July 2007. Patrol deputies spent at least one third of their time outside of their assigned patrol districts. As a result, patrol service was not always available in those areas for which MCSO was responsible for law enforcement. Exhibit 6 also shows the existing mismatch between time spent on calls and the level of crime in assigned patrol districts as captured in the state's Law Enforcement Data System (LEDS). The fact that the Patrol unit performed civil calls outside of assigned patrol districts was a likely contributor to this mismatch.

Exhibit 6**Patrol Deputies:
Percent of Time on Calls
Compared to
Percent of Total Crime
Among Patrol Districts**

1/05 through 7/07



Source: Auditor's Office analysis of BOEC and LEDS data

Number of call hours (county-wide) from BOEC: 36,637 hours

Number of offenses (all crime in the four patrol districts) from LEDS: 2,501 offenses

Note: due to rounding, percentages of time spent on calls total slightly more than 100%.

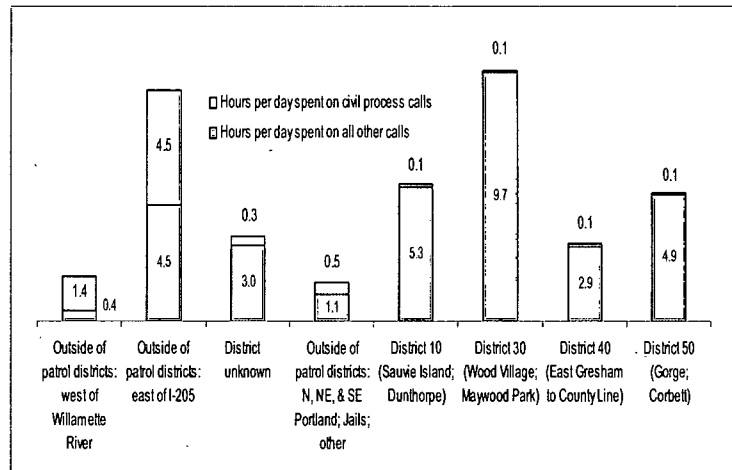
In addition, if the Patrol unit had not performed civil calls outside of assigned patrol districts, there would likely have been better response times to 911 calls and a better match between patrol presence and crime incidence.

Exhibit 7 illustrates where all patrol deputies collectively spent their time by type of call. For example, only half of the hours spent on out-of-district calls in east Multnomah County were spent on civil process calls, while a higher proportion of time spent on out-of-district calls on the west side of the county was for civil process calls. The remainder of time spent on all out-of-district calls was for other types of calls, such as traffic-related, regular patrol, and small city patrol calls.

Exhibit 7

**Patrol Deputies:
Hours on Civil Process Calls
and
Hours on Other Calls
by Location**

1/05 through 7/07



Source: Auditor's Office analysis of BOEC call data

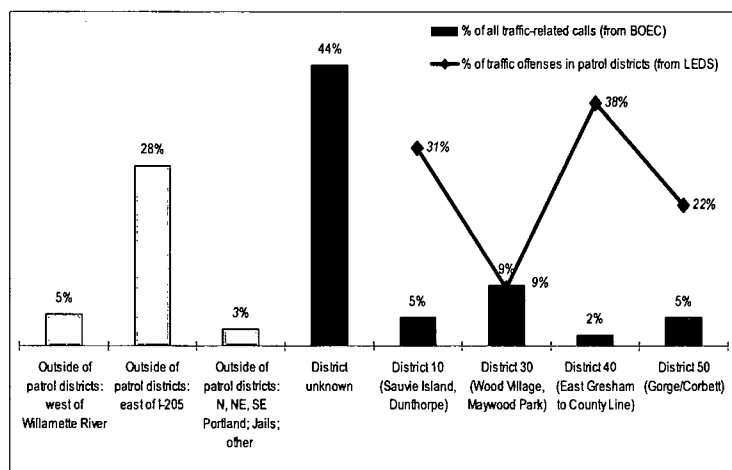
To further illustrate the time that patrol deputies spent away from assigned districts on activities that may have been incidental to civil process calls, we examined traffic-related call data. Traffic-related calls made up 23% of all calls for the Patrol unit, or 12% of total call time. Traffic-related calls are nearly always discretionary and are entered into the BOEC system by patrol deputies as emergencies.

Exhibit 8 shows that at least 36% of all traffic-related calls that patrol deputies responded to were outside of assigned patrol districts. Exhibit 8 also suggests that by spending so much time responding to traffic-related incidents in other districts, patrol deputies may have neglected traffic needs in their assigned districts. Only district 30 (Wood Village and Maywood Park) appeared to have a match between the percentage of traffic-related calls captured in the BOEC system and the percentage of traffic offenses captured in the state's LEDS system. District 40, with the highest percent of traffic offenses reported in LEDS, had a low percentage of traffic-related calls documented in the BOEC system. It is worth noting that no district was designated in 44% of the traffic-related calls reported to BOEC.

Exhibit 8

**Patrol Unit:
Traffic-related Calls**

1/05 through 7/07



Source: Auditor's Office analysis of BOEC and LEDS data

Number of traffic-related calls from BOEC: 20,330 calls

Number of traffic offenses (in the four patrol districts) from LEDS: 245 offenses

Note: due to rounding, total of county-wide traffic-related calls is slightly more than 100%.

Civil deputies cost less and were more productive than patrol deputies

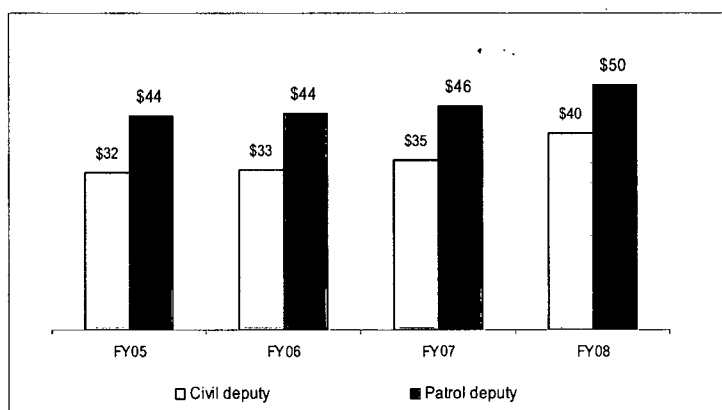
When we compared personnel costs (salaries and benefits only) for FY05 through FY08, we found that a civil deputy cost \$11 per hour less on average than a patrol deputy. Exhibit 9 compares the average civil deputy and patrol deputy personnel costs for FY05 through FY08 and shows the higher cost of using patrol deputies to carry out the civil process function, despite a recent reduction in the pay rate difference between civil and patrol deputies.

Exhibit 9

Personnel Costs Comparison

Average Rate Per Hour

FY05 through FY08



Source: Auditor's Office analysis

Note: Personnel costs, expressed as an average rate per hour, include benefits.

When considering expenses outside of personnel costs, patrol deputies were even more costly than civil deputies. For example, patrol deputies received about three times more professional training than civil deputies. Factoring in the extra, on-going training required for patrol deputies, it becomes apparent that, hour-for-hour, having patrol deputies perform the civil process function was considerably more costly than when that same function was carried out by civil deputies.

Civil deputies were also more productive than patrol deputies when performing civil process work. As a group, we found that civil deputies completed civil process activities more promptly than patrol deputies. Altogether, patrol and civil deputies made 16,343 calls to serve civil process notice documents and enforcement orders during the first seven months of 2007. Civil deputies made 63% of those calls, while patrol deputies made 37%. Excluding travel time, it took a patrol deputy about 13 minutes on average to serve civil process documents while it took a civil deputy about 10 minutes. Overall, civil deputies served civil process documents 28% faster than patrol deputies.

We found that some patrol deputies were as productive as civil deputies in carrying out civil process activities. However, performance of civil process work was inconsistent among patrol deputies. There were 32 individual patrol deputies who made civil process calls in the first seven months of CY07. Of these 32, six deputies or 19% accounted for 58% of the civil process calls made by the Patrol unit. And, even though the civil process workload remained relatively constant, patrol deputies spent 28% less time on civil calls in CY06 than in CY05.

We also evaluated the response time of patrol deputies in carrying out self-initiated civil process calls. Overall in the first seven months of CY07, patrol deputies spent about 24% of their shift time – or less than three hours – responding to or initiating calls, while the rest of their time was spent on other activities. On average, patrol deputies spent 7% or less than one hour of their shift time on civil process calls. This amounted to about 30% of their total call time.

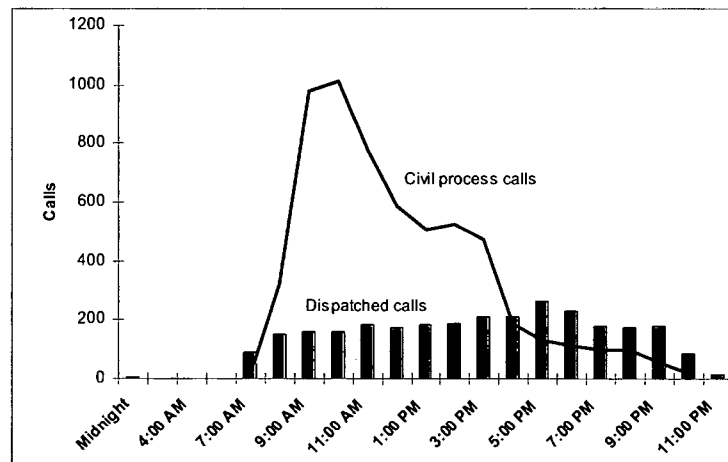
To control for any effect on the timing of dispatched calls on an individual deputy's performance, we compared average dispatched calls throughout the day to the times civil process calls were made by patrol deputies. Exhibit 10 shows that there were a lower number of civil process calls made in the afternoon even though there was only a slight increase in dispatched patrol calls. Additionally, more patrol deputies were available to perform civil process calls between 2 p.m. and 5 p.m., the time period in which the morning and afternoon shifts overlapped. Although the overlap of schedules increased capacity for conducting civil process work during that time period, it did not result in more civil process calls being made. MCSO management indicated that several factors may have contributed to this, including swing shift roll call, equipment servicing, end-of-shift report filing, etc.

Exhibit 10

Patrol Deputies: Time of Dispatched Calls Compared to Time of Civil Process Calls

Morning & Afternoon Shifts

1/07 through 7/07



Source: Auditor's Office analysis based on BOEC call data

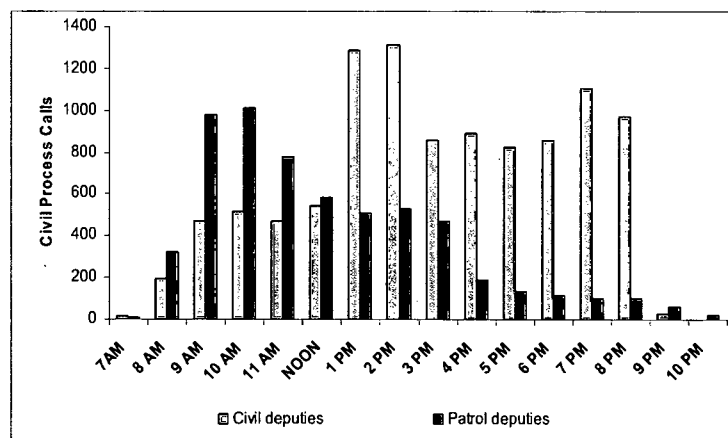
We also compared the hours of the day that patrol deputies and civil deputies performed civil process calls, as shown in Exhibit 11. As a group, civil deputies performed fewer calls in the morning hours when they were also responsible for civil commitment work. Exhibit 11 also shows that civil process calls were performed during the evening.

Exhibit 11

Timing of Civil Process Calls by Civil and Patrol Deputies

Morning & Afternoon Shifts

1/07 through 7/07



Source: Auditor's Office analysis based on BOEC call data

Shared management of civil process work compromised oversight

The arrangement to have the Civil and Patrol units share responsibility for the civil process function led to disjointed authority and accountability. The primary responsibility of civil deputies did not change, but the senior civil deputies who had once supervised the civil process function no longer supervised the civil work of patrol deputies. Senior civil deputies only supervised that portion of the civil process work that was performed by civil deputies. Conversely, patrol deputies who performed civil process work were supervised by each shift's Patrol unit sergeant who had discretion over work assignments.

Patrol deputies fell short of meeting performance objectives set for civil process work. It was initially anticipated that the Patrol unit would make 13-15 stops per shift when they began making civil calls in January 2005. Management reported in May 2005 that the backlog of civil calls decreased as a result of this change. However, after those first months, management did not consistently monitor patrol deputies' performance in making civil calls, and the number of stops per shift vacillated, averaging between two to four civil process calls per shift.

When all patrol deputies took on civil process responsibilities in CY05, several routines were established to facilitate a smooth transition to this new assignment. However, those routines were not consistently maintained nor were they formalized in procedures. Procedures and their enforcement serve as accountability controls, but without such controls, patrol deputies may neglect civil process responsibilities. Our review suggests that a lack of consistent oversight contributed to the substantial backlog in civil notices and delay in serving restraining orders. For example, we found that some patrol deputies made few attempts to serve restraining orders.

Typically, there was at least one patrol deputy assigned to each district per shift. When more than four deputies were available on a shift, the extra deputy was expected to perform civil process duties only, but that did not necessarily happen. At the same time, all patrol deputies on morning and afternoon shifts were expected to handle civil process work in addition to taking care of their patrol district responsibilities. We were told that civil process calls were the lowest priority activity for patrol deputies, and they worked on those calls when not busy with other calls. We found that the Patrol unit spent less than an hour on average during each shift on civil calls, excluding driving time.

Patrol deputy expertise was not utilized or needed for most civil process calls

Patrol deputies receive more training than civil deputies because of required standards and assigned duties. Based on the training hours recorded from CY05 through CY07, a patrol deputy spends about 100 hours per year on training, while a civil deputy spends 30 hours per year on training. Patrol officers also receive training that emphasizes more specialized, higher-risk law enforcement activities than civil process activities generally require. In contrast, the majority of civil deputy training focuses on more routine and lower-risk activities, although civil deputies are also trained in the use of fire arms and defensive techniques.

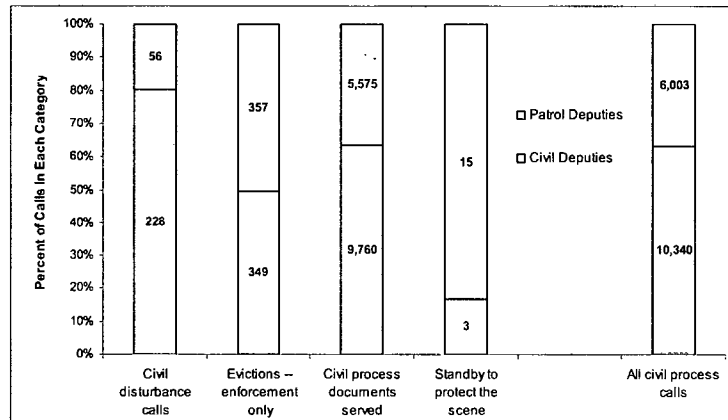
Patrol deputies follow professional training standards, while civil deputies do not have particular training standards they are required to meet. All deputies receive training tailored to their specific job needs. Patrol deputies' training in criminal law prepares them for a different role in public safety (such as crime prevention and community policing) than civil deputies whose training provides expertise in civil law (serving papers, carrying out enforcement orders, and providing civil commitment custody and transport).

Further, Patrol unit managers we interviewed acknowledged the importance of the civil process function. But, several staff in both units characterized patrol deputies as generally not viewing civil process work as an effective use of their time or their skills. We compared the work carried out by each unit for the major categories of civil process activities captured in the BOEC system. As shown in Exhibit 12, we found that civil deputies made 63% of all civil process calls during the first seven months of 2007, including 80% of civil disturbance calls (e.g. tenant/landlord disputes) and nearly 50% of evictions.

Exhibit 12

**Comparison of
Civil Process Calls
by Category**

1/07 through 7/07



Source: Auditor Office's analysis based on BOEC data

Civil deputies conducted civil process work for a number of years without the present level of involvement from patrol deputies. Management asserts higher trained patrol officers are needed to perform civil process activities because the risk level of civil calls has increased. We found no evidence of increased injuries or use of force related to civil process work, and based on our interviews and our analyses of BOEC data, there are only a small percentage of higher-risk civil process calls.

During the audit, we observed that some accepted and routine practices had been established in the Civil unit to address riskier civil process calls. For example, when the Civil unit executes eviction enforcement orders, two civil deputies are assigned, and patrol deputies are called to make arrests if people being evicted turn out to have an outstanding warrant. In addition, civil deputies thoroughly research calls they suspect might pose a safety risk, and they review civil process documents for any information that could indicate such a risk. They check the names from eviction and restraining order documents against data in the state's LEDS system for outstanding warrants, as well. When civil deputies determine that a particular call may be of higher risk, they request backup from the Patrol unit or other law enforcement agencies. But, for the vast majority of civil process calls, civil deputies are well trained to respond without support from patrol deputies.

**Civil unit costs were
overstated in annual program offers**

A primary purpose of the budgeting process is to provide clear and accurate information to decision makers about programs and funds needed to maintain operations. Management is responsible for providing this information and for ultimately achieving the purposes for which resources are appropriated. However, we found that funding for Patrol unit activities was commingled with Civil unit funds in such a way as to not be transparent and potentially misled decision makers about the actual resources needed to support the Civil unit.

Patrol unit time actually spent on civil process work was significantly below the amount of funds included in the Civil unit program offer submitted for budget purposes. Using BOEC data, we estimated that the Patrol unit spent about 2,110 hours on civil process calls during all of FY07. For the purposes of our analysis, we tripled this figure to 6,330 hours to account for travel time to carry out civil process calls. This 6,330 hours translates to 3.8 full time equivalent (FTE) patrol deputy positions once estimated leave is taken into account. But, the Civil unit program offer for FY08 included eight patrol deputy FTE. Based on our analysis, Patrol unit personnel costs included in the Civil unit FY08 program offer exceeded the amount of work actually performed by 4.2 FTE or \$433,467. If administrative costs associated with these 4.2 FTE were included, the difference would be even higher.

Further, the Civil unit program offer did not explain that Patrol unit deputies participate in civil process work. From the information reported in the FY08 program offer, a decision maker could reasonably have assumed that \$1,698,537 was needed for Civil unit personnel costs. Once patrol deputy FTE actually spent on Civil unit work is considered, only \$1,265,070 was needed. Effectively, Civil unit funding augmented Patrol unit funding.

As an alternative, the Patrol unit could bill the Civil unit annually at a minimum and be separately reimbursed for the actual time spent on civil process calls in their assigned districts. At the very least, any Patrol unit funding included in the Civil unit budget should be based on a reliable estimate of the actual time spent on civil process calls and be clearly disclosed.

The Civil unit could potentially improve efficiency with alternative methods

As noted throughout the report, the civil process function is an important and statutorily required element in the county's public safety system. MCSO management has determined that the function should not be contracted out due to liability concerns. Previous audits of county contracting have pointed out that risk increases when services are contracted out, and in this case, the risk could possibly range from disruption of the civil court system to real harm to county residents. However, there are alternatives to how some civil process work is handled that have potential for creating savings and efficiencies.

Mail notification for some civil process documents

We found that some other jurisdictions have successfully implemented a mail notification procedure for certain civil process activities. These other jurisdictions notify citizens by mail regarding the impending service of civil process documents/orders. Citizens are asked to come to the sheriff's office within a certain period of time. If the recipient does not appear by the end of the given period of time, the civil process document is assigned to a civil deputy to serve at either the person's home or work place. Only civil process documents without specific time limits set by statute are part of the mail notification process – restraining orders and eviction notices are excluded, while civil summons and regular notice documents are included.

One jurisdiction reported the following:

- Citizens would rather pick up civil process documents than have a sheriff's vehicle drive up to their home or place of employment.
- This alternative allowed citizens some privacy with regard to their personal business.

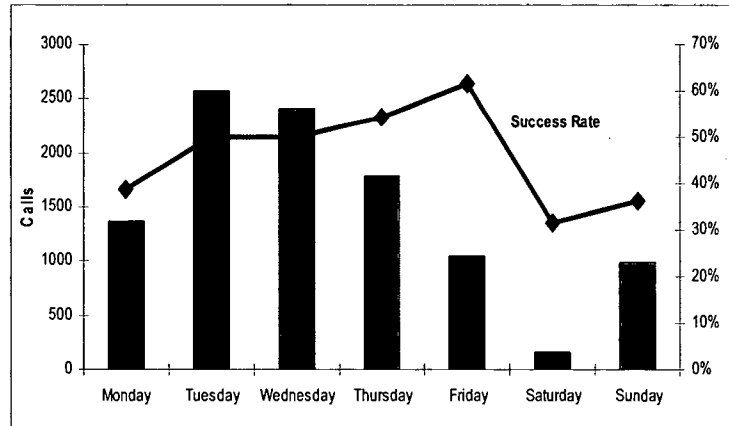
- Approximately 50% of all civil process documents received by the jurisdiction were served at a sheriff's office location rather than at a citizen's residence or work place.
- The procedure saved tax dollars and allowed the sheriff to find other ways to serve citizens.

Modify work schedules to accommodate higher success rates

As illustrated in the Exhibit 13, the Civil unit could try to increase civil deputies' coverage for Thursdays and Fridays. These days of the week correspond with higher success rates in serving civil process documents and orders. Civil unit coverage could be lowered on other days when the success rates for completion of civil process calls are lower.

Exhibit 13

**Civil Unit:
Civil Process Success Rate
Compared with
Weekday of Calls**



Source: Auditor's Office analysis of BOEC data

Recommendations

In order to improve the efficiency and effectiveness of the civil process function, we make the following recommendations:

- 1) MCSO management should operate the civil process unit using civil deputies rather than patrol deputies. Doing so will hold down costs, maintain optimum productivity, better match patrol time in assigned districts, potentially increase response times to 911 calls, and better match patrol time to crime incidence.
 - The Civil unit plays an important role in the public safety system, but the staff carrying out that work do not need to be more expensive sworn patrol deputies.
 - However, patrol deputies should conduct the very few civil process calls that occur in unincorporated areas of the county.
- 2) Civil process practices should be established in procedure and receive ongoing oversight and review.
 - Performance expectations should be clear and consistent.
 - Activities should be tracked and analyzed to assess performance and results.
 - Management's recently implemented monitoring practices should continue.
- 3) The Patrol unit should bill the Civil unit at least annually for the actual civil process work completed by the Patrol unit. Doing so will provide decision makers with clear and transparent information.
 - The Civil unit budget should include only civil deputies' FTE and any projected costs for civil process work performed by the Patrol unit.
- 4) MCSO should implement alternative methods of conducting lower-risk civil process activities whenever possible.
 - These methods could potentially create efficiencies and save costs, as well as allow MCSO to focus on higher priority civil process work. At the very least, MCSO should study their feasibility and/or test these methods through a pilot project.

Scope and Methodology

The purpose of our audit was to determine whether the Multnomah County Sheriff's Office (MCSO) civil process function is performed in an efficient and effective manner. Our specific objectives were: 1) assess the impact of MCSO's policy of dividing the civil process function between the Civil Process unit and the Uniformed Patrol unit; 2) compare the civil and patrol deputies' performance on civil process calls; and 3) analyze the Patrol unit's performance of civil process calls and the impact of those calls on the Patrol unit's calls for service.

We reviewed state laws and civil process rules, as well as MCSO policies and procedures governing civil process services. We examined MCSO law enforcement procedures as they pertain to civil process duties and the logging of calls to the Bureau of Emergency Communications (BOEC) system. We reviewed collective bargaining contracts, internal reports and reviews of the Patrol unit's role in the civil process function. We analyzed program offers, personnel expenditures, internal reports, and data collection methods for the civil process function. In order to calculate the personnel cost of civil and patrol deputies, we reviewed personnel expenditures for FY05 through FY08.

We interviewed MCSO managers, civil deputies, and patrol deputies. We participated in ride-alongs and roll calls with civil and patrol deputies. We also observed civil commitment transport and hearings, and toured the waiting facility in the Multnomah County district court.

We reviewed the Patrol unit's internal data collection of its performance of the civil process function. We examined Patrol unit calendars showing staff deployment and assignments to those cars designated for use in civil process work. We analyzed the Civil unit's internal data collection and pertinent trends.

We used various statistical tests and SPSS software to perform our analyses. Specifically, we carried out these analytical steps and tests:

- We tested BOEC data for accuracy and reliability.
- We reviewed the volume of dispatched-emergency and non-emergency calls and self-initiated-emergency and non-emergency calls, and time amount spent on each type of calls per district, per shift, and per day.
- We analyzed patrol deputies' use of time, including discretionary time spent on serving civil process documents; overall call volume and time on the civil process function; and time and call volume outside of assigned districts.
- We analyzed the volume and type of calls on the west side and east side of the unincorporated area of the county, as well as the cities of Maywood Park and Wood Village where contracted patrol services are provided.
- We reviewed the extent to which patrol deputies and supervisors adhere to MCSO internal practices.
- We analyzed the location and extent of civil process call backlog, including the temporary income tax (ITAX) delinquency complaints and child support documents.
- We assessed the performance and workload of civil and patrol deputies.
- We reviewed population rates.
- We reviewed crime trends and arrests for Multnomah County's unincorporated areas and small cities that contract for MCSO using data from the state's Law Enforcement Database System (LEDS).

This audit was included in our FY09 audit schedule. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix – The Three Categories of Civil Process Work

The three categories of civil process work and examples are discussed here in further detail:

- **The notice process** informs an individual of an ongoing legal proceeding and through its service, the court gains jurisdiction over that individual. The notice process represents the bulk of civil process work. Some of the types of notice documents include:
 - ⇒ *Protective order*, such as restraining orders, elderly abuse orders, and stalking orders have the highest priority of served notices.
 - ⇒ *Summons* – legal documents not issued by the court but by a plaintiff (a person filing a lawsuit) informing another party that they are being sued and have a right to respond in court.
 - ⇒ *Notice of claim* – informs a person that s/he is being sued in a small claims court and has 14 days to respond at a hearing.
 - ⇒ *Notice of eviction* – is either handed to a tenant or posted on a household door. The notice informs the tenant that s/he has a right to attend an eviction hearing scheduled 7-10 days from the notice.
 - ⇒ *Notice of restitution* – informs the tenant how and when they will be evicted from an owner's property, and it is served at least four days prior to an eviction.
- **The enforcement order** allows sheriff officials to carry out an order of the court through the seizure and sale of property, seizure and delivery of personal property, and foreclosure of real property. Some of the types of enforcement orders include:
 - ⇒ *Writ of assistance* – a form of a helping order to assist a private party in accomplishing an action regarding another individual, such as removing a person from a house or removing children from a non-custodial parent.
 - ⇒ *Writ of execution* – a helping order requiring a sheriff official to take real or personal property and later sell that property to provide funds for an unpaid judgment.
 - ⇒ *Writ of garnishments* – the court directs a third party to turn over what is due to a debtor. This action is often in the form of a wage garnishment.
 - ⇒ *Writ of restitution* – returning to a proper owner the property or the monetary value of the loss of that property. This action is often in the form of an eviction.
 - ⇒ *Claim and delivery* – a pre-judgment process to recover specific personal property, for example, repossession of an automobile.
- **The Civil commitment process** includes transport and custody of allegedly mentally ill persons (AMIP) during involuntary civil commitment hearings. This activity is generally more of a time commitment than other civil process responsibilities, usually requiring deputies to attend the hearings, as well as serve notice and transport.

Response to the Audit



MULTNOMAH COUNTY SHERIFF'S OFFICE

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November 3, 2008

LaVonne Griffin-Valade
County Auditor
501 SE Hawthorne
Portland OR 97214

Dear Madam Auditor:

I would first like to express my appreciation to you and your staff for completing the Audit of the Sheriff's Civil Process Function. This audit has proven very valuable in charting the future of how we manage this function and is consistent with some of my observations since becoming Sheriff in July. I appreciate the ongoing communication between our involved staff as this audit moved through the necessary steps to completion.

Immediately upon my return to the agency, I directed management staff to plan for a return to separate primary job functions for patrol and civil sections. Separate from the audit findings, I know that patrol staff who are expected to be out of their assigned districts completing civil functions do not serve the public well. I believe this key step will address multiple points of the audit recommendations.

I agree that the civil process function is an important element of the public safety system, by serving process and execution of civil court documents and orders. The importance of sustaining a viable civil process function cannot be overstated especially in the current national economic crisis impacting Multnomah County residents. An unfortunate outcome of a poor economy is an increase in the court processes that impact people in financial crisis.

Over the last four years, the Civil and Patrol units have operated with a significant overlap of operations, supervision, budgeting and management. Prior to 2005, civil work was assigned to a discrete unit of civil and law enforcement deputies tasked with serving and enforcing process issued from the courts. Work within the unit was distributed based on level of risk and the skill sets possessed by the civil and law enforcement deputies. Resource consumption and work outputs were relatively easy to track as they were confined within a single work unit. On occasion additional resources were deployed to manage the infrequent resource intensive service or to reduce backloads.

In 2005, as a result of difficult budget challenges and in an effort to become more efficient in utilizing our human resources, the Sheriff's Office reconfigured the service of civil process to better leverage the skill levels of our law enforcement deputies. Our purpose was to have greater coverage, match the skill set of the civil or law enforcement deputy to the work needed done, and create a greater awareness among all of our law enforcement deputies in the complex rules of civil procedure. Unfortunately this well intended effort created an imbalance in MCSO law enforcement efforts and

routinely pulled patrol resources out of their assigned districts creating significant discrepancies between civil process service locations and district patrol responsibilities. Your finding that patrol deputies are performing civil work within incorporated cities is correct. However, the majority of all civil work in Multnomah County is a Sheriff's statutory duty that occurs primarily in cities irrespective of political subdivision. I must agree that expecting patrol staff to routinely complete tasks out of their assigned districts has compromised our ability to provide effective patrol services and this practice will be changed.

The combining of functions has also led to a difficult audit because of limited accurate data to rely upon regarding the completion of civil functions. My staff has communicated their concern, during the course of the audit, that reliance on BOEC dispatch records do not accurately reflect the work being completed nor the time spent on distinct functions. The BOEC police dispatch system is designed primarily as a call response and dispatching system for police activities, not as a time tracking system. While we recognize this is one of the few data sources available, we believe reliance upon this data led to some conclusions which are not supported by accurate data. I have directed my staff to examine alternate methods of tracking the work of civil unit staff to avoid this issue in the future.

The issue of BOEC data and its limited usefulness led to an audit finding that "The Civil unit budget overstated civil process costs." I question the accuracy of this finding because of the limited analytical data available. In order to gain a better understanding of resource use and deployment I have directed the Law Enforcement Division to develop a refined distribution of work plan which will be implemented in January 2009. This plan will clearly delineate the funding used for civil functions and will be an important tool for analysis of the civil function in subsequent years. Past budget years have shown a dedication of eight FTE to the civil component in the shared civil/patrol workload. Due to a budget reduction in FY 2008, our current year budget contains only four law enforcement deputy FTE deployed to complete civil work. This is more likely an understatement of time spent than an overstatement. By assigning the four law enforcement deputy FTE to the civil unit supervision and focusing their efforts solely on civil process functions, we will be able to determine how much time is being spent on dedicated civil functions. We remain concerned that the civil process function, when divided away from patrol, will not be funded adequately as a stand-alone unit and may have to borrow resources from other areas of the Division.

As indicated above, effective January 2009, Patrol and Civil Process duties will be separated into two distinct units of work, with staff assigned primary responsibility for completing a single set of priorities. The staff assigned to civil process will be responsible for notice process, enforcement order process and civil commitments. The staff assigned to this function will be a combination of civil deputies and enforcement deputies, supervised by a Sergeant and a Senior Civil Deputy. Management of the unit will remain within the Patrol-Civil command configuration currently in place. Patrol section staff will continue to serve the civil process duties that take place within their assigned patrol districts and will periodically assist in high risk civil functions.

I believe staffing the civil unit with law enforcement and civil deputies better matches appropriate skill sets to the level of risk associated with the work. Tasks such as evictions, restraining order move-outs, and removing children from custodial parents are all potentially very violent and best completed by a fully trained police officer. Notice process and civil commitment process are generally moderate risk level and can be completed by either job classification.

Civil unit work remains a very dangerous function within the Sheriff's Office. A series of critical events within the last 12 months has reaffirmed our agency belief that civil work is equal to and sometimes more dangerous than police work. We believe that our current risk assessment model wherein tasks are split between job classifications based upon risk and best utilization of staff ensures work is assigned in the safest way possible. The increased training of an enforcement deputy, when

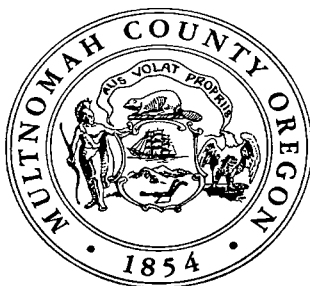
balanced to the risk inherent in many civil unit functions, makes sense for the community. I have directed my staff to analyze the training of the job classifications within the civil unit to assess whether gaps exist in training and professional requirements and how best to address any gaps that may exist.

We are in the process of researching the service alternatives brought forth in the audit that could potentially increase efficiency or lower the cost of civil process activities. This research will encompass both a legal analysis of the concepts as well as an operational assessment of the alternatives. I expect this analysis to be completed by the end of the fiscal year.

In closing, I would like to thank you and your staff for the Civil Process Audit. As I took office in July, I recognized the current civil and patrol work combination is not effective. Having your audit to study as we fundamentally change how these services are delivered is very valuable. My thanks again for your dedication as we strive to serve the community better.

Sincerely

Bob Skipper
SHERIFF



LaVonne Griffin-Valade
Multnomah County Auditor

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Audit Report: *Sheriff's Civil Process Function*
Report #08-08, November 2008
Audit Team: Joanna Hixson, Craig Hunt, and
Kathryn Nichols

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The **Good Government Hotline** is available **24 hours a day, seven days a week**. Go to GoodGovHotline.com or call 1-888-289-6839.



The Multnomah County Auditor's Office received the **2007 Bronze Knighton Award** from the Association of Local Government Auditors for the *Elections Audit* issued in June 2007.



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST (revised 09/22/08)

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-2
Est. Start Time: 10:00 AM
Date Submitted: 11/03/08

Agenda Title: **PROCLAMATION Proclaiming Monday, December 1, 2008 as World AIDS Day in Multnomah County, Oregon**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date: November 13, 2008 **Amount of Time Needed:** 15 Minutes
Department: Non-Departmental **Division:** Rojo de Steffey
Contact(s): Matthew Lashua
Phone: 503 988 6796 **Ext.** 86796 **I/O Address:** 500/6
Presenter(s): Michael Kaplan, Cascade AIDS Project; Sister Krissy, Sisters of Perpetual Indulgence; Graham Harriman, Multnomah County; Dayna Kirk, Africa AIDS Response

General Information

1. What action are you requesting from the Board?

Adoption of Proclamation Proclaiming Monday, December 1, 2008 as World AIDS Day in Multnomah County, Oregon.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The first of December, World AIDS Day, is the day when individuals and organizations from around the world come together to bring attention to the global AIDS epidemic. 2008 marks the 20th anniversary of World AIDS Day. To commemorate the event, Multnomah County will light the Morrison Bridge red from November 28th through December 2nd.

World AIDS Day is dedicated to raising awareness of the AIDS pandemic caused by the spread of HIV infection. According to the Joint United Nations Programme on HIV/AIDS (UNAIDS), AIDS has killed more than 25 million people, with an estimated 38.6 million people living with HIV, making it one of the most destructive epidemics in recorded history. Despite recent improved access to antiretroviral treatment and care in many regions of the world, the AIDS epidemic claimed an

estimated 2 million (between 1.8 and 2.3 million) lives in 2007, of which more than half a million (570,000) were children.

The concept of a World AIDS Day originated at the 1988 World Summit of Ministers of Health on Programmes for AIDS Prevention. Since then, it has been taken up by governments, international organizations and charities around the world.

3. Explain the fiscal impact (current year and ongoing).

None

4. Explain any legal and/or policy issues involved.

None

5. Explain any citizen and/or other government participation that has or will take place.

Various groups will offer testimony, providing details about how their organizations are commemorating World AIDS Day.

Required Signature

**Elected Official or
Department/
Agency Director:**



Date: 11/03/2008

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

PROCLAMATION NO. _____

Proclaiming Monday, December 1, 2008 as World AIDS Day in Multnomah County, Oregon

The Multnomah County Board of Commissioners Finds:

- a. According to the latest data from the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the World Health Organization (WHO), there is an estimated 38.6 million people living with HIV/AIDS worldwide.
- b. Nearly 7,000 Oregonians are currently living with HIV/AIDS and approximately 4,000 of those are current residents of the Portland Metropolitan area and Multnomah County.
- c. Approximately 300 people are newly diagnosed with HIV in Oregon each year; 40% of these individuals progress to AIDS within the first year because they delayed getting tested for the disease.
- d. Multnomah County area health disparities persist in populations disproportionately affected by HIV/AIDS, including African-American and African Immigrant communities, and among men who have sex with men.
- e. HIV remains a significant public health problem and highlights the need for a strong, sustained and coordinated international, national and local strategy.
- f. In recognition that continued commitments are needed by all sectors of society such as families, communities, organizations, governments, and policy makers to combat HIV and AIDS, the World AIDS Campaign theme for World AIDS Day 2008, "Leadership: Keep the Promise", aims to highlight the need for innovation, vision, and perseverance in the face of the AIDS challenge.

- g. World AIDS Day 2008 provides an opportunity to fight HIV/AIDS and highlight continued efforts to support early HIV detection, care and access to treatment. This results in lowered mortality, fewer disease complications and reduced HIV transmission.

The Multnomah County Board of Commissioners Proclaims:

December 1, 2008 is World AIDS Day in Multnomah County, Oregon. The Morrison Bridge will be lit red from November 28 – December 2, 2008 to commemorate World AIDS Day. We encourage all residents to educate themselves about the risks of HIV and demonstrate compassion to those infected by HIV and AIDS.

ADOPTED this 13th day of November, 2008.

**BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

Ted Wheeler, County Chair

Maria Rojo de Steffey,
Commissioner District 1

Jeff Cogen,
Commissioner District 2

Lisa Naito,
Commissioner District 3

Lonnie Roberts,
Commissioner District 4

SUBMITTED BY:
Commissioner Maria Rojo de Steffey



Commissioner Maria Rojo de Steffey

Multnomah County Oregon

Suite 600, Multnomah Building
501 SE Hawthorne Boulevard
Portland, Oregon 97214

Phone: (503) 988-5220
FAX: (503) 988-5440
Email: district1@co.multnomah.or.us

For Release: November 10, 2008
Contact: Matthew Lashua
Office of Commissioner Maria Rojo de Steffey
503-988-6796

Multnomah County Lights Morrison Bridge Red for World AIDS Day

The first of December, World AIDS Day, is the day when individuals and organizations from around the world come together to bring attention to the global AIDS epidemic. 2008 marks the 20th anniversary of World AIDS Day. To commemorate the event, Multnomah County will light the Morrison Bridge red from November 28th through December 2nd.

The Multnomah County Board of Commissioners will also consider a proclamation, announcing December 1 as World AIDS Day in Multnomah County to correspond with other events in the community. The proclamation will be considered at the board's regular meeting on Thursday, November 13 at 10:00 a.m.. Michael Kaplan, Executive Director of Cascade AIDS Project, and other community groups are scheduled to testify.

"HIV and AIDS are still life-threatening conditions and there is no cure," said Commissioner Maria Rojo de Steffey, who is bringing the proclamation forward. "There is still much work to be done: we must remain vigilant and keep resources available for prevention and treatment."

World AIDS Day is dedicated to raising awareness of the AIDS pandemic caused by the spread of HIV infection. According to the Joint United Nations Programme on HIV/AIDS (UNAIDS), AIDS has killed more than 25 million people, with an estimated 38.6 million people living with HIV, making it one of the most destructive epidemics in recorded history. Despite recent improved access to antiretroviral treatment and care in many regions of the world, the AIDS epidemic claimed an estimated 2 million (between 1.8 and 2.3 million) lives in 2007, of which more than half a million (570,000) were children.

The concept of a World AIDS Day originated at the 1988 World Summit of Ministers of Health on Programmes for AIDS Prevention. Since then, it has been taken up by governments, international organizations and charities around the world.

###

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

PROCLAMATION NO. 08-149

Proclaiming Monday, December 1, 2008 as World AIDS Day in Multnomah County, Oregon

The Multnomah County Board of Commissioners Finds:

- a. According to the latest data from the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the World Health Organization (WHO), there is an estimated 38.6 million people living with HIV/AIDS worldwide.
- b. Nearly 7,000 Oregonians are currently living with HIV/AIDS and approximately 4,000 of those are current residents of the Portland Metropolitan area and Multnomah County.
- c. Approximately 300 people are newly diagnosed with HIV in Oregon each year; 40% of these individuals progress to AIDS within the first year because they delayed getting tested for the disease.
- d. Multnomah County area health disparities persist in populations disproportionately affected by HIV/AIDS, including African-American and African Immigrant communities, and among men who have sex with men.
- e. HIV remains a significant public health problem and highlights the need for a strong, sustained and coordinated international, national and local strategy.
- f. In recognition that continued commitments are needed by all sectors of society such as families, communities, organizations, governments, and policy makers to combat HIV and AIDS, the World AIDS Campaign theme for World AIDS Day 2008, "Leadership: Keep the Promise", aims to highlight the need for innovation, vision, and perseverance in the face of the AIDS challenge.


- g. World AIDS Day 2008 provides an opportunity to fight HIV/AIDS and highlight continued efforts to support early HIV detection, care and access to treatment. This results in lowered mortality, fewer disease complications and reduced HIV transmission.

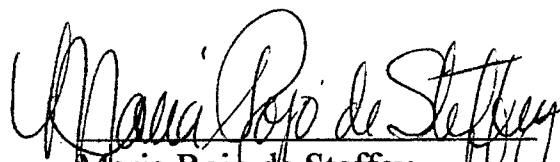
The Multnomah County Board of Commissioners Proclaims:

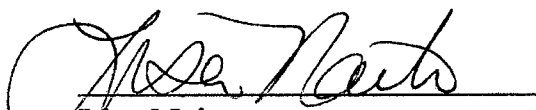
December 1, 2008 is World AIDS Day in Multnomah County, Oregon. The Morrison Bridge will be lit red from November 28 – December 2, 2008 to commemorate World AIDS Day. We encourage all residents to educate themselves about the risks of HIV and demonstrate compassion to those infected by HIV and AIDS.

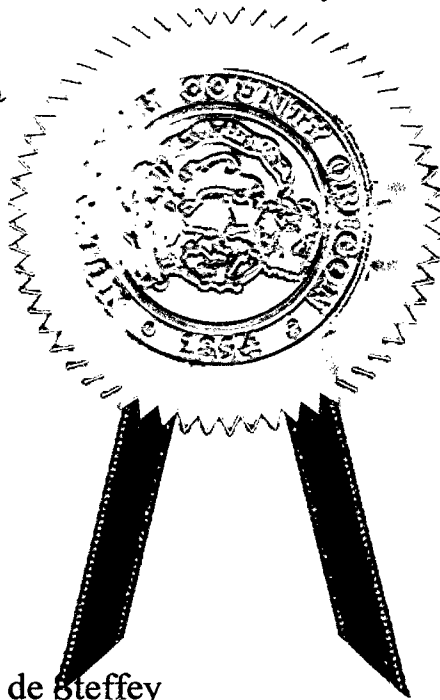
ADOPTED this 13th day of November, 2008.

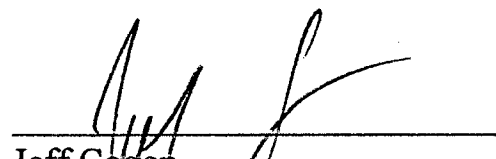
**BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

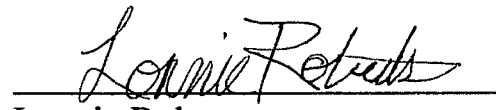

Ted Wheeler, County Chair


Maria Rojo de Steffey,
Commissioner District 1


Lisa Naito,
Commissioner District 3




Jeff Cogen,
Commissioner District 2


Lonnie Roberts,
Commissioner District 4

SUBMITTED BY:
Commissioner Maria Rojo de Steffey



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (revised 09/22/08)

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-3 DATE 11-13-08
ANA KARNES, ASST BOARD CLERK

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-3
Est. Start Time: 10:15 AM
Date Submitted: 11/05/08

BUDGET MODIFICATION: MCSO - 02

**BUDGET MODIFICATION MCSO-02 Appropriating \$444,268 Federal COPS
METH Grant Funding to the District Attorney, the Department of County
Agenda Human Services and the Sheriff's Office for the County's Anti-
Title: Methamphetamine Initiative**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	<u>November 13, 2008</u>	Amount of Time Needed:	<u>10 Minutes</u>
Department:	<u>DA, DCHS, MCSO</u>	Division:	<u>Fiscal</u>
Contact(s):	<u>Wanda Yantis</u>		
Phone:	<u>503-988-4455</u>	Ext.	<u>84455</u>
		I/O Address:	<u>503/350</u>
Presenter(s):	<u>Scott Marcy, John Pearson, Captain Monte Reiser</u>		

General Information

1. What action are you requesting from the Board?

Appropriation of \$444,268 received from the US Department of Justice Office of Community Oriented Policing Services (COPS) Methamphetamine Initiative Grant #2008CKWX0162 for the County's Anti-Methamphetamine Initiative to be applied as follows:

District Attorney - \$300,000 for three Deputy District Attorney 2 positions

Department of County Human Services - \$100,000 for two years of contracted support to bring youth into prevention activities

Sheriff's Office - \$44,268 for two vehicles to enhance the ability to enforce meth and other illegal drug laws.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Multnomah County Anti-Methamphetamine Initiative is designed to contain the

methamphetamine epidemic through two key strategies. The first is to limit access to methamphetamine through aggressive enforcement and prosecution. The second is to limit the impact on families, crime victims and communities through targeted prosecution and treatment and support services. For 2008-2010, one particular target will be Latino youth, a growing and vulnerable population. This effort will build on current and future partnerships with law enforcement and social service agencies, intensify intelligence gathering, add capacity to the treatment system and provide training to officers and community members.

To limit access the initiative adds capacity to current anti-methamphetamine efforts by continuing a prosecutor position co-located with the Multnomah County Sheriff's Office (MCSO) Special Investigations Unit (SIU). This prosecutor will assist officers in targeting and investigating the networks supplying methamphetamine in "substantial quantity" - amounts exceeding personal use.

To limit the impact of methamphetamine on families and the community, the project focuses on three problem areas:

1. The number of children placed in foster care due to parental methamphetamine use is growing. A prosecutor will be assigned to the Juvenile Court to handle a caseload of the most vulnerable of these children. This objective is to speed up reunification with the families or, when circumstances require it, proceed with termination of parental rights and alternate permanent placements for these children. To accomplish this aim, the prosecutor will work in close partnership with the multiple social and treatment agencies involved.
 2. Closely related to number 1 above is the growing impact of methamphetamine use on the Latino youth population. In a 2007 report issued by the Office of National Drug Control Policy, Hispanic teen use of marijuana, cocaine, heroin, and methamphetamine outpaced White and African-American teens. Methamphetamine use among Hispanic 8th graders was five percent, compared to 3 percent for White students, and one percent for African American students. The 2008 initiative will contract with Central City Concern (CCC) to provide services to the Latino youth population, primarily through CCC's Esperanza Juvenil - (Spanish for "youthful hope") outreach program. Esperanza Juvenil's bilingual/bicultural team provides a range of services tailored for youth—addiction treatment, individual and family counseling, mentoring, in-home family support and education. The evidence-based treatments have been culturally adapted to reduce stigma and fear. The care team meets youth in community centers to reduce barriers and more easily connect with them. The team partners with El Programa Hispano to provide gang prevention strategies, and works closely with school counselors and police to ensure ongoing prevention and follow up treatment.
 3. The incidence of property crimes, including theft, forgery and identity theft, are closely tied to methamphetamine addiction. Identity theft crimes are routinely assigned to Portland Police Bureau (PPB) officers at the precinct level for investigation. Officers frequently require legal advice and assistance with search and seizure, evidence and warrant preparation issues. By adding a prosecutorial capacity to the District Attorney's Fraud Unit, the police will have a designated prosecutor for legal advice and assistance 24 hours per day, 7 days per week. This prosecutor will also conduct specialized training for all sworn officers in Oregon's most populous county, including MCSO, PPB, Gresham Police Department, as well as bank and retail personnel engaged in these types of crimes. A curriculum has already been developed for this training, which can be modified to focus on prevention for community groups and neighborhood associations.
- 3. Explain the fiscal impact (current year and ongoing).**
- This will increase the Sheriff's Office's revenue by \$44,271, the District Attorney's Office's revenue by \$300,000 and Human Services' revenue by \$100,000, for a total of \$444,268, in the Federal/State

Fund.

4. Explain any legal and/or policy issues involved.

N/A

5. Explain any citizen and/or other government participation that has or will take place.

N/A

ATTACHMENT A

Budget Modification

If the request is a Budget Modification, please answer all of the following in detail:

- **What revenue is being changed and why?**

This is an increase of the Sheriff's Office's revenue by \$44,271, the District Attorney's Office's revenue by \$300,000 and Human Services' revenue by \$100,000, for a total of \$444,268, due to COPS METH Grant Funding.

- **What budgets are increased/decreased?**

- The Sheriff's Office will increase their Fed/State budget by \$44,271
- The District Attorney's Office will increase their Fed/State budget by \$300,000
- The Human Services Dept. will increase their Fed/State budget by \$100,000
- Increase Risk Fund by \$44,271

- **What do the changes accomplish?**

This is an increase of the Sheriff's Office's revenue by \$44,271, the District Attorney's Office's revenue by \$300,000 and Human Services' revenue by \$100,000, for a total of \$444,268, due to COPS METH Grant Funding.

- **Do any personnel actions result from this budget modification? Explain.**

This grant will fund 3.0 FTE Deputy District Attorney 2 positions.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

This grant does not cover indirect costs.

- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**

This is one-time-only revenue. When the funding is exhausted, the program ends. This is tied to program offer 60067A MCSO Special Investigations Unit in the FY 09 Budget.

- **If a grant, what period does the grant cover?**

FY 09 and FY 10.

- **If a grant, when the grant expires, what are funding plans?**

Our participation will end once the funding ends.

<p><i>NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.</i></p>

ATTACHMENT B

BUDGET MODIFICATION: MCSO - 02

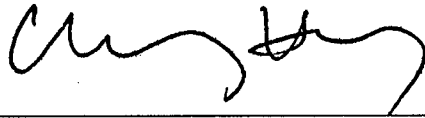
Required Signatures

**Elected Official or
Department/
Agency Director:**

/s/ *Bob Skipper / L.A.*

Date: 11/05/08

Budget Analyst:



Date: 11/05/08

Department HR:

Date:

Countywide HR:

Date:

Budget Modification ID: **MCSO-02****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Internal Order	Cost Center	Accounting Unit WBS Element	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
1	60-50	32213	60067	50			SOENF.COPS	50170	-	(44,268)	(44,268)		IG-OP-Direct Fed
2	60-50	32213	60067	50			SOENF.COPS	60410	-	44,268	44,268		Equipment - Vehicle Purchase
3										0			
4	15-10	32213		50			DA COPS.DA	50170	-	(300,000)	(300,000)		IG-OP-Direct Fed
5	15-10	32213		50			DA COPS.DA	60000	-	200,541	200,541		permanent
6	15-10	32213		50			DA COPS.DA	60130	-	55,188	55,188		salary related
7	15-10	32213		50			DA COPS.DA	60140	-	44,271	44,271		insurance
8										0			
9	72-10	3500		20		705210		50316	-	(44,271)	(44,271)		insurance revenue
10	72-10	3500		20		705210		60330	-	44,271	44,271		insurance expenditure
11										0			
12	20-80	50170		40			MA AS CONT YTH OUT COPS	50170	-	(100,000)	(100,000)		IG-OP-Direct Fed
13	20-80	50170		40			MA AS CONT YTH OUT COPS	60160	-	100,000	100,000		pass-thru
14										0			
15										0			
16										0			
17										0			
18										0			
19										0			
20										0			
21										0			
22										0			
23										0			
24										0			
25										0			
26										0			
27										0			
28										0			
29										0			
											0	0	Total - Page 1
											0	0	GRAND TOTAL

ANNUALIZED PERSONNEL CHANGEChange on a full year basis even though this action affects only a part of the fiscal year (FY).

							ANNUALIZED			
Fund	Job #	HR Org	CC/WBS/IO	Position Title	Position Number	FTE	BASE PAY	FRINGE	INSUR	TOTAL
32213	6252			Deputy District Attorney 2		3.00	200,541	55,188	44,271	300,000
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
TOTAL ANNUALIZED CHANGES						3.00	200,541	55,188	44,271	300,000

CURRENT YEAR PERSONNEL DOLLAR CHANGECalculate costs/savings that will take place in this FY; these should explain the actual dollar amounts being changed by this Bud Mod.

							CURRENT YEAR			
Fund	Job #	HR Org	CC/WBS/IO	Position Title	Position Number	FTE	BASE PAY	FRINGE	INSUR	TOTAL
32213	6252			Deputy District Attorney 2		3.00	200,541	55,188	44,271	300,000
										0
										0
										0
										0
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										0
TOTAL CURRENT FY CHANGES						3.00	200,541	55,188	44,271	300,000



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (long form)

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-4 DATE 11-13-08
ANA KARNES, ASST BOARD CLERK

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-4
Est. Start Time: 10:20 AM
Date Submitted: 11/05/08

BUDGET MODIFICATION: MCSO -03

Agenda BUDGET MODIFICATION MCSO-03 Appropriating \$71,938 in Edward Byrne
Title: Memorial Justice Assistance Grant (JAG) Funding

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date:	<u>November 13, 2008</u>	Amount of Time Needed:	<u>10 Minutes</u>
Department:	<u>Sheriff's Office</u>	Division:	<u>Enforcement</u>
Contact(s):	<u>Wanda Yantis</u>		
Phone:	<u>503-988-4455</u>	Ext.	<u>24455</u>
Presenter(s):	<u>Captain Monte Reiser</u>		
I/O Address:	<u>503-350</u>		

General Information

1. What action are you requesting from the Board?

The Sheriff's Office is seeking approval to accept the revenue from the Edward Byrne Memorial Justice Grant (JAG) in the amount of \$71,938. The Sheriff's Office applied on and was awarded this grant from the State of Oregon. Funds will be used to support the disruption of the illegal drug trade in Multnomah County.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The State of Oregon, through the Oregon State Police and the Criminal Justice Commission, supports local government in their efforts to prevent and control crime and to improve the criminal justice system. Funding for the Edward Byrne Memorial Justice Assistance Grant (JAG) assists local government in performing law enforcement duties related to disrupting the manufacture, distribution, and trafficking of illicit drugs.

The Sheriff's Office application was approved for the JAG grant. The Sheriff's Office Special Investigations Unit (SIU) has experience in locating the sources of various illegal drugs. Reports

have indicated that drugs are being trafficked to the County from outside the state. The results of utilizing the funds for this program would be an increased understanding of out-of-state drug traffickers and their operations, the development of methods for combating these organizations, the successful removal of these entities, and the prosecution of those involved. Activities funded in this grant include training, equipment, confidential funds, overtime and administrative costs.

This would affect program officer 60067A: MCSO Special Investigations Unit by increasing the resources available for this unit to investigate drug cases.

3. Explain the fiscal impact (current year and ongoing).

This will increase the Enforcement Division's revenue by \$71,938 in the Federal/State Fund. The funds also cover the central indirect for administration of the funds. This is the first year of a two year grant.

4. Explain any legal and/or policy issues involved.

N/A

5. Explain any citizen and/or other government participation that has or will take place.

N/A

ATTACHMENT A

Budget Modification

If the request is a **Budget Modification**, please answer all of the following in detail:

- **What revenue is being changed and why?**

This is an increase the Enforcement Division's revenue by \$71,938 in the Federal/State Fund. The funds also cover the central indirect for administration of the funds. This is the first year of a two year grant.

- **What budgets are increased/decreased?**

- The Enforcement Division will increase their Fed/State Fund budget by \$71,938
- Increase Dept Indirect by \$3,018
- Increase Central Indirect by \$1,398
- Increase Risk Fund by \$1,781

- **What do the changes accomplish?**

This is an increase the Enforcement Division's revenue by \$71,938 in the Federal/State Fund. The funds also cover the central indirect for administration of the funds. This is the first year of a two year grant.

- **Do any personnel actions result from this budget modification? Explain.**

No

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

All overhead costs are covered.

- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**

This is the first year of a two year grant. When the grant ends, our participation will end. This is tied to program offer 60067A MCSO Special Investigations Unit in the FY 09 Budget.

- **If a grant, what period does the grant cover?**

FY 09 and FY 10.

- **If a grant, when the grant expires, what are funding plans?**

This is the first year of a two year grant. When the grant ends, our participation will end.

<p><i>NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.</i></p>

ATTACHMENT B

BUDGET MODIFICATION: MCSO - 03

Required Signatures

**Elected Official or
Department/
Agency Director:**

/s/ *Bob Skipper / L.A.*

Date: 11/05/08

Budget Analyst:



Date: 11/05/08

Department HR:

Date:

Countywide HR:

Date:

Budget Modification ID: **MCSO-03****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit			Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
					Internal Order	Cost Center	WBS Element						
1	60-50	32169	60067A				SOENF.JAG.FY09	50180		(71,938)	(71,938)		IG-Direct State
2	60-50	32169	60067A				SOENF.JAG.FY09	60110		19,785	19,785		Overtime
3	60-50	32169	60067A				SOENF.JAG.FY09	60130		7,107	7,107		Salary-Related
4	60-50	32169	60067A				SOENF.JAG.FY09	60140		1,781	1,781		Insurance
5	60-50	32169	60067A				SOENF.JAG.FY09	60170		20,000	20,000		Professional Svcs
6	60-50	32169	60067A				SOENF.JAG.FY09	60240		4,000	4,000		Supplies
7	60-50	32169	60067A				SOENF.JAG.FY09	60260		8,205	8,205		Travel/Training
8	60-50	32169	60067A				SOENF.JAG.FY09	60550		6,645	6,645		Capital Equipment
9	60-50	32169	60067A				SOENF.JAG.FY09	60350		1,398	1,398		Central Indirect
10	60-50	32169	60067A				SOENF.JAG.FY09	60355		3,018	3,018		Dept Indirect
11										0			
12	60-20	1000				604020		50370		(3,018)	(3,018)		Dept Indirect
13	60-20	1000				604020		60240		3,018	3,018		Supplies
14										0			
15	19	1000				9500001000		50310		(1,398)	(1,398)		Indirect Revenue
16	19	1000				9500001000		60470		1,398	1,398		Contingency
17										0			
18	72-10	3500				705210		50316		(1,781)	(1,781)		Risk Fund
19	72-10	3500				705210		60330		1,781	1,781		Risk Fund
20										0			
21										0			
22										0			
23										0			
24										0			
25										0			
26										0			
27										0			
28										0			
29										0			
										0	0		Total - Page 1
										0	0		GRAND TOTAL



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (revised 09/22/08)

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-5
Est. Start Time: 10:25 AM
Date Submitted: 11/05/08

Agenda Title: Briefing Regarding the Sheriff's Office New Cold Case Homicide Squad

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date: November 13, 2008 Amount of Time Needed: 10 Minutes
Department: Sheriff's Office Division: Enforcement
Contact(s): Captain Monte Reiser
Phone: 503-251-2515 Ext. I/O Address: 313/1st floor
Presenter(s): Captain Monte Reiser

General Information

1. What action are you requesting from the Board?

No action required, informational briefing.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

On Friday, October 24th, Sheriff Bob Skipper swore in the new MCSO Cold Case Homicide Squad, a group of retired enforcement deputies volunteering to work on a number of unsolved homicide cases in the Sheriff's Office files. This project is a win-win partnership with the Sheriff's Office, the retirees and especially for the victims and family members of victims who have endured not knowing the truth of what happened and who was responsible for the loss of their loved one and to bring justice and closure to these cases. This effort is directly in alignment with the county's goals of having volunteers assist in county programs.

3. Explain the fiscal impact (current year and ongoing).

A WBS was created for donations that the public may wish to make to the Cold Case Squad.

4. Explain any legal and/or policy issues involved.

N/A

5. Explain any citizen and/or other government participation that has or will take place.

N/A

Required Signature

Elected Official or
Department/
Agency Director:

/s/ *Bob Skipper / L.A.*

Date: 11/05/08



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (Budget Modification)

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-6 DATE 11-13-08
ANA KARNES, ASST BOARD CLERK

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-6
Est. Start Time: 10:35 AM
Date Submitted: 10/22/08

BUDGET MODIFICATION: HD-10

BUDGET MODIFICATION HD-10 Appropriating \$39,997 in Revenue from the
Agenda U.S. Food and Drug Administration – Innovative Food Defense Strategies for
Title: Restaurant Operators and Inspectors

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date:	<u>November 13, 2008</u>	Amount of Time Needed:	<u>5 minutes</u>
Department:	<u>Health</u>	Division:	<u>Community Health Services/Environmental Health</u>
Contact(s):	<u>Lester A. Walker, Finance and Budget Manager</u>		
Phone:	<u>(503) 988-3674</u>	Ext.	<u>26457</u>
	I/O Address:		<u>167/2/210</u>
Presenter(s):	<u>Lila Wickham, Program Manager</u>		

General Information

1. What action are you requesting from the Board?

Approval of appropriation of \$39,997 from the U.S. Food and Drug Administration for the "Innovative Food Defense Strategies project." A Notice of Intent was present before the Board and approved on July 24, 2008.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Food and Drug Administration (FDA) has always had a focus on monitoring, preventing, and responding to food safety (the *unintentional* contamination of food) to prevent illness. After 9/11 additional focus has been placed on monitoring, responding to and recovering from food defense issues (the *intentional* contamination of food). The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 has placed increased demands on federal, state and local agencies, resulting in a need for innovative tools and programs that not only address food defense, but that are able to be linked into ongoing food safety work.

Through this grant award, Multnomah County Health Department's Environmental Health Division will work to develop new resources for government employees, including our County restaurant inspectors, and for restaurant operators. A new training for inspectors and government employees will train and educate participants to better identify food defense issues and educate/communicate with restaurant operators. A new tool kit, to be developed in several languages, with implementation guidance will provide restaurant operators with the tools they need to both prevent and adequately respond to food defense and food safety issues. These materials will then be available to other sites across the nation for reproduction and use.

This action supports Program Offer 40007 Health Inspections & Education.

3. Explain the fiscal impact (current year and ongoing).

Approval of this budget modification will increase the Health Department's federal/state FY09 budget by \$39,997.

4. Explain any legal and/or policy issues involved.

None.

5. Explain any citizen and/or other government participation that has or will take place.

None.

ATTACHMENT A

Budget Modification

If the request is a **Budget Modification**, please answer **all** of the following in detail:

- **What revenue is being changed and why?**

The Health Department's federal/state revenue budget will increase by \$39,997 in FY09 as a result of the work performed under this award.

- **What budgets are increased/decreased?**

As a result of these changes the Health Department's budget will have the following changes:

- Temporary personnel budget will increase by \$5,790.
- Non-Base fringe budget will increase by \$1,677.
- Non-Base insurance budget will increase by \$174.
- Professional Services budget will increase by \$27,526.
(\$6,526 – Contract for project management; \$21,000 – Production of pilot and final project materials. Food defense materials for restaurant inspectors, food defense and emergency response materials for restaurant operators.)
- Supplies budget will increase by \$739.
- Central indirect budget will increase by \$764.
- Departmental indirect budget will increase by \$2,325.
- Internal Service Telephone budget will increase \$500.
- Internal Service Motor Pool budget will increase \$502.

- **What do the changes accomplish?**

The goal of the grant program is to "generate products that complement, develop, or improve state and local food defense programs" that can be replicated in other sites across the nation. The grant does not require a match or any type of cost-sharing. A mid-year progress report, a final progress report, and a final financial report are due within 90 days of project completion. The grantee must also file an invention statement and disposition of equipment statement within 90 days of project completion.

- **Do any personnel actions result from this budget modification? Explain.**

This budget modification does not affect the Health Department's FY09 FTE.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

The revenue covers these costs.

- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**

The grant award covers a one year period. When the grant expires, the project will have been completed.

- **If a grant, what period does the grant cover?**

The grant covers budget period 9/20/08 – 07/31/09.

- **If a grant, when the grant expires, what are funding plans?**

When the grant expires, the project will have been completed.

ATTACHMENT B

BUDGET MODIFICATION: HD-10

Required Signatures

**Elected Official or
Department/
Agency Director:**

Lillian Shirley

Date: 10/23/08

Budget Analyst:

Angela Burdine

Date: 10/22/08

Department HR:

Patricia Heller

Date: 10/21/08

Countywide HR:

Date:

Budget Modification ID: **HD-09-10****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Internal Order	Accounting Unit		Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
						Cost Center	WBS Element						
1	40-30	32307	40007	30			4FA56-01-1	50170	0	(39,997)	(39,997)		FDA - Food Defence Project Grant
2	40-30	32307	40007	30			4FA56-01-1	60100	0	5,790	5,790		Temporary
3	40-30	32307	40007	30			4FA56-01-1	60135	0	1,677	1,677		Non Base Fringe
4	40-30	32307	40007	30			4FA56-01-1	60145	0	174	174		Non Base Insurance-
5	40-30	32307	40007	30			4FA56-01-1	60170	0	27,526	27,526		Professional Svcs, Project Mgmt / Materials
6	40-30	32307	40007	30			4FA56-01-1	60240	0	739	739		Supplies, Project / General Office
7	40-30	32307	40007	30			4FA56-01-1	60350	0	764	764		Central Indirect
8	40-30	32307	40007	30			4FA56-01-1	60355	0	2,325	2,325		Departmental Indirect
9	40-30	32307	40007	30			4FA56-01-1	60370	0	500	500		Increase Intl Svc Telephone, \$500
10	40-30	32307	40007	30			4FA56-01-1	60410	0	502	502		Increase Intl Svc Motor Pool, \$502
11	19	1000	40007	20		9500001000		50310	0	(764)	(764)		Indirect reimbursement rev in GF
12	19	1000	40007	20		9500001000		60470	0	764	764		CGF Contingency expenditure
13	40-90	1000	40007	30		409050		50370	(4,597,837)	(4,600,162)	(2,325)		Indirect dept reimbursement rev in GF
14	40-90	1000	40007	30		409001		60000	321,899	324,224	2,325		Off setting dept expenditure in GF
15	72-10	3500	40007	20		705210		50316	0	(174)	(174)		Insurance Revenue
16	72-10	3500	40007	20		705210		60330	0	174	174		Offsetting Transaction
17	72-60	3503	40007	20		709525		50310	0	(500)	(500)		Budgets receipt of reimbursement
18	72-60	3503	40007	20		709525		60200	0	500	500		Budgets offsetting expenditure in telecommunic
19	72-55	3501	40007	20		904100		50310	0	(502)	(502)		Budgets receipt of Motor Pool service reimburs
20	72-55	3501	40007	20		904100		60240	0	502	502		Budgets offsetting expenditure
21										0			
22										0			
23										0			
24										0			
25										0			
26										0			
27										0			
28										0			
29										0			
											0	0	Total - Page 1
											0	0	GRAND TOTAL



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (revised 09/22/08)

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-7 DATE 11-13-08
ANA KARNES, ASST BOARD CLERK

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-7
Est. Start Time: 10:38 AM
Date Submitted: 11/03/08

NOTICE OF INTENT to Submit a \$30,000 Grant Application to the National Association of County and City Health Officials' "Healthy Communities Demonstration Sites" Grant Program

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	<u>November 13, 2008</u>	Amount of Time Needed:	<u>5 minutes</u>
Department:	<u>Health</u>	Division:	<u>Community Health Services, Environmental</u>
Contact(s):	<u>Mark Fulop, Lila Wickham</u>		
Phone:	<u>503-988-3400</u>	Ext.	<u>22551</u>
	I/O Address:		<u>420/SEHC/1</u>
Presenter(s):	<u>Lila Wickham, Program Manager</u>		

General Information

1. What action are you requesting from the Board?

Authorize the Director of the Health Department to apply for \$30,000 in grant funding through the National Association of County and City Health Officials' "Healthy Communities Demonstration Sites" to support the ongoing development of the Healthy Homes Community Partners Coalition.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The development of the Multnomah County Health Department Environmental Health Service's (MCEH) Healthy Homes program can be traced back to a community needs assessment that was conducted in 2003-2004. Using the Protocol for Assessing Community Excellence in Environmental Health, community members in Inner North and Northeast Portland participated in an assessment of environmental health and justice issues. This community process identified mold, trash, lead, and feeling like an ignored community as the priority issue areas. The MCEH Healthy Homes program grew out of this community-driven assessment. In addition to managing direct service grants from EPA, HUD and CDC, the MCEH Healthy Homes project includes formal partnerships and collaborations with other health and housing agencies. Over 20 community partner agencies are

currently in the process of organizing into a Healthy Homes Community Partners Coalition to ensure coordination of services, ongoing communication, referral and collaboration. Strategies used to ensure collaborative relationships include: 1) bi-monthly partners' meetings, 2) regular email and phone communication, 3) jointly promoting health and housing policy efforts; and 4) joint direct service program planning and implementation.

The NACCHO funding would be used to:

1. Promote the use to technology to support coalition activities (email, website and listsev) by:
 - assessing the technology use of coalition members and preferences for technology use;
 - designing a technology plan based on the assessment;
 - building the technology (likely website and e-communication tool), & presenting a training to community partners if needed;
 - piloting the implementation of new technology tools; and
 - evaluating the pilot use.
2. Plan and execute a Coalition Kickoff event that would engage community members, landlords, or other identified stakeholders in an interactive event to highlight the connections between health and housing by:
 - assessing potential target audience and venues for the event;
 - planning and event with coalition members; and
 - Implementing and evaluating the event

3. Explain the fiscal impact (current year and ongoing).

The Health Department will request \$30,000 through the NACCHO's Healthy Communities Demonstration Sites grant program. Funds will support a portion of existing staff time, project consultant costs, and miscellaneous supplies and expenses. These funds would leverage existing program grant revenues. The nature of the described project is expected to be one time costs and does not require ongoing funds.

4. Explain any legal and/or policy issues involved.

None.

5. Explain any citizen and/or other government participation that has or will take place.

Community Partners Coalition, as part of the Community Services team, works with numerous community partner organizations on health and housing issues and has formally engaged community partners in advisory roles and as collaborative partners the last 6 years.

ATTACHMENT A

Grant Application/Notice of Intent

If the request is a Grant Application or Notice of Intent, please answer all of the following in detail:

- **Who is the granting agency?**

National Association of County and City Health Officials (NACCHO)

- **Specify grant (matching, reporting and other) requirements and goals.**

There is no match required for this grant and the only relevant requirement for the application is that to be eligible the applicant must be "an active dues-paying NACCHO member- Local Health Department representing local city, county, district, or tribal communities." Multnomah County currently meets this requirement.

Specific financial, technical, and other reporting requirements to measure the Department's progress will be identified in the NACCHO grant award agreement. The Department must submit periodic formal progress reports, as instructed in the award agreement. Also, copies of a Final Technical Report and copies of all work products must be sent to the NACCHO project officer at the end of the project period.

- **Explain grant funding detail – is this a one time only or long term commitment?**

This is a one-time grant. No additional funding will be needed once the grant has been completed.

- **What are the estimated filing timelines?**

Grant applications are due on December 5, 2008.

- **If a grant, what period does the grant cover?**

The project period will be identified when the complete funding announcement is released during the week of November 10th. We estimate that the project will begin in early 2009 with a 12 month grant period.

- **When the grant expires, what are funding plans?**

This is one-time funding and when the grant expires, the project will have been completed. Additional grant funding may be sought for new enhancements/components to the project if the project is highly successful and other funding opportunities are available.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

These costs will be covered through the grant.

ATTACHMENT B

Required Signatures

Elected Official or
Department/
Agency Director:

Lillian Shirley

Date: 10/31/08

Budget Analyst:

Angela Burdine

Date: 11/03/08



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (revised 09/22/08)

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-8 DATE 11-13-08
ANA KARNES, ASST BOARD CLERK

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-8
Est. Start Time: 10:41 AM
Date Submitted: 11/03/08

Agenda Title: NOTICE OF INTENT to Submit a Proposal for \$850,000 to the Maternal and Child Health Bureau of the U.S. Department of Health and Human Services

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date: November 13, 2008 Amount of Time Needed: 5 mins
Department: Health Division: Early Childhood Services
Contact(s): Janet Wallinder, Cornetta Smith, Nicole Hermanns
Phone: 503-988-3663 Ext. 26314 I/O Address: 160/9
Presenter(s): Janet Wallinder, Cornetta Smith

General Information

1. What action are you requesting from the Board?

Authorization to submit a proposal for \$850,000 to the Maternal and Child Health Bureau of the U.S. Department of Health and Human Services to support the Multnomah County Health Department Healthy Birth Initiative.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

In 1991, the Maternal and Child Health Bureau established a new Healthy Start program in urban and rural community sites that had infant mortality rates of 1.5 – 2.5 times the national average. The goal of this program is to address significant disparities in perinatal health, with particular focus on reducing racial and ethnic disparities, and to enhance the community's perinatal service system. In 1996, the Multnomah County Health Department received its first four-year award through this grant competition to fund its Healthy Birth Initiative (HBI). After two successful renewals, the HBI program is applying for its fourth cycle of grant funding, in the amount of \$850,000 each year for the next four years.

The HBI program works to address significant disparities in perinatal health among African American women in Multnomah County. During this new grant cycle the geographical project area

will be expanded from North and Northeast Portland, to include parts of the Westside, Mid-County and East County in response to infant mortality rates and new areas of residence of program participants. The program includes five core services: Outreach and Client Recruitment; Case Management; Health Education; Interconceptional Care; and Depression Screening and Referral.

The overarching benefits of the project to the target population include healthier babies and mothers through reductions in infant mortality and low birth weight babies, increases in interconceptual periods, and reductions in risk behaviors during pregnancies. In addition, this funding works to meet the goal of reducing ethnic, racial, and other disparities in perinatal health.

3. Explain the fiscal impact (current year and ongoing).

This grant will provide \$850,000 each year for the next four years to continue the funding for our Healthy Birth Initiative, providing a total of approximately \$3,400,000 to the County collected over the duration of the grant. In addition to grant funding, the HBI program receives additional revenues through program income (reimbursements/fees for services) and a small amount of general fund support through the Early Childhood Services budget. General fund support is estimated to be between 5-10% of the total cost of the program.

4. Explain any legal and/or policy issues involved.

None.

5. Explain any citizen and/or other government participation that has or will take place.

The African American community has been very active in the HBI program through participation in focus groups, planning sessions, and a community Consortium.

ATTACHMENT A

Grant Application/Notice of Intent

If the request is a Grant Application or Notice of Intent, please answer all of the following in detail:

- **Who is the granting agency?**

The Maternal and Child Health Bureau, part of the Health Resources and Services Administration of the U.S. Department of Health and Human Services.

- **Specify grant (matching, reporting and other) requirements and goals.**

The goal of the grant is to address significant disparities in perinatal health, with particular focus on reducing racial and ethnic disparities, and to enhance the community's perinatal service system. The grant does not require a match. Regular program and financial reporting, and an annual non-competing continuation application are required.

- **Explain grant funding detail – is this a one time only or long term commitment?**

This grant is awarded for a four year period. At the end of the 4 years, the grant can be renewed. Our HBI program is currently completing its 3rd period of funding (the program's 12th year), and we will be applying for our next 4 year period.

- **What are the estimated filing timelines?**

The grant application is due on December 5, 2008.

- **If a grant, what period does the grant cover?**

The grant covers a 4 year period, from 6/1/09 through 5/31/13.

- **When the grant expires, what are funding plans?**

The Health Department will continue to reapply for this funding every four years. This grant program is part of the federal Healthy Start Initiative, a program that has significant public and government support, and the widely accepted expectation is that this federal program will continue well into the future.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

Indirect costs will be included within the grant budget. The program will also be supported with a small amount of general funds through the Early Childhood Services budget.

ATTACHMENT B

Required Signatures

**Elected Official or
Department/
Agency Director:**

Lillian Shirley

Date: 10/31/08

Budget Analyst:

Angela Burdine

Date: 11/03/08



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-9 DATE 11-13-08
ANA KARNES, ASST BOARD CLERK

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-9
Est. Start Time: 10:43 AM
Date Submitted: 11/05/08

NOTICE OF INTENT to Submit a \$35,000 Grant Request to the National Association of County and City Health Officials to Support an Analysis of Public Health Informatics

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: November 13, 2008 Amount of Time Needed: 5 minutes
Department: Health Division: Community Health Services
Contact(s): Amy Sullivan
Phone: 503-988-3674 Ext. 29751 I/O Address: 160/2
Presenter(s): Amy Sullivan/Tom Waltz

General Information

1. What action are you requesting from the Board?

Authorize the Director of the Health Department to submit a \$35,000 grant request to the National Association of County and City Health Officials to support a demonstration project to identify the business processes, knowledge management, and interoperability of health information systems in a public health department.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The National Association of County and City Health Officials (NACCHO) will award \$70,000 to two public health departments (\$35,000 each) to: 1) develop a communitywide health information technology and knowledge management demonstration collaborative; 2) conduct a series of local health system assessments which may include but are not limited to social network analysis and business process analysis; 3) create technical assistance tools that can be shared with other local health departments; and 4) develop a final report.

The Multnomah County Health Department has been a leader in the application of electronic health records in an effort to provide high quality health services for the primary care clients. Because the Health Department is responsible for assuring the health of the broader community through its public health mission, NACCHO's grant program serves as an opportunity to leverage outside

funding to explore design considerations and issues associated with using health information technology as a tool to make the connection between primary care services and basic public health functions of the Health Department. Though not directly linked, the project will support work reflected in the Department's public health responsibilities such as that described in Program Offer #40010, Communicable Disease Prevention & Control.

3. Explain the fiscal impact (current year and ongoing).

No County funding is requested. The proposed grant will enable the Health Department to support activities to address the need for improved disease surveillance.

4. Explain any legal and/or policy issues involved.

None identified; providing public health services is consistent with the County's mandate to protect the health of residents through disease surveillance.

5. Explain any citizen and/or other government participation that has or will take place.

None.

ATTACHMENT A

Grant Application/Notice of Intent

If the request is a Grant Application or Notice of Intent, please answer all of the following in detail:

- **Who is the granting agency?**

National Association of County and City Health Officials.

- **Specify grant (matching, reporting and other) requirements and goals.**

No match is required for this grant. Grantees are required to monitor expenses, and report activities on regular intervals as established in the grant agreement. Funded sites will be expected to produce a detailed report of findings and recommendations for improving information management and exchange across their public health systems by November 31, 2009. The final report along with supporting documents will be posted on NACCHO's Website and used as a model for other local health departments.

- **Explain grant funding detail – is this a one time only or long term commitment?**

This is a one-time commitment.

- **What are the estimated filing timelines?**

Grant applications are due on November 17, 2008.

- **If a grant, what period does the grant cover?**

Grants are for a period of one year, but can be extended if necessary.

- **When the grant expires, what are funding plans?**

This is a short term project that will enable the Health department to better understand the steps associated with establishing the capacity to implement a public health informatics system, and compete for additional grant funding in the future.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

Administrative costs will be covered in the grant.

ATTACHMENT B

Required Signatures

Elected Official or
Department/
Agency Director:

Lillian Shirley

Date: 11/04/08

Budget Analyst:

Angela Burdine

Date: 11/05/08



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (revised 09/22/08)

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-10
Est. Start Time: 10:45 AM
Date Submitted: 10/30/08

RESOLUTION Approving an Amendment to an Intergovernmental Agreement with Multnomah County School District No. 1J to Relinquish Space Currently Being Leased by Multnomah County in the Blanchard Building, 401 North Dixon Street, Portland, Oregon, Which is Surplus to County Use

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	November 13, 2008	Amount of Time Needed:	5 minutes
Department:	County Management	Division:	Facilities & Property Mgmt
Contact(s):	Bob Thomas		
Phone:	(503) 988-6294	Ext.	86294
	I/O Address:		503/531
Presenter(s):	Bob Thomas		

General Information

1. What action are you requesting from the Board?

The department is requesting Board approval of an Amendment to an Intergovernmental Agreement with Multnomah County School District No. 1J to Relinquish Space Currently Being Leased by Multnomah County in the Blanchard Building Which is Surplus to County Use.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

In 2000, Multnomah County joined into an intergovernmental agreement with Portland Public Schools (PPS) for a ninety-nine year lease of 46,307 square feet of space in the Blanchard Building, a nearby parcel, and other considerations for a one-time payment of \$3,500,000. The Blanchard Building currently houses the Facilities & Property Management Division, a Fleet Services Maintenance Shop, and some additional County storage space. A lower floor of this building, known as L-1, housed approximately 8,000 square feet of office space formerly occupied by Facilities staff.

PPS has expressed interest for some time to reacquiring the L-1 space, if and when it became vacant, from the County. In an effort to decrease the County footprint at Blanchard and reduce Facilities' costs, the L-1 space has been vacated and offered back to PPS. PPS would like to expand several programs and is looking for additional adjacent space at Blanchard for this purpose.

3. Explain the fiscal impact (current year and ongoing).

The L-1 space had a value in the year 2000 of approximately \$552,000. Its value has increased approximately 5% per year, based on recent appraisals of the Blanchard Building. The agreed upon payment for this space is \$800,000, with annual payments of \$150,000 beginning June 30, 2009. Interest charged on outstanding principal will be variable established by the average of the monthly interest rates for the Local Government Investment Pool for the twelve months preceding the month the first annual payment is made. The size of the last payment will be adjusted to account for the outstanding principal and total interest accrued up to that date.

Through the year 2020, the County will pay \$418,000 annually in debt service that financed the long term lease of space at the Blanchard Building. The return of this space to PPS will generate one time only revenue over approximately six years to help reduce the annual cost to Facilities and the County. This annual debt service is allocated out to departments in their building management charges. It must be recognized that after six years the debt service will return to \$418,000 annually for the Blanchard Building space.

4. Explain any legal and/or policy issues involved.

None identified.

5. Explain any citizen and/or other government participation that has or will take place.

Portland Public Schools intends to present this amendment to their Board of Education on November 10th.

Required Signature

Elected Official or
Department/
Agency Director:



Date: 10/30/08

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. _____

Approving an Amendment to an Intergovernmental Agreement with Multnomah County School District No. 1J to Relinquish Space Currently Being Leased by Multnomah County in the Blanchard Building, 401 North Dixon Street, Portland, Oregon, Which is Surplus to County Use

The Multnomah County Board of Commissioners Finds:

- a. On May 5, 2000, by Resolution 00-081 Multnomah County entered into an intergovernmental agreement for a 99 year lease with Multnomah County School District No. 1J (PPS) to lease space in the Blanchard Building. Under the terms of the lease, the County prepaid rent for the entire term of the lease.
- b. The space identified in Exhibit 1 to this resolution has become surplus to County use ("Surplus Space"). The County desires to amend the lease to delete the Surplus Space from the leased premises as of December 1, 2008.
- c. PPS needs the Surplus Space for PPS uses and also desires to amend the lease to delete the Surplus Space from the leased premises as of December 1, 2008.
- d. The parties have agreed that PPS will pay the County \$800,000 for deletion of the Surplus Space from the leased premises, payable at \$150,000 per year commencing June 30, 2009 with interest based on the average of the monthly interest rates for the Local Government Investment Pool.

The Multnomah County Board of Commissioners Resolves:

1. The County Chair is authorized and directed to execute a lease amendment with PPS on the terms and conditions set forth above and to execute any other documents required to implement the agreement.

ADOPTED this 13th day of November, 2008

**BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
John S. Thomas, Deputy County Attorney

SUBMITTED BY:
Carol M. Ford, Director, Dept. of County Management

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 08-150

Approving an Amendment to an Intergovernmental Agreement with Multnomah County School District No. 1J to Relinquish Space Currently Being Leased by Multnomah County in the Blanchard Building, 401 North Dixon Street, Portland, Oregon, Which is Surplus to County Use

The Multnomah County Board of Commissioners Finds:

- a. On May 5, 2000, by Resolution 00-081 Multnomah County entered into an intergovernmental agreement for a 99 year lease with Multnomah County School District No. 1J (PPS) to lease space in the Blanchard Building. Under the terms of the lease, the County prepaid rent for the entire term of the lease.
- b. The space identified in Exhibit 1 to this resolution has become surplus to County use ("Surplus Space"). The County desires to amend the lease to delete the Surplus Space from the leased premises as of December 1, 2008.
- c. PPS needs the Surplus Space for PPS uses and also desires to amend the lease to delete the Surplus Space from the leased premises as of December 1, 2008.
- d. The parties have agreed that PPS will pay the County \$800,000 for deletion of the Surplus Space from the leased premises, payable at \$150,000 per year commencing June 30, 2009 with interest based on the average of the monthly interest rates for the Local Government Investment Pool.

The Multnomah County Board of Commissioners Resolves:

1. The County Chair is authorized and directed to execute a lease amendment with PPS on the terms and conditions set forth above and to execute any other documents required to implement the agreement.

ADOPTED this 13th day of November, 2008



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By


John S. Thomas, Deputy County Attorney

SUBMITTED BY:

Carol M. Ford, Director, Dept. of County Management



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (revised 09/22/08)

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-11
Est. Start Time: 10:50 AM
Date Submitted: 11/05/08

Agenda Title: **RESOLUTION Adopting Multnomah County's Investment Policy and Repealing Resolution 07-077**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date: November 13, 2008 Amount of Time: 10 minutes
Department: Department of County Management Division: Finance & Risk Management
Contact(s): Harry Morton
Phone: 503-988-3290 Ext. 83290 I/O Address: 503/531/Treasury
Presenter(s): Harry Morton

General Information

1. What action are you requesting from the Board?

To approve the Multnomah County Investment Policy. DCM recommends approval.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

ORS 294.135 requires that municipalities adopt a written investment policy annually. Treasury has made minor changes to the Investment Policy adopted by Resolution 07-077.

3. Explain the fiscal impact (current year and ongoing).

The updated Investment Policy will have no financial impact on the General Fund.

4. Explain any legal and/or policy issues involved.

The updated Investment Policy meets all legal requirements and the governmental best practices recommended by the Government Finance Officers Association.

5. Explain any citizen and/or other government participation that has or will take place.

The updated Investment Policy was reviewed by the Multnomah County Investment Advisory Board and has been submitted to the Oregon Short Term Fund Board for review.

Required Signature

Elected Official or
Department/
Agency Director:

Carol M. Ford

Date: 11/05/08

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. _____

Adopting Multnomah County Investment Policy and Repealing Resolution 07-077

The Multnomah County Board of Commissioners Finds:

- a. ORS 294.135 requires the county to adopt a written investment policy.
- b. Treasury has modified the investment policy adopted by the Board on May 3, 2007, by Resolution 07-077, to more closely conform to the model policies of the State Treasury and Government Finance Officers Association.
- c. The County's Investment Advisory Board reviewed the attached Multnomah County Investment Policy (Investment Policy) and recommended no changes.
- d. The Oregon Short Term Fund Board reviewed the Investment Policy and recommended no improvements or changes.

The Multnomah County Board of Commissioners Resolves:

1. The Board adopts the attached Multnomah County Investment Policy dated September, 2008.
2. The Chief Financial Officer and the Treasury Manager are authorized to administer the Investment Policy.
3. This resolution repeals and replaces the previous Investment Policy adopted by Resolution No. 07-077.

ADOPTED this 13th day of November 2008.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Agnes Sowle, County Attorney

SUBMITTED BY:
Carol Ford, Director, Department of County Management



MULTNOMAH COUNTY OREGON

Investment Policy

September 2008

I. SCOPE

This investment policy applies to the investing of the financial assets of all funds included in Multnomah County's investment portfolio as defined in this policy. During the Fiscal Year 2007-2008, the County's average daily balance of cash invested was approximately \$314,084,000, with the high of \$947,944,000 occurring in November 2007 and the low of \$162,565,000 occurring in October 2007.

All applicable cash will be invested in compliance with Oregon Revised Statutes 294 and 295, and all other applicable statutes, policies and other written procedures. Investment earnings of the investment portfolio shall be allocated to eligible County governmental, proprietary and fiduciary funds as summarized in Addendum A.

Investments owned by Multnomah County Hospital Facilities Authority do not fall under the purview of Multnomah County or this investment policy.

II. INVESTMENT OBJECTIVES

- The primary investment objective of Multnomah County is the preservation of capital and the protection of investment principal.
- The County's investment portfolio will remain sufficiently liquid to enable the County to meet all reasonably anticipated operating requirements. This preference for liquidity will be basic to investment decisions.
- The County will strive to attain a market rate of return throughout budgeting cycles.
- The County will diversify its investment types and maturities to avoid unreasonable concentration within security types and financial institutions.
- The County will comply with Federal and State laws, IRS Regulations, GAAP and GASB guidelines, and Oregon State Treasury guidelines.

III. STANDARDS OF CARE

1. Prudence The standard of prudence to be used by the Treasury Manager and treasury staff shall be the "prudent person" standard which states that "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The Treasury Manager and treasury staff acting in accordance with written procedures and this investment policy, and exercising due diligence shall be relieved of personal responsibility for an

individual security's credit risk or market price fluctuations, provided deviations from expectations are reported in a timely manner, and that investment transactions are carried out in accordance with this investment policy.

2. Ethics and Conflicts of Interest County employees involved in the investment process shall refrain from business activity that could conflict with the proper execution and management of the investment process, or that could impair their ability to make impartial decisions. Such employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions could be related to the performance of the investment portfolio. Such employees shall at all times comply with the State of Oregon Government Standards and Practices code of ethics set forth in ORS 244.

3. Delegation of Authority The Treasury Manager is designated as the investment officer of the County and is responsible for the daily cash management, as well as all investment decisions and activities. No person is authorized to engage in an investment transaction for the County except as provided under the terms of this policy and procedures established by the Investment officer. The Treasury Manager may authorize Treasury staff to act as his designees with dual signature requirement. (See Addendum G).

IV. SAFEKEEPING AND CUSTODY

1. Delivery versus Payment All investments eligible for delivery purchased pursuant to this investment policy will be delivered versus payment by either book entry or physical delivery to a third-party custodian.

2. Authorized Financial Institutions and Broker/Dealers The Treasury Manager will maintain and review annually a list of financial institutions authorized to provide the County investment and safekeeping services, as well as a list of approved security broker/dealers. To be eligible, a financial institution must meet at least one of the following three criteria:

- a. Be a primary dealer of the Federal Reserve Bank of New York; or
- b. Report voluntarily to the F.R.B. of New York; or
- c. Affirm that it has met the securities dealers' capital adequacy requirements of the F.R.B. of New York continuously for the preceding 12 months.

The Treasury Manager is authorized to sign a Trading Authorization Agreement or Master Repurchase Agreement with any institution included on the list, and will maintain a file, either electronically or hard copy, of the most recent audited financial reports of each firm on the approved list.

The Treasury Manager is authorized to transact trades directly with issuers of corporate debt and commercial paper provided that the provisions of ORS 294.035 and this investment policy are observed.

The Treasury Manager is responsible for maintaining current files documenting the appropriate licenses and professional credentials of broker/dealers with whom the County transacts trades. Additional documentation to be maintained includes certification of state registration, NASD

certification, certification of having read and agreeing to comply with the County's current investment policy.

Qualified financial institutions and broker/dealers are included in Addendum B.

3. Internal Controls The Treasury Manager shall be responsible for implementing effective internal controls to address the following areas of concern:

- Clear delegation of authority
- Segregation of duties and separation of responsibilities for trade execution, accounting, and record keeping
- Written confirmation of transactions and funds transfers
- Compliance with investment policy constraints and requirements
- Timely reconciliation of custodial reports
- Appropriate security for online access to bank accounts and bank data

V. AUTHORIZED INVESTMENTS

This investment policy limits approved investment securities to the following:

1. U.S. Treasury Issues
2. Agencies and Instrumentalities of the United States
3. Municipal Debt
4. Savings and Demand Accounts
5. Time Certificates of Deposit
6. Banker's Acceptances
7. Corporate Debt
8. Repurchase Agreements (collateral margins per Oregon State Treasury)
9. Reverse Repurchase Agreements (with approval of Chief Financial Officer)
10. Local Government Investment Pool (LGIP)

The specific permitted securities are defined under Oregon Revised Statutes 294.035, 294.040, 294.046 and 294.810. (See Addendum C). Collateral requirements for bank deposits, time deposits, certificates of deposit and savings accounts are defined in ORS 295. (See Addendum D).

VI. INVESTMENT PARAMETERS

The Treasury Manager is responsible for preparing an annual cash flow schedule for all funds included in the County's investment portfolio. The cash flow schedule shall be continuously reviewed to compare projected flows to actual.

County's investments shall be diversified by type, maturity and issuer. Before any transaction is concluded, to the extent practicable, the Treasury Manager shall solicit and document competitive bids and offers on comparable securities. When not practicable, the reasons should be similarly documented. At all times the Treasury Manager will strive for best execution of all transactions. Additionally, if reasonably unanticipated events cause the portfolio limits to be exceeded, the Treasury Manager will take the steps necessary to correct the situation as soon as is practicable. The Treasury Manager will promptly advise the Chief Financial Officer and the Investment Advisory Board of the occurrence.

Investments may be sold at a loss when the Treasury Manager deems that such a decision is prudent.

1. Diversification by Type The Treasury Manager shall limit the types of securities owned based on their proportional market value to the total investment portfolio market value in the following manner:

- | | |
|----------------------------------|--|
| ○ U.S. Treasury Issues | Up to 100% |
| ○ Agencies and Instrumentalities | Up to 75% and 25% per issuer |
| ○ Municipal Debt | Up to 10% and 10% per issuer |
| ○ Savings Accounts | Up to 50% and 25% per institution |
| ○ Certificates of Deposit | Up to 20% and 1% of deposits per institution |
| ○ Banker's Acceptances | Up to 20% and 10% per issuer |
| ○ Corporate Debt | Up to 25% and 5% per issuer |
| ○ Repurchase Agreements | Per collateral securing repo and margin requirements |
| ○ Reverse Repurchase Agreements | Up to 10% |
| ○ LGIP | Per ORS 294.810 |

Investments in corporate debt may exceed 25% up to a limit of 30% for a period not to exceed 10 successive business days with prompt appropriate notifications.

2. Maximum Maturities In order to insure that funds are available for operating cash flow requirements, the Treasury Manager shall limit the maturities of securities owned based on market value in order to manage the weighted average maturity (WAM) of the portfolio appropriate to current market conditions and economic expectations. The following guidelines shall apply:

- | | |
|-------------------|-------------|
| ○ Under 30 days | Minimum 10% |
| ○ 31 -- 90 days | Minimum 25% |
| ○ 91 -- 270 days | Minimum 50% |
| ○ 271 -- 365 days | Minimum 70% |
| ○ 1 -- 3 years | Maximum 30% |

Investment maturities may exceed the guidelines for a period not to exceed 10 successive business days with prompt and appropriate notifications.

3. Management of Credit Quality The Treasury Manager shall calculate and report the average credit quality of the investment portfolio to manage aggregate portfolio credit risk.

4. Investment of Bond Proceeds Bond proceeds may be segregated within the County's investment portfolio and invested in a manner consistent with Internal Revenue Service limitations on tax-exempt issuers, as well as the trust indenture and anticipated drawdown of proceeds.

Similarly, funds received as a result of a defeasance of previously issued County debt shall be invested in a manner consistent with Oregon Revised Statutes, I.R.S. regulations and the terms of the indenture documents of the debt instrument.

5. Community Banking Investment Program Pursuant to Multnomah County Board Resolution No. 98-129, dated September 10, 1998, the Treasury Manager is authorized to purchase time certificates of deposit from qualified community banks in the face amount of \$95,000 per bank to a total of \$1,500,000. (See Addendum E).

VII. REPORTING AND OVERSIGHT

1. Methodology The Treasury Manager shall prepare monthly a management summary that provides the details of the investment portfolio, as well as transaction details for the reporting period. Details shall be sufficient to document conformity with the provisions of statutes and this investment policy and shall include a listing of individual securities held at the end of the period. All investments owned will be marked-to-market monthly by the County's third-party custodian.

At the time of settlement of a purchase, an investment will be booked at cost. Any gain or loss resulting from an investment sold or called will be credited or charged to investment income as of the settlement date of the transaction. Premiums and discounts on securities will be amortized or accreted to stated maturity date. In the event of call or sale before maturity, any remaining premiums or discounts will be credited or charged to income as of the call or sale settlement date.

The County shall comply with all legal requirements and generally accepted accounting principals (GAAP). These principals are contained in the pronouncements of authoritative bodies including, but not limited to, the American Institute of Certified Public Accountants (AICPA), the Financial Accounting Standards Board (FASB), and the Government Accounting Standards Board (GASB).

Most of the County's available cash will be pooled for investment purposes in the investment portfolio. Cash not pooled will be restricted to:

- Contract retainage and lien deposits;
- Deferred compensation deposits and investments;
- Cash designated for Certificates of Participation, Full Faith and Credit, General Obligation, and Revenue Bond reserves;
- Cash designated for construction payments;
- Petty cash and other imprest funds.

These items will earn interest income, if applicable, from the financial institution holding the funds in a trust or fiduciary capacity.

The monthly management investment summary will be provided to the Chair of the Board, the members of the Investment Advisory Board, the Chief Financial Officer and the County Auditor.

2. Benchmarks The performance of the County's portfolio will be measured against the performance of the Local Government Invest Pool (LGIP) and the yield of the 91-Day U.S. Treasury Bill. It is the goal of the County to maintain throughout the accounting cycle a yield that is not more than 50 basis points (1/2 percent) lower than that of LGIP, and is not less than 25 basis points (1/4 percent) higher than that of the 91-Day U.S. Treasury Bill. The County will endeavor to compare its portfolio yield with those of Washington County, Clackamas County and the City of Gresham.

3. Portfolio Earnings Allocation The amount of earnings allocated monthly will be calculated by the General Ledger section based on the following:

- The average daily cash balance (ADCB) of each eligible fund will be calculated. The Property Tax Trust Fund ADCB will be reduced by the average daily uncollected funds (float).
- The average monthly yield of the County's investment portfolio will be calculated on a 365-day basis.
- An administrative fee of 100 basis points (1.00%) will be deducted from the earnings allocation prior to distribution.

- If the ADCB of a fund is negative and the fund has earnings received, the fund will be debited earnings for the period at the average monthly yield of the portfolio for the period that the fund's cash balance is negative.
- The allocation of earnings process is summarized in Addendum A.

4. Investment Advisory Board The County Chair will appoint the members of the Investment Advisory Board (IAB) to three-year terms. The IAB will consist of five citizen members who will be nominated on the basis of their expertise in financial markets and fixed income investments. (See Addendum F).

The IAB will meet quarterly to review the County's investment performance and adherence to the investment policy. All such meetings will be open to the public and publicized as required by the "Open Meetings Law."

Minutes of each meeting of the IAB shall be recorded and included in the management summary for the following month.

5. Indemnification Clause The County shall indemnify County officials and Investment Advisory Board members from personal liability for losses that might occur pursuant to administering this investment policy.

VII. POLICY ADOPTION

The County's investment policy shall be reviewed annually by the Chief Financial Officer and the Investment Advisory Board for appropriate modifications. It will then be submitted to the Oregon Short Term Fund Board for comments. Any comments or suggestions made by the OSTFB but not implemented by the County will be explained to the Board of County Commissioners.

This policy and any amendments to this policy are to be approved annually by the Board of County Commissioners.

ADDENDUM A

Investment Earnings Allocation

A. Pursuant to State law and County policy investment earnings will be allocated to all Debt Service Funds, all Capital Projects Funds, all Special Revenue Funds, except as noted below and the Behavioral Health Managed Care Fund (3002).

B. Investment earnings will not be allocated to the Federal/State Program Fund because the majority of the expenditures are on a reimbursement basis from the grantor agency and the General Fund provides the cash flow.

C. The General Fund will receive the balance of the investment earnings. All other Funds that are supported in whole or part by the General Fund will not be allocated investment earnings.

D. In the event a new fund or account is created, the Chief Financial Officer is authorized to make the determination if the fund or account should receive investment earnings. This determination is to be based on the criteria used for the funds in existence at the time this policy is adopted.

ADDENDUM B

Qualified Financial Institutions and Broker/Dealers

Banks:

- 1) Albina Community Bank
- 2) Bank of America
- 3) Key Bank
- 4) Union Bank of California
- 5) US Bank
- 6) Umpqua Bank
- 7) Wells Fargo Bank
- 8) Oregon Community Banks (Per Resolution No. 98-129)

Brokerage Firms:

- 1) BA Securities
- 2) D.A. Davidson & Co
- 3) Morgan Keegan & Co.
- 4) Piper Jaffray & Co.
- 5) RBC Dain Rauscher, Inc.
- 6) Seattle Northwest Securities Corp.
- 7) UBS Financial Services
- 8) Union Bank Investment Services

Other:

Local Government Investment Pool (LGIP)

ADDENDUM C

Liquid Investments Available to Oregon Local Governments

United States Treasury Issues

1. U.S. Treasury Bills
2. U.S. Treasury Notes
3. U.S. Treasury Bonds
4. U.S. Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities)
5. BECCS (Bearer Corpora Conversions)
6. CUBES (Coupons Under Book-Entry Safekeeping)
7. U.S. Treasury Inflation-Indexed Bonds

All Treasury notes and bonds are strippable. STRIPS are created by separating the interest (coupon) and principal (the note or bond itself), thereby creating zero coupon securities that are sold at a deep discount and payment is received at maturity. STRIPS are direct obligations of the U.S. Treasury and are backed by the full faith and credit of the United States. Strips are not to be confused with CAT's, TIGR's, etc., which are proprietary products that represent a security interest in an underlying U.S. Treasury security. These latter investments ARE NOT permissible investments for local governments.

Previously, when U.S. Treasury Bonds were in physical form, they were literally separated into serial coupons from their respective bonds. This was before book entry; before proprietary products created by dealers that were security interests in some underlying note or bond; and, before the U.S. Treasury itself allowed stripping of its longer debt issues. These old physically separated instruments (basically bearer securities) were converted by the Federal Reserve into wireable book entry form to make the STRIPS market more uniform. These former physical securities that have been so converted are called Coupons Under Book Entry Safekeeping (hence the acronym CUBES). These CUBES are very rare, trade at a higher rate than on-the-run comparable U.S. Treasury STRIPS, and are extremely illiquid. Being old U.S. Treasury securities, CUBES carry the same full faith and credit of the United States Government.

In January, 1997, the United States Treasury started issuing Treasury Inflation Protected Securities (TIPS). Inflation indexed note auctions are usually announced on the first Wednesday of January and July, with the auction process occurring the second week of January and July. Issuance is the 15th of the same month. These bonds will be fully strippable. Like other bonds, they will be offered in denominations of \$1,000.00. More detailed information beyond this cursory description is available from the Internet (www.publicdebt.treas.gov), The Bond Market Association (www.bondmarkets.com), and research data from brokers/dealers.

Agencies and Instrumentalities of the United States

1. Federal Home Loan Banks (FHLB) - Discount Notes, Consolidated bonds, Floating Rate Notes, and MTNs.
www.fhlb-of.com
2. Federal Farm Credit Banks (FFCB) - Consolidated system-wide notes and bonds, Discount notes, Floating Rate Notes, MTNs, and Master notes.
www.farmcredit-ffcb.com
3. Federal National Mortgage Association ("Fannie Mae") - Discount Notes, MTNs, Senior and Subordinated Benchmark Notes (fixed and floating), strips, zero-coupon securities, and mortgage-backed securities.
www.fanniemae.com
4. Federal Home Loan Mortgage Corporation ("Freddie Mac") - Discount Notes, MTNs, Senior and Subordinated Reference Notes (fixed and floating), Mortgage Participation Certificates (PC's), Collateralized Mortgage Obligations (CMO's), and Strips.
www.freddiemac.com
5. Government National Mortgage Association ("Ginnie Mae") - Mortgage-Backed Securities in 15- and 30-year maturities - guaranteed by the full faith and credit of the U.S. Government. Collateralized by FHA, VA, and FMHA insured mortgage loans.
www.ginniemae.gov
6. Financing Corporation (FICO) —Long-term bonds (none issued since 9/89) - Principal repayment defeased by zero coupon Treasuries.
7. Resolution Funding Corporation (REFCORP) - Strips and Bonds — 30 & 40-year issues - Principal collateralized by U.S. Treasuries, interest payments backed by the U.S. Treasury and FIRREA.
8. Tennessee Valley Authority (TVA) - Discount Notes, Strips, Notes, and Bonds - Issues available in maturities 5 to 50 years. www.tva.gov
9. Financial Assistance Corporation (FAC) - 15 year bonds, guaranteed by the Treasury, first issued in 7/88. This entity provides capital to Farm Credit System Institutions.
10. Federal Land Banks (FLB) - Bonds - Currently issued through FFCB. (Banks for Cooperatives and Federal Intermediate Credit Bank also issue through FFCB and have no direct issues outstanding.)
11. Federal Housing Administration (FHA) - Debentures - Backed by the full faith and credit of the U.S. Government.
12. Farmers Home Administration (FMHA) - Certificates of Beneficial Ownership (CBO's). Backed by the full faith and credit of the U.S. Government. Discontinued in 1975, small amount remains outstanding.

13. General Services Administration (GSA) - Participation Certificates - Secured by the full faith and credit of the U.S. Government. No new issues since 1974. www.gsa.gov
14. Maritime Administration - Bonds - Collateralized by ship mortgages, further backed by the full faith and credit of the U.S. Government in the event of default.
15. Washington Metropolitan Area Transit Authority - Bonds - Backed by the full faith and credit of the U.S. Government. Small amount remains outstanding.
16. Small Business Administration (SBA) - Debentures - Backed by the full faith and credit of the U.S. Government. Small amount remains outstanding.
www.sba.gov
17. Department of Housing and Urban Development (HUD) - Notes, New Housing Authority Bonds - 40-year issues with 15-year calls. Backed by the full faith and credit of the U.S. Government. No new issues since 1974. Small amount remains outstanding.
18. United States Postal Service - Bonds - May be backed by the full faith and credit of the U. S. Government. Issues with maturities of 20 years or longer. www.usps.com
19. United States Department of Veterans' Affairs Guaranteed REMIC Pass-Through Certificates Vendee Mortgage Trust 1992-1 (VINNIE MAE). The full and timely payment of principal and interest of these certificates is guaranteed by the Department of Veterans' Affairs and this guarantee is further backed by the full faith and credit of the United States of America.
20. Private Export Funding Corporation (PEFCO) — Secured Notes with maturities of 5 years or longer.-Interest is guaranteed by the Export-Import Bank of the United States (Eximbank, a federal agency) and whose principal is secured by either cash, securities backed by the full faith and credit of the United States, or Guaranteed Importer Notes which are guaranteed by the Eximbank. The Secured Notes, which are rated AAA.
www.pefco.com
21. Federal Agricultural Mortgage Corporation (Farmer Mac), a federally chartered instrumentality of the United States was created to provide capital for agricultural real estate and rural housing. Instruments include discount notes, medium-term notes, and mortgage backed securities. www.farmermac.com

Pursuant to ORS 294.046, this list contains all "agencies and instrumentalities of the United States with available obligations that any county, municipality, political subdivision or school district may invest in...." Generally, all U.S. Treasuries, and Agencies listed in 1 through 8 are appropriate investments for excess cash funds (if the maturities of such instruments are within the local government's investment guidelines). However, attention should be paid to any peculiar characteristics of some of the instruments. For example, mortgage-backed securities like GNMA's may have volatile prepayment characteristics which may make their final maturities unknown. In falling interest rate cycles, borrowers' whose underlying mortgages are the security for the GNMA bonds may refinance their loans accelerating the principal return to the investor. Therefore, the term for a GNMA cannot be relied upon to perform, for example, a debt defeasance. Agencies listed in 9 through 21 are viewed as less appropriate for local government investments, may be infrequently traded, and can be characterized by thin, illiquid markets.

International institutions in which the United States Government owns capital stock (paid-in or callable) are not eligible investments for local governments and are not listed here (World Bank, Asian Development Bank, Inter-American Development Bank, etc.).

Local Government Investment Pool

No minimum investment: deposits are limited to the amount prescribed on: "Memo Regarding Limitation in ORS 294.810." These limits can be temporarily exceeded for 20 business days by county governments and 10 days by other local governments as a result of pass-through funds (ORS 294.810).

Repurchase Agreements

Typically these are investment arrangements involving the purchase of US Government and agency securities with a simultaneous agreement to resell them back to the same seller for the same dollar investment plus a fee. Amounts invested, rate, and terms are negotiable but such repurchase transactions are limited to 90 days maximum term. Maximum percentages for prices paid for the collateral securities are prescribed by the Oregon Investment Council or the Oregon Short-Term Fund Board [ORS 294.035 (11); ORS 294.135 (2)]. On March 12, 1996, the Board prescribed the following minimum pricing margins for repurchase collateral:

US Treasury Securities:	102%
US Agency Discount and Coupon Securities:	102%
Mortgage Backed and Other:	103%*

Bankers' Acceptances

Appropriate if: guaranteed by, and carried on the books of, a qualified financial institution; eligible for discount by the Federal Reserve System; and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.. They are limited to a 25% maximum of the moneys of a local government available for investment on the settlement date per qualified financial institution [ORS 294.035 (8) (a), (b), (c)].

Corporate Indebtedness (secured and unsecured)

These securities are corporate commercial paper and promissory notes that have minimum commercial paper ratings of A1 or P1 or long-term minimum ratings of Aa (Moody's) or AA (S & P) or equivalent by any nationally recognized statistical rating organization. The minimum credit quality may be lowered to A2, P2 for commercial paper and A for long-term if the issuer meets the criteria of paragraphs (A) and (B) of ORS 294.035 (9) (c). They are limited to 35% of the moneys of a local government available for investment [ORS 294.035 (9), (a), (b), (c), (d)]

Municipal Debt Obligations

Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term debt rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (2)]. Also, lawfully issued debt obligations of the States of California, Idaho and Washington and their political subdivisions if such obligations have a long-term rating of AA or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (3)]. For these latter obligations, they are allowable subject to ORS 294.040.

Certificates of Deposits

Certificates of deposit are not an investment security but rather a time deposit in a qualified financial institution. They must be FDIC insured to \$100,000 and further collateralized above the FDIC insurance pursuant to Oregon Revised Statutes.

ADDENDUM D

Collateral Requirements for Public Funds Deposits

Effective July 1, 2008, Oregon Revised Statutes Chapter 295 has been modified by legislative action which transferred the responsibility to the Office of the State Treasurer for insuring that public funds are collateralized appropriately by the public depositories holding the deposits.

ADDENDUM E

RESOLUTION No. 98 – 129

Resolution adopting Multnomah County's Community Banking Investment Program

The Board of County Commissioners finds:

1. Many small banks that are community owned ("Community Banks") are located in rural and urban areas throughout the state and provide valuable services including making small business loans, loans to promote entrepreneurial activities and consumer loans for tuition and purchases of automobiles and homes.
2. Multnomah County, Oregon (the "County") has successfully formed partnerships with Community Banks in Multnomah County by making investments with Albina Community Bank and American State Bank and wishes to expand this partnership to provide an economic engine to link the urban/rural relationships throughout the state.
3. The County is committed to forming partnerships with Community Banks, consumers and businesses to provide the much needed capital to assist in economic development, the creation of jobs and providing loans for home purchases, home improvements automobile loans and tuition expenses.
4. Community Bank loans to businesses and consumers generate significant economic development, provide employment opportunities for the communities in which they are located and enhance the livability of their communities.
5. The economic development, employment opportunities made possible by small businesses add to the quality of life of all Oregonians, including those in Multnomah County.
6. With the restructuring and consolidation of banking in Oregon, small businesses and consumers are placing an even higher demand for loans on Oregon Community Banks and Community Banks are constantly exploring new ways to raise deposits to provide loans to small businesses and consumers.
7. The County, understands and appreciates the positive economic impact and enriched quality of life that Community Banks have in communities throughout the State of Oregon.
8. The County wishes to establish a model Community Banking Investment Program and encourages other governments in a position to implement similar programs to do so.
9. The County is authorized under ORS 294.035 to invest in certificates of deposit in banks, mutual savings banks and savings and loan associations which maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank or savings and loan association.

10. The County's investment policy, adopted by the Board, authorizes the County to purchase time certificates of deposit with financial institutions covered by FDIC insurance or institutions that cause to have a Certificate of Participation issued evidencing collateral on all public funds on deposit.

11. The County's investment policy requires the County to safeguard assets, maintain sufficient liquidity requirements and obtain a competitive rate of return.

12. The County's Investment Advisory Board has reviewed and approved this policy direction.

The Board Resolves:

1. The County will purchase qualified time certificates of deposit from Community Banks to provide deposits for the Community Banks to make loans.

2. The total amount of funds available for this program will be \$1,500,000.

3. The par amount of the certificate of deposit will not exceed \$95,000 per institution.

4. The Community Bank must meet the following requirements to participate in this program:

a. The Community Bank's time certificate of deposit yield must be competitive with similar qualified investments available to the County at the time of purchase.

b. The Community Bank must have headquarters in the State of Oregon.

c. The Community Bank's assets will not exceed \$750,000,000 as of the most recent financial statement.

d. The Community Banks must have the bank's Board of Directors approve a resolution affirming its participation in the Multnomah County Community Banking Investment Program.

e. The Community Bank's loans to deposits ratio shall equal or exceed the national average for similar institutions.

f. The Community Bank's Community Reinvestment Act ("CRA") rating must be satisfactory or higher.

g. The Community Bank must provide evidence that they are a member of the FDIC.

5. When making investments with Community Banks, the Treasury Manager will follow all other provisions contained in the County's Investment Policy.

ADOPTED this 10th day of September 1998.
BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ADDENDUM F

Multnomah County Investment Advisory Board

Jennifer Cooperman

Term Expires: 6/30/11
Fourth Term

Marc Gonzales

Term Expires: 6/30/11

Thomas Landye

Term Expires: 6/30/09
Fifth Term

Jack Pessia

Term Expires: 6/30/09
First Term

George Scherzer

Term Expires: 6/30/11
Eighth Term

Staff:

Mindy Harris, Chief Financial Officer
Harry Morton, Treasury Manager
Tsultrim Yehshopa, Treasury Specialist
Dan Arenholz, Treasury Specialist

(503) 988-3786
(503) 988-3290
(503) 988-3681
(503) 988-3440

ADDENDUM G

Delegation of Authority

Harry S. Morton
Treasury Manager

Single Signature Authority

Tsultrim C. Yehshopa
Finance Specialist 2

Designee / Dual Signature Authority

Dan Arenholz
Finance Specialist 2

Designee / Dual Signature Authority

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 08-151

Adopting Multnomah County Investment Policy and Repealing Resolution 07-077

The Multnomah County Board of Commissioners Finds:

- a. ORS 294.135 requires the county to adopt a written investment policy.
- b. Treasury has modified the investment policy adopted by the Board on May 3, 2007, by Resolution 07-077, to more closely conform to the model policies of the State Treasury and Government Finance Officers Association.
- c. The County's Investment Advisory Board reviewed the attached Multnomah County Investment Policy (Investment Policy) and recommended no changes.
- d. The Oregon Short Term Fund Board reviewed the Investment Policy and recommended no improvements or changes.

The Multnomah County Board of Commissioners Resolves:

1. The Board adopts the attached Multnomah County Investment Policy dated September, 2008.
2. The Chief Financial Officer and the Treasury Manager are authorized to administer the Investment Policy.
3. This resolution repeals and replaces the previous Investment Policy adopted by Resolution No. 07-077.

ADOPTED this 13th day of November 2008.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
Agnes Sowle, County Attorney

SUBMITTED BY:
Carol Ford, Director, Department of County Management



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-12 DATE 11-13-08
ANA KARNES, ASST BOARD CLERK

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-12
Est. Start Time: 11:00 AM
Date Submitted: 11/04/08

BUDGET MODIFICATION: NOND - 08

**BUDGET MODIFICATION NOND-08 Appropriating \$157,800 to the
Commission on Children, Families and Community Budget for Fiscal Year 2009**
**Agenda Title: for Implementation of the Commission's Six-Year Community Plan, the Roots
and Wings Event and Expanding Youth Engagement Strategies**

*Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions,
provide a clearly written title.*

Requested Meeting Date:	<u>November 13, 2008</u>	Amount of Time Needed:	<u>5 minutes</u>
Department:	<u>Non-Departmental</u>	Division:	<u>Commission on Children, Families and Community</u>
Contact(s):	<u>Wendy Lebow, Angela Whitten</u>		
Phone:	<u>503 988-6981</u>	Ext.	<u>86981</u>
	I/O Address:		<u>167/200</u>
Presenter(s):	<u>Wendy Lebow, Angela Whitten</u>		

General Information

1. What action are you requesting from the Board?

Approval of budget modification NOND-08 to add \$157,800 to the CCFC budget for FY2009 for implementation of the CCFC 6-year Community Plan, the Roots and Wings event and expanding youth engagement strategies.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Commission on Children, Families and Community receives Oregon Commission on Children and Families funding. At the time the Fiscal Year 2009 budget was prepared, the revenue projections were based on anticipated grant awards. The budget modification will increase the FY 2009 budget to reflect the actual allocation of OCCF funds received.

The CCFC also requests approval to accept \$100,000.00 in federal Safe and Drug Free Schools

money currently allocated to Department of County Human Services through the State Addictions and Mental Health Division. Of this total, the majority (\$97,000.00) will be contracted with Portland State University's Center for Academic Excellence to run a pilot project called EDG:E (Educate, Dream, Give: Empower). This program will work with Marshall High and Jefferson Schools and four of each of their feeder K-8 schools. The goal is to increase service-learning opportunities and engage 32 high school students in the creation of the program, for which they could receive PSU college credit. This project will help us to engage a minimum of 350 additional young people in pro-social, community service activities, in partnership with local schools and the SUN Community School.

Additionally, in partnership with Morrison Child and Family Services, the CCFC has received \$5,000 from the Safeway Foundation to support the Roots and Wings Child Abuse Prevention Month event.

Last, \$13,000 is included for the Multnomah Youth Commission (MYC) Media Crew, which increases youth engagement through providing videotaping assistance to public and private entities.

Program offers 10008, 10007 and 10030 will be increased.

3. Explain the fiscal impact (current year and ongoing).

The budget modification will increase the CCFC budget by \$157,800 one-time only. The budget will increase in the following funding streams:

- \$9,449 - Child Care Development Fund
- \$1,825 - Youth Investment
- \$9,459 - Healthy Start
- \$3,061 - Basic Capacity
- \$11,044 - Great Start
- \$10,678 - Children, Youth and Families

The above funds will be used for the implementation of the for the CCFC 6-year Community Plan.

- \$5,000 - Safeway Foundation support for Roots and Wings
- \$100,000 - Safe and Drug Free Schools
- \$3,000 - AT&T funds for the MYC Media Crew
- \$13,000 - Private revenues for MYC Media Crew

The Family Preservation and Support funding stream will be decreased \$8,716 to reflect the actual remaining balance of the FY2007-2009 biennial award from the Oregon Commission on Children and Families.

4. Explain any legal and/or policy issues involved.

Dollars are allocated according to the priorities in the 6-year Community Plan for Improving Outcomes for Children and Families in Multnomah County, and increase youth engagement strategies.

5. Explain any citizen and/or other government participation that has or will take place.

The CCFC Executive Committee and Board Members are involved in the allocation plan. The CCFC board is comprised of low-income citizens, local law enforcement, State Department of Human Services staff, advocates, youth and service providers. Low-income citizens account for 1/3 of the CCFC Board.

ATTACHMENT A

Budget Modification

If the request is a **Budget Modification**, please answer all of the following in detail:

- **What revenue is being changed and why?**
Oregon Commission on Children and Families, State Addictions and Mental Health Division and donations revenues are being increased.
- **What budgets are increased/decreased?**
The CCFC budget will increase by \$157,800
- **What do the changes accomplish?**
The changes allow for investments in strategies for the 6-year Community Plan. These strategies are focused on reducing the achievement gap and lowering the rate of poverty.
- **Do any personnel actions result from this budget modification? Explain.**
Temporary staff assists in the implementation of the 6-year Community Plan as well as on the Rockwood effort. A part-time, temporary Youth Assistant will be hired for the school year.
- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**
Indirect costs are included in the budget modification where allowable.
- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**
Biennial allocations from the OCCF are ongoing. The Safe and Drug Free Schools grant will continue in FY2010.
- **If a grant, what period does the grant cover?**
The grant period ends June 30, 2009.
- **If a grant, when the grant expires, what are funding plans?**
The OCCF grants will be renewed.
PSU is currently collecting data and measuring outcomes so that after three years of programming funded by the Safe and Drug Free Schools grant they will have solid outcomes to report to private funders and foundations.

<p><i>NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.</i></p>

ATTACHMENT B

BUDGET MODIFICATION: NOND - 08

Required Signatures

**Elected Official or
Department/
Agency Director:**

Wendy Lebow

Date: 11/04/08

Budget Analyst:

[Signature]

Date: 11/04/08

Department HR:

Date:

Countywide HR:

Date:

Budget Modification ID: **NOND-08****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Internal Order	Accounting Unit		Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
						Cost Center	WBS Element						
1													
2	10-50	23980	10008	40			CCFC.EC.23980	50180	(20,639)	(31,683)	(11,044)		Direct State
3	10-50	23980	10008	40			CCFC.EC.23980	60100	467	7,647	7,180		Temporary
4	10-50	23980	10008	40			CCFC.EC.23980	60135	39	2,239	2,200		Non Base Fringe
5	10-50	23980	10008	40			CCFC.EC.23980	60145	11	1,675	1,664		Non Base Insurance
6												0	
7	10-50	23470	10008	40			CCFC.SCHOOL.23470	50180	(55,824)	(66,502)	(10,678)		Direct State
8	10-50	23470	10008	40			CCFC.SCHOOL.23470	60100	18,635	25,575	6,940		Temporary
9	10-50	23470	10008	40			CCFC.SCHOOL.23470	60135	6,732	8,867	2,135		Non Base Fringe
10	10-50	23470	10008	40			CCFC.SCHOOL.23470	60145	455	2,058	1,603		Non Base Insurance
11										0		0	
12	10-50	32049	10007	40			CCFC.ADMIN.32049	50180	(11,605)	(21,064)	(9,459)		Direct State
13	10-50	32049	10007	40			CCFC.ADMIN.32049	60100	0	6,150	6,150		Temporary
14	10-50	32049	10007	40			CCFC.ADMIN.32049	60135	0	1,890	1,890		Non Base Fringe
15	10-50	32049	10007	40			CCFC.ADMIN.32049	60145	0	1,419	1,419		Non Base Insurance
16										0		0	
17	10-50	21100	10030	40			CCFC.EC.21100	50190	(250,000)	(259,449)	(9,449)		Fed thru State
18	10-50	21100	10030	40			CCFC.EC.21100	60100	0	5,670	5,670		Temporary
19	10-50	21100	10030	40			CCFC.EC.21100	60135	0	1,890	1,890		Non Base Fringe
20	10-50	21100	10030	40			CCFC.EC.21100	60145	0	1,889	1,889	0	Non Base Insurance
21										0			
22	10-50	21490	10008	40			CCFC.YOUTH.21490	50190	(65,368)	(67,193)	(1,825)		Fed thru State
23	10-50	21490	10008	40			CCFC.YOUTH.21490	60100	0	1,185	1,185		Temporary
24	10-50	21490	10008	40			CCFC.YOUTH.21490	60135	0	365	365		Non Base Fringe
25	10-50	21490	10008	40			CCFC.YOUTH.21490	60145	0	275	275		Non Base Insurance
26										0			
											0	0	Total - Page 1
											0	0	GRAND TOTAL
30										0			

Budget Modification ID: **NOND-08****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Internal Order	Accounting Unit		Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
						Cost Center	WBS Element						
31	10-50	32082	10007	40			CCFC.ADMIN.32082	50180	(404,199)	(407,260)	(3,061)		Direct State
32	10-50	32082	10007	40			CCFC.ADMIN.32082	60100	0	1,600	1,600		Temporary
33	10-50	32082	10007	40			CCFC.ADMIN.32082	60135	0	500	500		Non Base Fringe
34	10-50	32082	10007	40			CCFC.ADMIN.32082	60145	0	411	411		Non Base Insurance
35	10-50	32082	10007	40			CCFC.ADMIN.32082	60350	19,000	19,550	550		Central Indirect
36												0	
37	10-50	21580	10010	40			CCFC.CSN.21580	50190	(168,279)	(159,563)	8,716		Fed thru State
38	10-50	21580	10010	40			CCFC.CSN.21580	60170	146,012	137,296	(8,716)		Professional Services
39													
40	10-50	49000	10008	40			CCFC.CSN.49000	50300	(13,000)	(18,000)	(5,000)		Donations
41	10-50	49000	10008	40			CCFC.CSN.49000	60170	0	5,000	5,000		Professional Services



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-13
Est. Start Time: 11:00 AM
Date Submitted: 11/05/08

Agenda Title: **RESOLUTION Approving the Transfer of Tax-Foreclosed Property to Community Vision, Inc., a Non-profit Corporation, for Low Income Housing Purposes**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: November 13, 2008 Amount of Time Needed: 10 minutes
Department: Non-Departmental Division: Chair's Office
Contact(s): Matthew O. Ryan, Assistant County Attorney
Phone: 503-988-3138 Ext. 83138 I/O Address: 503/500
Presenter(s): Matthew O. Ryan

General Information

1. What action are you requesting from the Board?

Approve the transfer of tax-foreclosed property to Community Vision, Inc., a non-profit corporation, for low income housing purposes.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The County has obtained title to certain real property through foreclosure for failure to pay lawfully imposed taxes and assessments. Under ORS 271.330, the County may elect to donate the property to a qualified, non-profit corporation; provided such non-profit uses it for low income housing. Community Vision, Inc. (CVI) is a qualified non-profit under ORS 271.330, and CVI has agreed to develop the Property after transfer under the terms of the attached agreement.

3. Explain the fiscal impact (current year and ongoing).

N/A

4. Explain any legal and/or policy issues involved.

N/A

5. Explain any citizen and/or other government participation that has or will take place.

N/A

Required Signature

**Elected Official or
Department/
Agency Director:**

TED WHEELER

Date: 11/5/2008

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. _____

Approving the Transfer of Tax-Foreclosed Property to Community Vision, Inc., a Non-profit Corporation, for Low Income Housing Purposes

The Multnomah County Board of Commissioners Finds:

- a. The County has obtained title to certain real property more particularly described as:

HENRYS ADDITION; LOT 7, BLOCK 4

(the "Property") through foreclosure for failure to pay lawfully imposed taxes and assessments.

- b. Under ORS 271.330 (2), the County may elect to donate property acquired through tax-foreclosure to qualified, non-profit corporations; provided such non-profits use the property for low income housing.
- c. Community Vision, Inc. (CVI) is a qualified non-profit under ORS 271.330, and CVI has agreed to use and or further develop the Property for the purposes of low income housing after transfer under the terms of the attached Low Income Housing Development Agreement (Agreement).

The Multnomah County Board of Commissioners Resolves:

1. The transfer of the Property to CVI and development of the Property in accordance with the attached Agreement is approved.
2. The Chair is authorized to execute all documentation required to complete said transfer, including a deed and the Agreement in a form substantially consistent with the terms and conditions of the attached Agreement.
3. The County shall cause all appropriate documentation relating to the transfer to be recorded in the County Deed Records.

ADOPTED this 13th day of November 2008.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

REVIEWED:
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Matthew O. Ryan, Assistant County Attorney

SUBMITTED BY:
Ted Wheeler, Multnomah County Chair

AFTER RECORDING RETURN TO:
MULTNOMAH COUNTY, OREGON
Div. of School and Community Partnerships
421 S.W. Oak Street, Suite 200
Portland, Oregon 97204
B167/R200

LOW INCOME HOUSING DEVELOPMENT AGREEMENT

Dated: _____, 2008

The Parties:

COMMUNITY VISION, INC.; an Oregon non-profit corporation, headquartered 1750 SW Skyline Blvd., Suite 102; Portland, OR 97221 ("CVI"); and **MULTNOMAH COUNTY, OREGON**, a Political Subdivision of the State of Oregon; located at 501 SE Hawthorne, Portland, Oregon 97214 ("County"); collectively referred to herein as the "Parties".

Recitals:

- A. The County as required under state law obtains title to real property that is foreclosed for failure to pay lawfully imposed taxes and assessments.
- B. As authorized under ORS 271.330, the County may elect to donate property acquired through tax-foreclosure to qualified, non-profit corporations; provided such non-profits use the donated property for low income housing. For purposes of this Agreement, "Low income housing" means either providing low income rental unit(s) or home ownership opportunities to eligible persons or families with incomes adjusted for family size at or below 80% of the median income in Multnomah County, Oregon ("Eligible Buyers" or "Eligible Individuals").
- C. CVI is an Oregon non-profit corporation, is qualified under ORS 271.330 to receive the donation of tax-foreclosed property by the County for the use as low income housing.
- D. The County and CVI have agreed to the transfer of certain real property "AS IS, WHERE IS"; that is located at 2621 SE 23rd Avenue, Portland, Oregon and more particularly described as:

HENRYS ADDITION; LOT 7, BLOCK 4

hereinafter referred to as "the Property."

- E. The consideration for the donation of the Property is CVI's stipulation and commitment as evidenced by its duly authorized representative's signature below, to use the Property solely for low income housing purposes for a period of not less than thirty (30) years from the date of transfer.

F. The restrictions contained herein are intended to limit the use of the Property to the use as the primary residence of Eligible Individual(s) and to require for a period of 30 years and that subsequent buyers of the Property only resell it to Eligible Buyers who occupy the Property as their primary residence. It is the policy of the County to ensure that safe, decent and affordable housing is made available to qualifying individuals at affordable prices throughout the entire term of this Agreement in order to ensure the long-term availability of affordable housing in Multnomah County, Oregon.

G. The property on the date of this transfer is presently occupied by an individual by the name of Gary Fleenor, who is the adult child of the former owners. Mr. Fleenor qualifies as an Eligible Individual as discussed herein. The desire of the Parties at the time of this transfer is that Mr. Fleenor be allowed to continue to occupy the Property for as long as he is able, provided the improvements thereon are safe, and suitable for human habitation.

H. Further, the Parties stipulate that the Property and its improvements has not been the subject of any examinations or inspections at the time of this transfer and their existing condition are unknown, and that the transfer of the Property is "AS IS, WHERE IS".

Agreement

Therefore, in consideration of the promises and covenants set forth herein and of other valuable consideration, the receipt and sufficiency of which is acknowledged, CVI and the County agree as follows:

Section 1: Incorporation of Recitals.

1. Recitals. The foregoing recitals are incorporated into this Agreement by this reference.

Section 2: Representations and Warranties of CVI.

2. Representations and Warranties. The CVI represents and warrants as follows:

2.1 Non-Profit. The CVI is (i) a duly organized non-profit corporation under the laws of the state of Oregon, (ii) qualified to transact business in the state of Oregon, (iii) has the power and authority to own its properties and assets and to carry on its business as now being conducted, and (iv) has the full legal right, power, and authority to execute and deliver this Declaration.

2.2 No Violation of Law or Contract. The execution and performance of this Agreement by the CVI (i) will not violate or, as applicable, has not violated any provision of law, rule or regulation, or any order of any court or other agency or governmental body, (ii) will not violate or, as applicable, has not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which the CVI is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.

2.3 Financial Status. There is no action, suit, or proceeding at law or in equity, or by or before any governmental instrumentality or other agency now pending, or to the knowledge of the CVI, threatened against or affecting it, or any of its properties or rights, which if adversely determined,

would materially impair its right to carry on business substantially as now conducted and as now contemplated by this Agreement or would materially adversely affect its financial condition.

2.4 Property. CVI covenants that it will forever defend rights hereunder and the priority of this Agreement against the adverse claims and demands of all persons.

2.5 Impositions. CVI will pay when due all taxes, assessments, fees, and other governmental and nongovernmental charges of every nature now or hereafter assessed against any part of the Property (the "Impositions"); however, if by law any such Imposition may be paid in installments, CVI may pay the same in installments, together with accrued interest on the unpaid balance thereof, as they become due. CVI will furnish to County promptly on request satisfactory evidence of the payment of all Impositions. County is hereby authorized to request and receive from the responsible governmental and nongovernmental personnel written statements with respect to the accrual and payment of all Impositions. As of the date of transfer there are no ad valorem real property tax liens against the Property.

2.6 Liens. CVI will pay when due all claims for labor and materials that, if unpaid, might become a lien on the Property.

Section 3: Property Use.

3.1 Low Income Housing. As soon as practicable upon transfer to CVI the Property shall be used for low income housing purposes, which condition is satisfied by the continued occupancy of the present occupant identified in the Recitals herein. The Parties acknowledge the CVI shall as soon as possible thereafter examine and inspect the property to determine its habitability under applicable codes and regulations.

3.2 Renovation or New Construction. If CVI in its reasonable best judgment determines the existing improvements at the Property need major renovation, CVI shall renovate the single-family residence on the Property to a safe and sanitary standard in compliance with all applicable codes and regulations in a timely and responsible manner. If CVI in its reasonable best judgment determines the existing improvements at the Property are in such condition that renovation is infeasible, then CVI shall pursue the timely and safe removal of all or any portion of the existing improvements and shall reconstruct residential dwelling unit(s) to a safe and sanitary standard in compliance with all applicable codes and regulations in a timely and responsible manner.

3.3 Resale. Any resale of the Property by CVI during the 30 year term of this Agreement shall be to one or more individual purchasers whose aggregate income is equal to or less than eighty percent (80%) of the area median income, as adjusted for family size, for Multnomah County, Oregon as established from time to time during the term of this Agreement by the United States Department of Housing and Urban Development, or any successor agency ("Area Median Income"). During the 30 year term of this Agreement, all subsequent owners who desire to sell the Property may sell the Property provided, however, that the Property is sold for occupancy as the principal residence of the purchaser or purchasers and then only to one or more individuals whose aggregate income is at or below eighty percent (80%) of the then current Area Median Income.

3.4 Occupancy. During the term of this Agreement, at least one of the then current owners or occupants of the Property, except for CVI, shall at all times occupy the Property as his or her primary personal residence, except for such periods of time that repair, renovation, demolition or reconstruction or similar activities shall make occupancy impractical; provided that this exception shall be based on a reasonable schedule for completion of such activities, and that any undue period of vacancy shall be deemed a default.

3.5 Inspections and Documentation.

3.5.1. CVI shall permit the County, or any duly authorized representative of the County, during normal business hours and upon reasonable notice to inspect the Property.

3.5.2. CVI shall submit any other information, documents, or certifications requested by the County that the County in its reasonable discretion shall deem necessary or appropriate to substantiate the CVI's continuing compliance with the provisions of this Agreement.

3.6 Maintenance. The CVI shall maintain the Property in good repair, working order and condition, including without limitation maintaining the Property in compliance with any nuisance abatement standards which may apply to the Property. CVI will not commit or suffer any waste or strip of the Property.

3.7 Damage or Destruction. If the improvements on the Property are damaged or destroyed, the CVI shall use its best efforts, subject to the rights of any mortgagee, to repair and restore improvements on the Property to substantially the same condition as existed prior to the event causing such damage or destruction, and specifically with respect to damage or takings in Condemnation as provided in Section 8; and thereafter to operate the Property in accordance with the terms of this Agreement.

3.8 Environmental Compliance.

3.8.1. For purposes of this section, *Environmental Law* means any federal, state, or local law or regulation now or hereafter at any time pertaining to Hazardous Substances or environmental conditions. For purposes of this section, *Hazardous Substance* includes, without limitation, any substance that is or becomes classified as hazardous, dangerous, or toxic under any federal, state, or local law or regulation.

3.8.2. CVI will not use, generate, store, release, discharge, or dispose of on, under, or about the Trust Property or the groundwater thereof any Hazardous Substance and will not permit any other person to do so, except for storage and use of Hazardous Substances (and in such quantities) as may commonly be used for household purposes, as long as those substances are stored and used in compliance with all Environmental Laws. CVI will keep and maintain the Property in compliance with all Environmental Laws.

3.8.3 If any investigation, monitoring, containment, cleanup, or other remedial work of any kind is required on the Property under any applicable Environmental Law or by any governmental agency or person in connection with a release of a Hazardous Substance, CVI will promptly complete all that work at CVI's expense.

3.8.4 All representations, warranties, and covenants in this Section 3.8 are to survive beyond the term of the Agreement.

3.9 Limitations of Use. CVI will not initiate or consent to any replatting, partitioning, or rezoning of the Property or any change in any covenant or other public or private restrictions limiting or defining the uses that may be made of the Property without the prior written consent of County, which shall not be unreasonably withheld.

Section 4: Recording and Filing; Covenants To Run With the Land.

4. Recording and Filing. This Agreement shall be recorded and filed in the Deed Records of Multnomah County, Oregon.

4.1 Covenants to Run With the Land. Upon recording and for the duration of the thirty (30) year term of this Agreement; the terms and conditions set forth in this Agreement regulating and restricting the use, occupancy and transfer of the Property (i) shall be and are covenants running with the Property, including all improvements on the Property, encumbering the Property for the term of this Agreement, binding upon the CVI's successors in title and all subsequent owners; (ii) are not merely personal covenants of the CVI and its successors and assigns; and (iii) shall bind the CVI and its successors and assigns during the term of this Agreement with the benefits inuring to the County.

4.2. Compliance with Law. CVI agrees that any and all requirements of the laws of the state of Oregon to be satisfied in order for the provisions of this Agreement to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Property, including all improvements thereon, for the term of this Agreement. The covenants contained herein shall survive and be effective regardless of whether such contract, deed, or other instrument hereafter executed conveying the Property, or a portion thereof, provides that such conveyance is subject to this Agreement.

Section 5: Default.

5.1 Defined. The failure by the CVI to perform or comply with any term, covenant or condition of this Agreement within 30 days after written notice from the County to perform or satisfy the term, covenant or condition, or if the performance or compliance cannot be completed within such 30-day period through the exercise of reasonable diligence, the failure to commence the required performance or compliance with diligence to completion shall constitute an event of default ("Event of Default").

5.2 Remedies. Upon the occurrence of an Event of Default, the County, its successors and assigns may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation, or to recover monetary damages caused by such violation or attempted violation, such damages to include but not be limited to all costs, expenses including but not limited to staff and administrative expense, fees including but not limited to all

reasonably attorneys' fees which may be incurred by the County or any other party in enforcing or attempting to enforce this Agreement following such Event of Default on the part of the CVI or its successors, whether the same shall be enforced by suit or otherwise.

Section 6: Term.

The term of this Agreement commenced as of the date first set forth above and shall end at 11:59 p.m. on November 1, 2038.

Section 7: Insurance.

7.1 Property and Other Insurance. CVI will obtain and maintain during the term of this Agreement Basic Form property insurance, in an amount not less than the amount of the full replacement cost of the Property, without reduction for coinsurance.

7.2. Insurance Companies and Policies. All insurance must (a) be written by a company or companies reasonably acceptable to County, (b) require 10 days' prior written notice to County of cancellation or reduction in coverage. CVI will furnish to County on request a certificate evidencing the coverage required under this Agreement and a copy of each policy.

7.3 Casualty/Loss Restoration.

7.3.1. After the occurrence of any casualty to the Property, whether or not covered by insurance, CVI will give prompt written notice thereof to County. County may make proof of loss if CVI fails to do so promptly and to County's satisfaction.

7.3.2. All insurance proceeds with respect to the Property must be applied to the renovation, repair, restoration or reconstruction of the Property for the purpose of reinstating the authorized use of the Property. Provided, CVI shall have reasonable discretion to renovate or rebuild improvements differently than the existing structure on site in a manner in its professional judgment, best suited to accomplish viable, sustainable low income housing at the Property.

Section 8: Condemnation.

If the Property or any part of it is taken or damaged by reason of any public improvement, eminent domain, condemnation proceeding, or in any other manner (a "Condemnation"), or if CVI receives any notice or other information regarding such action, CVI will give immediate notice thereof to County. All compensation, awards, relocation assistance and other payments or relief therefore ("Condemnation Proceeds") up to the full amount of the value of the Property shall be applied first to the restoration of the Property and the intended use thereof as low income housing; provided, that if the intended use of the Property is no longer reasonably capable as a direct result of the Condemnation; towards the purchase of suitable residential property to relocate the then occupants for the purpose to continue the provision of low income housing at such new residential property.

Section 9: General Provisions.

9.1 Severability. The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remains provisions thereof.

9.2 Amendment. The County, together with the CVI and the then current CVI of the Property, if other than the CVI, may execute and record any amendment to, or modification of, this Agreement, and such amendment or modification shall be binding on parties and their successors and assigns.

9.3 Notices. All notices or other communications to be given pursuant to the Agreement, shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the recipient at the address first set forth above, or to such other address as a party may from time to time designate by notice given as provided in this Section.

9.4 Governing Law. This Agreement shall be governed by the laws of the State of Oregon without regard to the conflict of law provisions.

9.5 Venue. Venue for any suit or action commenced to enforce or interpret this Agreement shall be in the Circuit Court of Multnomah County, Oregon.

9.6 Indemnity. CVI will, to the fullest extent allowed by law, hold County, its respective, officers, employees, agents, and lawyers harmless from and indemnify them for any and all claims, demands, damages, liabilities, and expenses, including but not limited to attorney fees and court costs, arising out of or in connection with County's interests and rights under this Agreement.

9.7 Time is of the Essence. Time is of the essence with respect to all covenants, terms and conditions of CVI under this Agreement.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first set forth above.

FOR COMMUNITY VISION, INC.:

By: _____
Joe Wykowski, Executive Director
of Community Vision, Inc.

FOR MULTNOMAH COUNTY:

BOARD OF COMMISSIONERS
MULTNOMAH COUNTY, OREGON

By: _____
Ted Wheeler, Chair

REVIEWED:

Matthew O. Ryan, Assistant County Attorney

Acknowledgments

STATE OF OREGON)
)ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by Joe Wykowski, as Executive Director of Community Vision, Inc., an Oregon non-profit corporation, on behalf of its Board of Directors.

Notary Public for Oregon
My Commission expires:

STATE OF OREGON)
)ss.
County of Multnomah)

On this _____ day of _____, 2008, before me, a Notary Public in and for said County and State, personally appeared _____ to me personally known, who being duly sworn did say that (s)he, _____, is authorized by Ted Wheeler, Chair, Board of Commissioners, Multnomah County, Oregon, to sign official County documents on behalf of the said corporate seal of said Multnomah County; and that said instrument was signed and sealed on behalf of said County by authority of its Board of County Commissioners, by _____ on behalf of the said Ted Wheeler; and that the said instrument is the free act and deed of said County.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first in this, my certificate, written.

Notary Public for Oregon
My Commission expires:

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 08-152

Approving the Transfer of Tax-Foreclosed Property to Community Vision, Inc., a Non-profit Corporation, for Low Income Housing Purposes

The Multnomah County Board of Commissioners Finds:

- a. The County has obtained title to certain real property more particularly described as:

HENRYS ADDITION; LOT 7, BLOCK 4

(the "Property") through foreclosure for failure to pay lawfully imposed taxes and assessments.

- b. Under ORS 271.330 (2), the County may elect to donate property acquired through tax-foreclosure to qualified, non-profit corporations; provided such non-profits use the property for low income housing.
- c. Community Vision, Inc. (CVI) is a qualified non-profit under ORS 271.330, and CVI has agreed to use and or further develop the Property for the purposes of low income housing after transfer under the terms of the attached Low Income Housing Development Agreement (Agreement).

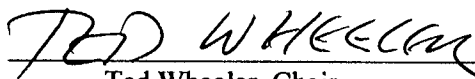
The Multnomah County Board of Commissioners Resolves:

1. The transfer of the Property to CVI and development of the Property in accordance with the attached Agreement is approved.
2. The Chair is authorized to execute all documentation required to complete said transfer, including a deed and the Agreement in a form substantially consistent with the terms and conditions of the attached Agreement.
3. The County shall cause all appropriate documentation relating to the transfer to be recorded in the County Deed Records.


ADOPTED this 13th day of November 2008.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Ted Wheeler, Chair

REVIEWED:
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
Matthew O. Ryan, Assistant County Attorney

SUBMITTED BY:
Ted Wheeler, Multnomah County Chair

AFTER RECORDING RETURN TO:
MULTNOMAH COUNTY, OREGON
Div. of School and Community Partnerships
421 S.W. Oak Street, Suite 200
Portland, Oregon 97204
B167/R200

LOW INCOME HOUSING DEVELOPMENT AGREEMENT

Dated: _____, 2008

The Parties:

COMMUNITY VISION, INC.; an Oregon non-profit corporation, headquartered 1750 SW Skyline Blvd., Suite 102; Portland, OR 97221 ("CVI"); and **MULTNOMAH COUNTY, OREGON**, a Political Subdivision of the State of Oregon; located at 501 SE Hawthorne, Portland, Oregon 97214 ("County"); collectively referred to herein as the "Parties".

Recitals:

- A. The County as required under state law obtains title to real property that is foreclosed for failure to pay lawfully imposed taxes and assessments.
- B. As authorized under ORS 271.330, the County may elect to donate property acquired through tax-foreclosure to qualified, non-profit corporations; provided such non-profits use the donated property for low income housing. For purposes of this Agreement, "Low income housing" means either providing low income rental unit(s) or home ownership opportunities to eligible persons or families with incomes adjusted for family size at or below 80% of the median income in Multnomah County, Oregon ("Eligible Buyers" or "Eligible Individuals").
- C. CVI is an Oregon non-profit corporation, is qualified under ORS 271.330 to receive the donation of tax-foreclosed property by the County for the use as low income housing.
- D. The County and CVI have agreed to the transfer of certain real property "AS IS, WHERE IS "; that is located at 2621 SE 23rd Avenue, Portland, Oregon and more particularly described as:

HENRYS ADDITION; LOT 7, BLOCK 4

hereinafter referred to as "the Property."

- E. The consideration for the donation of the Property is CVI's stipulation and commitment as evidenced by its duly authorized representative's signature below, to use the Property solely for low income housing purposes for a period of not less than thirty (30) years from the date of transfer.

F. The restrictions contained herein are intended to limit the use of the Property to the use as the primary residence of Eligible Individual(s) and to require for a period of 30 years and that subsequent buyers of the Property only resell it to Eligible Buyers who occupy the Property as their primary residence. It is the policy of the County to ensure that safe, decent and affordable housing is made available to qualifying individuals at affordable prices throughout the entire term of this Agreement in order to ensure the long-term availability of affordable housing in Multnomah County, Oregon.

G. The property on the date of this transfer is presently occupied by an individual by the name of Gary Fleenor, who is the adult child of the former owners. Mr. Fleenor qualifies as an Eligible Individual as discussed herein. The desire of the Parties at the time of this transfer is that Mr. Fleenor be allowed to continue to occupy the Property for as long as he is able, provided the improvements thereon are safe, and suitable for human habitation.

H. Further, the Parties stipulate that the Property and its improvements has not been the subject of any examinations or inspections at the time of this transfer and their existing condition are unknown, and that the transfer of the Property is "AS IS, WHERE IS".

Agreement

Therefore, in consideration of the promises and covenants set forth herein and of other valuable consideration, the receipt and sufficiency of which is acknowledged, CVI and the County agree as follows:

Section 1: Incorporation of Recitals.

1. Recitals. The foregoing recitals are incorporated into this Agreement by this reference.

Section 2: Representations and Warranties of CVI.

2. Representations and Warranties. The CVI represents and warrants as follows:

2.1 Non-Profit. The CVI is (i) a duly organized non-profit corporation under the laws of the state of Oregon, (ii) qualified to transact business in the state of Oregon, (iii) has the power and authority to own its properties and assets and to carry on its business as now being conducted, and (iv) has the full legal right, power, and authority to execute and deliver this Declaration.

2.2 No Violation of Law or Contract. The execution and performance of this Agreement by the CVI (i) will not violate or, as applicable, has not violated any provision of law, rule or regulation, or any order of any court or other agency or governmental body, (ii) will not violate or, as applicable, has not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which the CVI is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.

2.3 Financial Status. There is no action, suit, or proceeding at law or in equity, or by or before any governmental instrumentality or other agency now pending, or to the knowledge of the CVI, threatened against or affecting it, or any of its properties or rights, which if adversely determined,

would materially impair its right to carry on business substantially as now conducted and as now contemplated by this Agreement or would materially adversely affect its financial condition.

2.4 Property. CVI covenants that it will forever defend rights hereunder and the priority of this Agreement against the adverse claims and demands of all persons.

2.5 Impositions. CVI will pay when due all taxes, assessments, fees, and other governmental and nongovernmental charges of every nature now or hereafter assessed against any part of the Property (the "Impositions"); however, if by law any such Imposition may be paid in installments, CVI may pay the same in installments, together with accrued interest on the unpaid balance thereof, as they become due. CVI will furnish to County promptly on request satisfactory evidence of the payment of all Impositions. County is hereby authorized to request and receive from the responsible governmental and nongovernmental personnel written statements with respect to the accrual and payment of all Impositions. As of the date of transfer there are no ad valorem real property tax liens against the Property.

2.6 Liens. CVI will pay when due all claims for labor and materials that, if unpaid, might become a lien on the Property.

Section 3: Property Use.

3.1 Low Income Housing. As soon as practicable upon transfer to CVI the Property shall be used for low income housing purposes, which condition is satisfied by the continued occupancy of the present occupant identified in the Recitals herein. The Parties acknowledge the CVI shall as soon as possible thereafter examine and inspect the property to determine its habitability under applicable codes and regulations.

3.2 Renovation or New Construction. If CVI in its reasonable best judgment determines the existing improvements at the Property need major renovation, CVI shall renovate the single-family residence on the Property to a safe and sanitary standard in compliance with all applicable codes and regulations in a timely and responsible manner. If CVI in its reasonable best judgment determines the existing improvements at the Property are in such condition that renovation is infeasible, then CVI shall pursue the timely and safe removal of all or any portion of the existing improvements and shall reconstruct residential dwelling unit(s) to a safe and sanitary standard in compliance with all applicable codes and regulations in a timely and responsible manner.

3.3 Resale. Any resale of the Property by CVI during the 30 year term of this Agreement shall be to one or more individual purchasers whose aggregate income is equal to or less than eighty percent (80%) of the area median income, as adjusted for family size, for Multnomah County, Oregon as established from time to time during the term of this Agreement by the United States Department of Housing and Urban Development, or any successor agency ("Area Median Income"). During the 30 year term of this Agreement, all subsequent owners who desire to sell the Property may sell the Property provided, however, that the Property is sold for occupancy as the principal residence of the purchaser or purchasers and then only to one or more individuals whose aggregate income is at or below eighty percent (80%) of the then current Area Median Income.

3.4 Occupancy. During the term of this Agreement, at least one of the then current owners or occupants of the Property, except for CVI, shall at all times occupy the Property as his or her primary personal residence, except for such periods of time that repair, renovation, demolition or reconstruction or similar activities shall make occupancy impractical; provided that this exception shall be based on a reasonable schedule for completion of such activities, and that any undue period of vacancy shall be deemed a default.

3.5 Inspections and Documentation.

3.5.1. CVI shall permit the County, or any duly authorized representative of the County, during normal business hours and upon reasonable notice to inspect the Property.

3.5.2. CVI shall submit any other information, documents, or certifications requested by the County that the County in its reasonable discretion shall deem necessary or appropriate to substantiate the CVI's continuing compliance with the provisions of this Agreement.

3.6 Maintenance. The CVI shall maintain the Property in good repair, working order and condition, including without limitation maintaining the Property in compliance with any nuisance abatement standards which may apply to the Property. CVI will not commit or suffer any waste or strip of the Property.

3.7 Damage or Destruction. If the improvements on the Property are damaged or destroyed, the CVI shall use its best efforts, subject to the rights of any mortgagee, to repair and restore improvements on the Property to substantially the same condition as existed prior to the event causing such damage or destruction, and specifically with respect to damage or takings in Condemnation as provided in Section 8; and thereafter to operate the Property in accordance with the terms of this Agreement.

3.8 Environmental Compliance.

3.8.1. For purposes of this section, *Environmental Law* means any federal, state, or local law or regulation now or hereafter at any time pertaining to Hazardous Substances or environmental conditions. For purposes of this section, *Hazardous Substance* includes, without limitation, any substance that is or becomes classified as hazardous, dangerous, or toxic under any federal, state, or local law or regulation.

3.8.2. CVI will not use, generate, store, release, discharge, or dispose of on, under, or about the Trust Property or the groundwater thereof any Hazardous Substance and will not permit any other person to do so, except for storage and use of Hazardous Substances (and in such quantities) as may commonly be used for household purposes, as long as those substances are stored and used in compliance with all Environmental Laws. CVI will keep and maintain the Property in compliance with all Environmental Laws.

3.8.3 If any investigation, monitoring, containment, cleanup, or other remedial work of any kind is required on the Property under any applicable Environmental Law or by any governmental agency or person in connection with a release of a Hazardous Substance, CVI will promptly complete all that work at CVI's expense.

3.8.4 All representations, warranties, and covenants in this Section 3.8 are to survive beyond the term of the Agreement.

3.9 Limitations of Use. CVI will not initiate or consent to any replatting, partitioning, or rezoning of the Property or any change in any covenant or other public or private restrictions limiting or defining the uses that may be made of the Property without the prior written consent of County, which shall not be unreasonably withheld.

Section 4: Recording and Filing; Covenants To Run With the Land.

4. Recording and Filing. This Agreement shall be recorded and filed in the Deed Records of Multnomah County, Oregon.

4.1 Covenants to Run With the Land. Upon recording and for the duration of the thirty (30) year term of this Agreement; the terms and conditions set forth in this Agreement regulating and restricting the use, occupancy and transfer of the Property (i) shall be and are covenants running with the Property, including all improvements on the Property, encumbering the Property for the term of this Agreement, binding upon the CVI's successors in title and all subsequent owners; (ii) are not merely personal covenants of the CVI and its successors and assigns; and (iii) shall bind the CVI and its successors and assigns during the term of this Agreement with the benefits inuring to the County.

4.2. Compliance with Law. CVI agrees that any and all requirements of the laws of the state of Oregon to be satisfied in order for the provisions of this Agreement to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Property, including all improvements thereon, for the term of this Agreement. The covenants contained herein shall survive and be effective regardless of whether such contract, deed, or other instrument hereafter executed conveying the Property, or a portion thereof, provides that such conveyance is subject to this Agreement.

Section 5: Default.

5.1 Defined. The failure by the CVI to perform or comply with any term, covenant or condition of this Agreement within 30 days after written notice from the County to perform or satisfy the term, covenant or condition, or if the performance or compliance cannot be completed within such 30-day period through the exercise of reasonable diligence, the failure to commence the required performance or compliance with diligence to completion shall constitute an event of default ("Event of Default").

5.2 Remedies. Upon the occurrence of an Event of Default, the County, its successors and assigns may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation, or to recover monetary damages caused by such violation or attempted violation, such damages to include but not be limited to all costs, expenses including but not limited to staff and administrative expense, fees including but not limited to all

reasonably attorneys' fees which may be incurred by the County or any other party in enforcing or attempting to enforce this Agreement following such Event of Default on the part of the CVI or its successors, whether the same shall be enforced by suit or otherwise.

Section 6: Term.

The term of this Agreement commenced as of the date first set forth above and shall end at 11:59 p.m. on November 1, 2038.

Section 7: Insurance.

7.1 Property and Other Insurance. CVI will obtain and maintain during the term of this Agreement Basic Form property insurance, in an amount not less than the amount of the full replacement cost of the Property, without reduction for coinsurance.

7.2. Insurance Companies and Policies. All insurance must (a) be written by a company or companies reasonably acceptable to County, (b) require 10 days' prior written notice to County of cancellation or reduction in coverage. CVI will furnish to County on request a certificate evidencing the coverage required under this Agreement and a copy of each policy.

7.3 Casualty/Loss Restoration.

7.3.1. After the occurrence of any casualty to the Property, whether or not covered by insurance, CVI will give prompt written notice thereof to County. County may make proof of loss if CVI fails to do so promptly and to County's satisfaction.

7.3.2. All insurance proceeds with respect to the Property must be applied to the renovation, repair, restoration or reconstruction of the Property for the purpose of reinstating the authorized use of the Property. Provided, CVI shall have reasonable discretion to renovate or rebuild improvements differently than the existing structure on site in a manner in its professional judgment, best suited to accomplish viable, sustainable low income housing at the Property.

Section 8: Condemnation.

If the Property or any part of it is taken or damaged by reason of any public improvement, eminent domain, condemnation proceeding, or in any other manner (a "Condemnation"), or if CVI receives any notice or other information regarding such action, CVI will give immediate notice thereof to County. All compensation, awards, relocation assistance and other payments or relief therefore ("Condemnation Proceeds") up to the full amount of the value of the Property shall be applied first to the restoration of the Property and the intended use thereof as low income housing; provided, that if the intended use of the Property is no longer reasonably capable as a direct result of the Condemnation; towards the purchase of suitable residential property to relocate the then occupants for the purpose to continue the provision of low income housing at such new residential property.

Section 9: General Provisions.

9.1 Severability. The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remains provisions thereof.

9.2 Amendment. The County, together with the CVI and the then current CVI of the Property, if other than the CVI, may execute and record any amendment to, or modification of, this Agreement, and such amendment or modification shall be binding on parties and their successors and assigns.

9.3 Notices. All notices or other communications to be given pursuant to the Agreement, shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the recipient at the address first set forth above, or to such other address as a party may from time to time designate by notice given as provided in this Section.

9.4 Governing Law. This Agreement shall be governed by the laws of the State of Oregon without regard to the conflict of law provisions.

9.5 Venue. Venue for any suit or action commenced to enforce or interpret this Agreement shall be in the Circuit Court of Multnomah County, Oregon.

9.6 Indemnity. CVI will, to the fullest extent allowed by law, hold County, its respective, officers, employees, agents, and lawyers harmless from and indemnify them for any and all claims, demands, damages, liabilities, and expenses, including but not limited to attorney fees and court costs, arising out of or in connection with County's interests and rights under this Agreement.

9.7 Time is of the Essence. Time is of the essence with respect to all covenants, terms and conditions of CVI under this Agreement.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first set forth above.

FOR COMMUNITY VISION, INC.:

By: _____

Joe Wykowski, Executive Director
of Community Vision, Inc.

FOR MULTNOMAH COUNTY:

BOARD OF COMMISSIONERS
MULTNOMAH COUNTY, OREGON

By: _____

Ted Wheeler, Chair

REVIEWED:

Matthew O. Ryan, Assistant County Attorney

Acknowledgments

STATE OF OREGON)
)ss.
County of Multnomah)

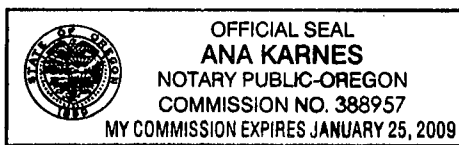
The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by Joe Wykowski, as Executive Director of Community Vision, Inc., an Oregon non-profit corporation, on behalf of its Board of Directors.

Notary Public for Oregon
My Commission expires:

STATE OF OREGON)
)ss.
County of Multnomah)

This instrument was acknowledged before me on this 13 day of NOVEMBER, 2008, by Ted Wheeler, Chair, Board of Commissioners, Multnomah County, Oregon, on behalf of its Board of County Commissioners; and that the said instrument is the free act and deed of said County.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first in this, my certificate, written.



Ana Karnes
Notary Public for Oregon
My Commission expires: 01/25/2009

GARY FLEENOR TRANSITION AGREEMENT

The Parties:

COMMUNITY VISION, INC.; an Oregon non-profit corporation, headquartered 1750 SW Skyline Blvd., Suite 102; Portland, OR 97221("CVI"); and MULTNOMAH COUNTY, OREGON, a Political Subdivision of the State of Oregon; located at 501 SE Hawthorne, Portland, Oregon 97214 ("County"); collectively referred to herein as the "Parties".

A. Recitals:

1. Mr. Gary Fleenor the present occupant of that certain residential property located at 2621 SE 23rd Avenue, Portland, Oregon (the "Property") is the child of the former owner of the Property.
2. The County acquired the Property through property tax foreclosure.
3. CVI's mission in the local community is to assist low income individuals, particularly those with special needs; in matters such as housing, access to services and related assistance issues.
4. To the best knowledge of the Parties, Mr. Fleenor is disabled and lives on a small government assistance payment and would qualify as a low-income housing recipient under the State's and the County's programs for low income housing.
5. CVI by a deed of even date herewith from County has acquired title to the Property and the Parties have executed a "Low Income Housing Development Agreement" to provide for the use of the property for low income housing for a period of not less than thirty (30) years.
6. The Parties' mutual desire and goal is to allow for Mr. Fleenor to remain and reside at the Property for as long as he is able to do so and the property is suitable for his continued living on site.
7. The purpose of this agreement is to further provide for the transition of Mr. Fleenor at the site post transfer of the Property to CVI.

B. The Parties agree as follows:

1. The foregoing recitals are incorporated into this Agreement by this reference.
2. In consideration for the donation of the property by the County to CVI; CVI shall:
 - a. Shall make best efforts to provide clean, safe, suitable affordable housing for Mr. Gary Fleenor.
 - b. Except as otherwise provided herein, the intent of the Parties is that the housing for Mr. Fleenor shall be at the property, for as long as Mr. Fleenor is able to so provide for his own well being and livelihood.

c. Should the Property upon examination be determined by CVI to not be reasonably suitable for residential purposes and further determines that the property cannot reasonably and feasibly be renovated; at such time CVI shall make best efforts to find suitable alternative low-income housing for Mr. Fleenor and provide for his relocation to such alternative housing.

d. If CVI determines that the property can be renovated but that renovation cannot be reasonably accomplished with Mr. Fleenor on site, CVI shall provide for suitable alternative housing for Mr. Fleenor during the renovation period.

e. If at any time CVI reasonably determines that Mr. Fleenor is no longer able to meet the standard set forth in Sub-section B.2.b, above, CVI shall make best efforts at such time to relocate Mr. Fleenor to a suitable residential housing to address his special needs.

C. It is so Agreed this day of November, 2008:

FOR COMMUNITY VISION, INC.:

By: _____
Name: Joe Wykowski
Title: Executive Director

FOR MULTNOMAH COUNTY:

BOARD OF COMMISSIONERS
MULTNOMAH COUNTY, OREGON

By: Ted Wheeler
Ted Wheeler, Chair

REVIEWED:

Matthew O. Ryan
Matthew O. Ryan
Assistant Multnomah County Attorney

Until a change is requested, all tax statements

Shall be sent to the following address:

COMMUNITY VISION, INC.

1750 SW Skyline Blvd., Suite 102

Portland, OR 97221

After recording return to:

Multnomah County Tax Title 503/4

Deed D082172 for R178973

MULTNOMAH COUNTY, a political subdivision of the State of Oregon, **Grantor**, conveys to COMMUNITY VISION, INC., an Oregon non-profit corporation, **Grantee**, the real property described as:

HENRYS ADDITION; LOT 7, BLOCK 4

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007.

The true consideration paid for this transfer is \$0, but consists of other consideration the receipt whereof is hereby acknowledged.

IN WITNESS WHEREOF, The Multnomah County Board of Commissioners by authority of a Resolution of the Board, entered of record: has caused this deed to be executed by the chair of the County Board.

Dated this 13th day of November, 2008.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler
Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By *Matthew O. Ryan*
Matthew O. Ryan, Assistant County Attorney

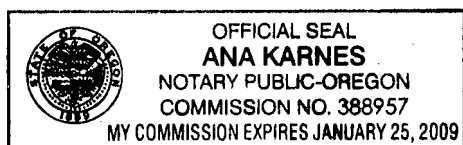
STATE OF OREGON)

) ss

COUNTY OF MULTNOMAH)

This Deed was acknowledged before me this 13th day of November 2008, by Ted Wheeler, to me personally known, as Chair of the Multnomah County Board of Commissioners, on behalf of the County by authority of the Multnomah County Board of Commissioners.

Ana Karnes
Ana Karnes
Notary Public for Oregon
My Commission expires: 01/25/2009





MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (revised 09/22/08)

Board Clerk Use Only

Meeting Date: 11/13/08
Agenda Item #: R-14
Est. Start Time: 11:05 AM
Date Submitted: 11/05/08

Agenda Title: **RESOLUTION Approving the Gresham Strategic Investment Zone #1 Intergovernmental Agreement; Adopting the Gresham Strategic Investment Zone #1 Policy; and Submitting a Request to the Oregon Economic and Community Development Department for Designation of the Zone**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date: November 13, 2008 Amount of Time Needed: 30 minutes
Department: Non-Departmental Division: Chair's Office
Contact(s): Peggidy Coffman Yates
Phone: 503.988.4878 Ext. 84878 I/O Address: 503/600
Presenter(s): Peggidy Coffman Yates, Mark Campbell, Legal, City of Gresham

General Information

1. What action are you requesting from the Board?

Approval of agreement with the City of Gresham, Oregon, to co-sponsors and jointly-operate the proposed Gresham Strategic Investment Zone #1. Required Board actions include:

Approving and executing an intergovernmental agreement with the City of Gresham.

1. Adopting a policy for implementing the proposed Gresham Strategic Investment Zone #1.
2. Authorizing and directing the County Chair to execute certain agreements that endorse specific projects within the Gresham Strategic Investment Zone #1
3. Authorizing and directing the County Chair to request designation of the Gresham Strategic Investment Zone #1 from the State of Oregon Economic and Community Development Department.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

- A. The County and the City compete with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County and the City because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.
- B. Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.
- C. In 1993, the Oregon Legislative Assembly established an economic development instrument known as the Strategic Investment Program (SIP) to encourage additional investment and employment within the State by Business Firms that make capital-intensive property investments.
- D. Multnomah County has implemented the SIP previously through its Strategic Investment Program Policy. The City of Gresham was a party to those prior actions.
- E. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ). While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the Gresham SIZ #1 include:
 - (1) **SIZ Tax Abatement.** Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
 - (2) **Community Services Fee (CSF).** Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.
 - (3) **Additional Payment.** Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
 - (4) **Income Tax Payment.** The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
 - (5) **Community Enhancement Fund.** A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be

consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.

- (6) **Sustainable Development Incentive.** Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.
- (7) **Regional Employment Incentive.** Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
- (8) **Consistency and Predictability.** Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.
- (9) **Reduced Administrative Costs.** The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.

- F. Areas in Multnomah County and the City of Gresham are suitable for SIZ designation, including but not limited to the Gresham SIZ #1.
- G. On November 12, 2008, the City of Gresham will convene to consider approval of an intergovernmental agreement with Multnomah County to become Co-Sponsors and joint-operators of the Gresham Strategic Investment Zone #1.
- H. County Program Offer #72033 Assessment and Taxation.

3. Explain the fiscal impact (current year and ongoing).

The proposed Gresham SIZ #1 promotes an investment in property in excess of \$100 million. In addition to the payment of **property taxes** on that investment, a Business Firm receiving SIZ Tax Abatement is required to pay the **Community Service Fee** and the **Additional Payment** established for the Gresham SIZ #1. These payments will be distributed to certain specific local taxing authorities within the zone as required by law and provided for by a specific agreement among the taxing authorities. Furthermore, the State is required to make **Income Tax Payments** to those same taxing authorities in the amount of fifty-percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1. Lastly, Business Income Tax revenues are projected to increase as new businesses qualify for the proposed Gresham SIZ #1.

All the potential revenue streams are contingent upon the level of capital investment, job creation and timing of these activities.

4. Explain any legal and/or policy issues involved.

Legal Issues:

1. Establishment of the Gresham SIZ #1 requires application by the County in accordance with law to the Oregon Economic and Community Development Department for approval and designation of the zone. The County cannot request designation until a majority of all Board members approve the zone objectives and programs set forth in the policy attached to the proposed resolution and approve and execute the Gresham Strategic Investment Zone #1 Intergovernmental Agreement.

2. Strategic investment zones operate through partnerships and multiple agreements. Such agreements impose obligations on the county in return for performance by others. Legal issues may arise in implementing these contractual relationships.

Policy Issues:

SIZ policy issues may arise regarding the use of property tax abatement in exchange for long term private investment and job opportunities in the County.

5. Explain any citizen and/or other government participation that has or will take place.

Other jurisdictions impacted by this decision include the City of Gresham which votes on the issue on November 12, 2008; Metro; Port of Portland; and East County Soil and Water District.

Required Signature

Elected Official or
Department/
Agency Director:

TED WHEELER

Date: 11/05/08

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. _____

Approving the Gresham Strategic Investment Zone #1 Intergovernmental Agreement; Adopting the Gresham Strategic Investment Zone #1 Policy; and Submitting a Request to the Oregon Economic and Community Development Department for Designation of the Zone

The Multnomah County Board of Commissioners Finds:

- a. The County competes with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.
- b. Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.
- c. In 1993, the Oregon Legislative Assembly established the Strategic Investment Program (SIP) in order to encourage additional investment and employment within the State by capital-intensive businesses.
- d. Multnomah County has implemented the SIP previously through its Strategic Investment Program Policy. The City of Gresham was a party to those prior actions.
- e. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ), the creation of which is prescribed in ORS 285C.623 to 285C.626 and in rules established by the Oregon Economic and Community Development Commission and the Oregon Department of Revenue. While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the proposed Gresham SIZ #1 include:
 - (1) **SIZ Tax Abatement.** Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
 - (2) **Community Services Fee (CSF).** Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.

- (3) Additional Payment. Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
 - (4) Income Tax Payment. The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
 - (5) Community Enhancement Fund. A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.
 - (6) Sustainable Development Incentive. Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.
 - (7) Regional Employment Incentive. Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
 - (8) Consistency and Predictability. Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.
 - (9) Reduced Administrative Costs. The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.
- f. Areas in Multnomah County are suitable for SIZ designation, including but not limited to the proposed Gresham SIZ #1.
- g. On November 12, 2008, the City of Gresham approved an intergovernmental agreement with Multnomah County to become Co-Sponsors and joint-operators of the Gresham Strategic Investment Zone #1.

- h. It is in the best interests of the County to join the City of Gresham in Co-Sponsoring and jointly-operating the Gresham SIZ #1.

The Multnomah County Board of Commissioners Resolves:

1. The attached GRESHAM STRATEGIC INVESTMENT ZONE #1 INTERGOVERNMENTAL AGREEMENT (IGA) is approved.
2. The County Chair is authorized and directed to sign the IGA.
3. The GRESHAM STRATEGIC INVESTMENT ZONE #1 POLICY (POLICY) attached to the IGA is adopted as the program document for implementation of the Gresham SIZ #1. The Gresham Strategic Investment Zone #1 Policy is separate and distinct from the Multnomah County Strategic Investment Program Policy.
4. The County Chair is authorized and directed to implement the POLICY.
5. The County Chair is authorized and directed to sign specific agreements in substantially the same form as the GRESHAM SIZ #1 STANDARDIZED AGREEMENT attached to the IGA in accordance with the POLICY.
6. The County Chair is authorized and directed to sign specific agreements in substantially the same form as the GRESHAM SIZ #1 FIRST-SOURCE HIRING AGREEMENT attached to the IGA in accordance with the POLICY.
7. The County Chair is authorized and directed to request designation of the GRESHAM STRATEGIC INVESTMENT ZONE #1 from the State of Oregon Economic and Community Development Department in accordance with law.

ADOPTED this 13th day of November 2008.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Sandra N. Duffy, Assistant County Attorney

SUBMITTED BY:
Ted Wheeler, Multnomah County Chair

**GRESHAM STRATEGIC INVESTMENT ZONE #1
INTERGOVERNMENTAL AGREEMENT**

BETWEEN

MULTNOMAH COUNTY, OREGON

AND

CITY OF GRESHAM, OREGON

This Gresham Strategic Investment Zone #1 Intergovernmental Agreement ("Agreement") is by and between Multnomah County, Oregon (the "County") and the City of Gresham, Oregon (the "City").

RECITALS

A. The County and the City compete with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.

B. Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.

C. In 1993, the Oregon Legislative Assembly established an economic development instrument known as the Strategic Investment Program (SIP) to encourage additional investment and employment within the State by Business Firms that make capital-intensive property investments. Capital-intensive Business Firms are desirable to a region because they invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.

D. The County and the City have implemented the SIP previously.

E. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ), the creation of which is prescribed in ORS 285C.623 to 285C.626 and in rules established by the Oregon Economic and Community Development Commission and the Oregon Department of Revenue. While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the **Gresham SIZ #1** include:

Gresham Strategic Investment Zone #1 IGA

- (1) **SIZ Tax Abatement.** Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
- (2) **Community Services Fee (CSF).** Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.
- (3) **Additional Payment.** Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
- (4) **Income Tax Payment.** The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
- (5) **Community Enhancement Fund.** A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.
- (6) **Sustainable Development Incentive.** Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.
- (7) **Regional Employment Incentive.** Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
- (8) **Consistency and Predictability.** Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract

Gresham Strategic Investment Zone #1 IGA

negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.

- (9) **Reduced Administrative Costs.** The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.

F. Areas in Multnomah County and the City of Gresham are suitable for SIZ designation, including but not limited to the Gresham SIZ #1.

G. On November 12, 2008, the City of Gresham approved co-sponsorship and operation of the Gresham SIZ #1 and the execution of this Agreement.

H. On November 13, 2008, the County approved co-sponsorship and operation of the Gresham SIZ #1 and the execution of this Agreement.

I. The parties desire to execute this Agreement in order to co-sponsor the establishment of Gresham SIZ #1 by the Oregon Community and Economic Development Commission and to provide for its joint-operation by the parties.

WHEREFORE, in consideration of the mutual promises, covenants and conditions contained herein, and with intent to be legally bound, the County and the City hereby agree as follows:

AGREEMENT

1. PURPOSE

A. This Agreement addresses and is pursuant to the provisions of ORS 285C, especially ORS 285C.623 to ORS 285C.626 and OAR 123, Division 23, especially OAR 123-023-3000 to 123-23-3400, which describe the process for creating and operating an SIZ. Once established, the SIZ does not expire and may not be terminated.

B. The Gresham Strategic Investment Zone #1 Policy in Exhibit A (the "Policy") to this Agreement is incorporated herein by this reference and serves as the program document for implementation of the Gresham SIZ #1. Subsequent references in this Agreement to specific portions of the Policy do not impact the agreement of the parties to incorporate the Policy herein in its entirety.

2. DEFINITIONS

The definitions set forth in Section I of the Policy are incorporated herein by this reference.

3. AREA AND BOUNDARIES OF GRESHAM SIZ #1.

The Gresham SIZ #1 is located wholly within the City and County. The Gresham SIZ #1 is contiguous and is exclusive of land inside of any other SIZ. The SIZ is not within a rural area as defined by ORS 285C.600(5). The boundaries of the Gresham SIZ #1 are set forth in Section IV of the Policy and are incorporated herein by this reference.

4. OBJECTIVES OF THE GRESHAM SIZ #1.

The objectives of the Gresham SIZ #1 are set forth in Section VI of the Policy and are incorporated herein by this reference.

5. OBLIGATIONS

A. Joint Operation. The County and City are the Co-Sponsors of the Gresham SIZ #1 and shall jointly operate the zone. To the extent that additional administrative procedures and/or standardized forms and other clear and straightforward materials must be developed pursuant to OAR 123-023-3100(3)(a) through (d) and OAR 123-023-3300(2), County and City will jointly develop and approve such materials. Pursuant to OAR 123-023-3200(8) County and City will provide the documentation of the Gresham SIZ #1 program to Oregon Economic and Community Development Department including copies of additional policies, rules, procedural guidelines, administrative plans, methods of verification and a sample standardized agreement. The County and City shall request designation of the Gresham SIZ #1 as soon as practicable after completion of the public hearing required in ORS 285C.623.

B. Community Service Fee. Each Business Firm that is to benefit from SIZ Tax Abatement shall pay a Community Services Fee ("CSF") for community services support that relates to the direct impact of the eligible project on public services as set forth in this section.

1. **Amount.** For each year in which a business firm benefits from SIZ Tax Abatement, the business firm shall pay to the County a CSF, as provided in ORS 285C.609 (4) (b) (B), in an amount equal to 25 percent of the property taxes that would, but for the tax abatement, be due on the exempt property in each assessment year, but not exceeding \$2 million per eligible project in any year.
2. **Due Date.** On or about Nov. 15, the County shall provide each business firm that receives property tax abatement in the Gresham SIZ #1 with a statement describing CSF calculations and the amount due. Each business firm receiving such statement shall pay the amount due within 30 days thereafter. The CSF payment shall be made to:

Gresham Strategic Investment Zone #1 IGA

Chief Financial Officer
Multnomah County, Oregon
501 SE Hawthorne Blvd., 4th Floor
P.O. Box 14700
Portland, OR 97293

3. **Adjustments.** If the assessed value of the business firm is adjusted after November 15 of any tax year in such a manner that property taxes due from the business firm are reduced, and the reduction reduces the CSF for that year, the County shall pay the amount of the reduction to the business firm, together with interest at the rate established by law for tax refunds (ORS 311.505(2)) from the date of payment of the CSF. If the County does not pay the amount by November 10 of the following year, the business firm may withhold the unpaid amount, plus interest as provided in this Section, from subsequent CSF payments due from the business firm. If the remaining CSF payments due from the business firm are less than the amount owed by the County to the business firm under this Section, the County shall pay the amount due to the business firm not later than December 15 of the year following the year in which the reduction occurs. An appeal of the assessed value does not defer the CSF payment obligation set forth above. Any adjustments based on the outcome of the appeal shall be in accord with this paragraph.
4. **Late Payment of CSF.** Failure to make payment in full of any fee by the due date shall result in penalty and interest being charged on the past due balance in the same amount as is provided by law for late payment of ad valorem property taxes.
5. **Nonpayment of CSF.** If the business firm fails to pay the CSF by the end of the tax year in which it is due, the tax exemption shall be revoked and the property shall be fully taxable for the following tax year for which the fee remains unpaid.

C. Gresham SIZ #1 Standardized Agreement. A business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 shall execute the Gresham SIZ #1 Standardized Agreement attached as Exhibit B.

D. Gresham SIZ #1 Standardized First-Source Hiring Agreement. In order to encourage hiring of persons living in the City of Gresham and east Multnomah County, a business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 shall execute the Gresham SIZ #1 Standardized First-Source Hiring Agreement attached as Exhibit C.

E. Additional Payment. If, in any tax year, the total real market value of the property assessed and taxed under ORS 307.123 exceeds \$750 million, Additional Payments will be due according to the calculation and schedule below. These payments shall be paid in the same manner as the CSF described above.

Gresham Strategic Investment Zone #1 IGA

1. The Additional Payments shall be a Percentage of the sum of the property taxes billed for that year plus the current year CSF. Thus:

$$\text{Additional Payment} = [\text{Percentage}] \times [\text{Current year property taxes} + \text{current year CSF}]$$

2. The applicable Percentage in the foregoing calculation is determined according to the following schedule:

Total Real Market Value	Percentage
\$750 Million	10%
\$1 Billion	20%
\$1.25 Billion	30%
\$1.5 Billion	40%
\$1.75 Billion	50%
\$2 Billion	60%
\$2.25 Billion	70%
\$2.5 Billion	80%
\$2.75 Billion	90%
\$3 Billion	100%
\$4 Billion	125%
Over \$5 Billion	150%

3. If a business firm receives a Leadership in Energy and Environmental Design ("LEED") Gold or Platinum certification in constructing their facilities, and the business firm is otherwise subject to Additional Payments due to their taxable assessed value, the Additional Payment will be reduced by 20% for each of the first three years in which they pay Additional Payments.

F. Local Endorsement. A business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 must request local endorsement by the County and the City of the firm's proposal pursuant to the procedures and requirements set forth in the Policy.

G. Distribution of Payments. Except for the Application Fee in Section VII.A. of the Policy, the distribution of all payments by a business firm and by the state to the County, the City, and other local taxing authorities shall be determined by separate agreement specifying the formula for sharing such payments.

6. MISCELLANEOUS TERMS.

A. Governing Law. This Agreement shall be governed by the law of the State of Oregon. Any actions or suits commenced in connection with this Agreement shall be in Circuit Court of Multnomah County or Federal District Court for Oregon.

B. Complete Agreement. This Agreement and its attached exhibits are the complete and exclusive statement of the Agreement between the parties relevant to the purpose described above and supersedes all prior agreements or proposals, oral or written, and all other communication between the parties relating to the subject matter of this Agreement. No modifications of the Agreement will be binding on any party except as a written addendum signed by authorized agents of each party. All rights and remedies of each party shall be cumulative and may be exercised successively or concurrently. The foregoing is without limitation to or waiver of any other rights or remedies of either party according to law.

C. Counterparts. This Agreement may be signed in counterparts; when every party has signed a counterpart all parties shall be bound by this Agreement.

DATED this ____ day of November, 2008.

MULTNOMAH COUNTY

Chairperson,
Board of Commissioners
Date: November ____, 2008

REVIEWED:

Assistant County Attorney
Date: November ____, 2008

CITY OF GRESHAM

Mayor
Date: November ____, 2008

City Manager
Date: November ____, 2008

REVIEWED:

City Attorney
Date: November ____, 2008

GRESHAM STRATEGIC INVESTMENT ZONE #1

STANDARDIZED AGREEMENT

BETWEEN

MULTNOMAH COUNTY, OREGON,

CITY OF GRESHAM, OREGON,

AND

[The Company]

[Date of Execution]

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AGREEMENT

This Agreement is between Multnomah County (the "County"), the City of Gresham (the "City") and [The Company], [Address].

I. RECITALS.

A. In 1993, the Oregon Legislative Assembly established an economic development instrument known as the Strategic Investment Program (SIP) to encourage additional investment and employment within the State by businesses that make capital-intensive property investments. Capital-intensive businesses are desirable to a region because they invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.

B. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ). ORS 285C.623 to 285C.626 describes the process for creation of Strategic Investment Zones (SIZ) which ensure that all eligible projects constructed or installed within a particular geographic area within the county receive the Partial Property Tax Exemption under ORS 307.123. Like the SIP, projects approved for SIZ benefits must pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are exempt; however, this cap increases by 3 percent each year. In addition to the Partial Property Tax Exemption, business benefited by the SIZ must pay an annual Community Service Fee equal to the lesser of 25 percent of exempt taxes or \$2 million. Furthermore, Additional Payments can be required of the business. Lastly, businesses benefited by the SIZ must enter into a First-Source Hiring Agreement (FSA), which promotes gainful work for persons already residing in the proximate area or region of the approved project. The exemption is temporary, lasting no longer than 15 years.

C. Certain benefits available only through the SIZ make the program attractive to both capital-intensive businesses and to counties and cities. Businesses benefit from the consistency and predictability of the SIZ, for which pre-determined benefits and requirements are established and negotiation and discretionary review is removed from the project approval process. Counties and cities benefit from additional revenue derived from distribution by the state of 50% of the personal income tax revenue attributable to employees of a SIZ project income tax payments as well as reduced administrative costs.

D. The County and the City have previously implemented the SIP pursuant to the Multnomah County Strategic Investment Program Policy.

E. Multnomah County has determined to implement the statutory provisions of the SIZ through a resolution, Exhibit #1 (Resolution), adopting the Multnomah County Strategic Investment Zone Policy, Exhibit #2 (SIZ Policy 2008), which describes the County's program. The SIZ Policy is separate and distinct from the SIP Policy.

F. The City and County have entered into a Gresham Strategic Investment Zone #1 (Gresham SIZ #1) Intergovernmental Agreement to co-sponsor the designation of a Strategic Investment Zone (SIZ) in Gresham, Multnomah County, Oregon, pursuant to ORS 285C.603 *et seq.*, and ORS 307.123. Exhibit #3 (Gresham Strategic Investment Zone #1 IGA).

G. The County, City and [THE COMPANY] have agreed to enter into this SIZ Standardized Agreement which is a requirement of the Gresham SIZ #1.

H. Further, ORS 307.123 and ORS 285C.606(5) specifically require that a business firm with an approved SIZ Project enter into an FSA with a publicly funded job training provider that will be in place until the end of the Partial Property Tax Exemption Period. Exhibit #4 (FSA)

I. [The Company] requested that the County give its local approval for a Partial Property Tax Exemption for an SIZ project in Gresham, Oregon. [The Company] has provided all the required SIZ Application materials. Exhibit #5 (Application)

J. As required by ORS 285C600, the property to be included in the SIZ consists of real property (land); improvements, that will be constructed; and, the installation of machinery, equipment and personal property (the Project). A narrative description of the Project is attached as Exhibit #6. The Project is wholly located within the City of Gresham, County of Multnomah, Oregon. The property is contiguous, and is not within an existing SIZ. The property is shown on the map in Exhibit #7 and described by a list of affected tax lot numbers in Exhibit #8.

K. This Gresham Strategic Investment Zone #1 Standardized Agreement (Agreement) is a means of assuring consistency and predictability for potential applicants seeking the benefits of an SIZ. Each applicant will be required to execute an Agreement substantially in this form for Gresham SIZ #1.

Now therefore, in consideration of the following mutual promises, the parties agree as follows:

II. LIMITATIONS ON QUALIFICATION OF PROJECT FOR EXEMPTION; FUTURE EXEMPTIONS.

A. Project property.

[The Company's] Application represents that the Project will have a total assessed value of \$ _____. Only \$ [same amount] [less \$100 million plus 3% annual increase] of assessed value of the Project will be eligible for the Partial Property Tax Exemption, and any assessed value at the Project during the term of this Agreement which exceeds that amount shall not be eligible for the SIZ Partial Property Tax Exemption. The Project shall receive the SIZ Partial Property Tax Exemption for fifteen tax years, commencing with the year [the Company] is eligible for the SIZ Partial Property Tax Exemption.

B. Property excluded from the Project.

Pursuant to OAR 123-023-1600(6)(d), the Project will not consist of any property formerly or currently exempt under ORS 285C.175 and the Applicant is not an authorized business firm for any investment at the same location in an enterprise zone.

III. STATUTORY OBLIGATIONS OF [The Company].

A. Payment of CSF.

Each Business Firm that is to benefit from SIZ Tax Abatement shall pay a Community Services Fee ("CSF") for community services support that relates to the direct impact of the eligible project on public services as set forth in this section.

1. Amount. For each year in which a business firm benefits from Partial Property Tax Exemption, the business firm shall pay to the County a CSF, as provided in ORS 285C.609 (4) (b) (B), in an amount equal to 25 percent of the property taxes that would, but for the tax abatement, be due on the exempt property in each assessment year, but not exceeding \$2 million per eligible project in any year.
2. Due Date. On or about Nov. 15, the County shall provide each business firm that receives property tax abatement in the Gresham SIZ #1 with a statement describing CSF calculations and the amount due. Each business firm receiving such statement shall pay the amount due within 30 days thereafter. The CSF payment shall be made to:

Chief Financial Officer
Multnomah County, Oregon
501 SE Hawthorne Blvd., 4th Floor
P.O. Box 14700
Portland, OR 97293

3. Adjustments. If the assessed value of the business firm is adjusted after November 15 of any tax year in such a manner that property taxes due from the business firm are reduced, and the reduction reduces the CSF for that year, the County shall pay the amount of the reduction to the business firm, together with interest at the rate established by law for tax refunds (ORS 311.505(2)) from the date of payment of the CSF. If the County does not pay the amount by November 10 of the following year, the business firm may withhold the unpaid amount, plus interest as provided in this Section, from subsequent CSF payments due from the business firm. If the remaining CSF payments due from the business firm are less than the amount owed by the County

to the business firm under this Section, the County shall pay the amount due to the business firm not later than December 15 of the year following the year in which the reduction occurs. An appeal of the assessed value does not defer the CSF payment obligation set forth above. Any adjustments based on the outcome of the appeal shall be in accord with this paragraph.

4. Late Payment of CSF. Failure to make payment in full of any fee by the due date shall result in penalty and interest being charged on the past due balance in the same amount as is provided by law for late payment of ad valorem property taxes.
5. Nonpayment of CSF. If the business firm fails to pay the CSF by the end of the tax year in which it is due, the tax exemption shall be revoked and the property shall be fully taxable for the following tax year for which the fee remains unpaid.

B. First-Source Hiring Agreement.

To promote gainful work for persons already residing in the proximate area or region of the Project; and, to comply with the requirements of ORS 307.123 and ORS 285C.606(5), [The Company] shall enter into an standardized FSA, a copy of which is attached as Exhibit #9, with the County. An executed copy of the FSA must be attached to this Agreement as an Exhibit and its terms are incorporated by reference into this Agreement. If the County designates a Publicly Funded Training Provider, [The Company] shall enter into a separate FSA with a designated Publicly Funded Training Provider under substantially the same terms as set out in the County/[The Company] First-Source Hiring Agreement. If there is a conflict between this Agreement and The County/[The Company] First-Source Hiring Agreement, this Agreement shall take precedence. If there is a conflict between the County/[The Company] FSA and the Public Funded Training Provider [The Company] First-Source Hiring Agreement, the County/[The Company] First-Source Hiring Agreement shall take precedence.

C. Notice of Occupancy or Use.

[The Company] shall provide timely information to the County Assessor and/or the Department of Revenue, as requested or otherwise necessary under ORS 307.123 or other applicable laws, including but not limited to the date when any taxable property is initially occupied, used or operated for a commercial purpose. OAR 123-023-1500(4).

D. Payment of Property Taxes.

[The Company] shall file with the Department of Revenue the information required by ORS 308.285-290 on the annual industrial property return as if the property were taxable. [The Company] shall pay all property taxes owed on the Project on or before November 15th in the year assessed. Any lessee of the Project shall be, by a lease term with [The Company], required to pay the property taxes levied on the leased property that comprise any part of the Project, on the same terms as [The Company].

IV. ADDITIONAL OBLIGATIONS OF [The Company] TO MEET COUNTY SIZ OBJECTIVES.

A. County SIZ Objectives and How they Are Met.

In consideration of the County's and City's actions to approve a SIZ exemption for the Project, [The Company] agrees to meet the County's objectives, as adopted in the Gresham Strategic Investment Zone #1 Policy. See Exhibit #2, attached.

These policy objectives will be met by submission of an Application by an Applicant and are not subject to discretionary evaluation.

B. Additional Payments.

ORS 285C.623(5) and OAR 123-023-3100(3)(d)(C) authorizes the County and City to impose "other requirements" intended to obligate a firm benefiting from the Partial Property Tax Exemption.

If, in any tax year, the total real market value of the property assessed and taxed under ORS 307.123 exceeds \$750 million, Additional Payments will be due according to the calculation and schedule below. These payments shall be paid in the same manner as the CSF described above.

1. The Additional Payments shall be a Percentage of the sum of the property taxes billed for that year plus the current year CSF. Thus:

$$\text{Additional Payment} = [\text{Percentage}] \times [\text{Current year property taxes} + \text{current year CSF}]$$

2. The applicable Percentage in the foregoing calculation is determined according to the following schedule:

Total Real Market Value	Percentage
\$750 Million	10%
\$1 Billion	20%
\$1.25 Billion	30%
\$1.5 Billion	40%
\$1.75 Billion	50%
\$2 Billion	60%
\$2.25 Billion	70%
\$2.5 Billion	80%
\$2.75 Billion	90%
\$3 Billion	100%
\$4 Billion	125%
Over \$5 Billion	150%

If a business firm receives a Leadership in Energy and Environmental Design ("LEED") Gold or Platinum certification in constructing its facilities, and the business firm is otherwise subject to Additional Fees due to their taxable assessed value, the Additional Payment will be reduced by 20% for each of the first three years in which it pays Additional Payments.

V. ADDITIONAL OBLIGATIONS OF THE COUNTY AND CITY TO MEET GRESHAM SIZ #1 OBJECTIVES.

A. *Approval of Provisions Related to Property Tax Exemption.*

Pursuant to OAR 123-023-3100(3)(d)(E), the County and the City shall, by action of the County Commission and the City Council, respectively, affirmatively endorse [The Company's] proposed project if it submits an SIZ Application in accordance with State statutes, rules and the County SIZ program.

B. *Partial Property Tax Exemption.*

Upon approval of the Project for the SIZ Partial Property Tax Exemption by the Oregon Economic and Community Development Commission, the Project shall be subject to assessment and taxation as provided in ORS 307.123 commencing in the tax year that the Project is eligible. While the State Department of Revenue will process the Partial Property Tax Exemption, the County will cooperate in facilitating [The Company's] SIZ Partial Property Tax Exemption, including, but not limited to, cooperating with the Oregon Department of Revenue to identify the property that receives the Partial Property Tax Exemption as described in this Agreement .

VI. BREACH; DEFAULT; REMEDIES OF THE COUNTY.

A. *Dispute Resolution Procedure.*

1. Multnomah County's designated SIZ Manager shall have the duty to monitor compliance by [The Company] with the terms of this Agreement.
2. If either County or the City has substantial evidence to believe that [The Company] has materially failed to comply with any term of this Agreement or the FSA, and that such failure is not excused, County and the City shall confer, and shall involve persons in their organizations whose job responsibilities relate to the noncompliance. If, after such consultation and examination of the evidence, The County continues to believe that [The Company] has materially failed to comply with one or more terms of this Agreement and the failure is not excused, County shall notify [The Company] of this belief and the basis therefore. [The Company] shall not be deemed to have failed to comply with this Agreement if the failure is caused by a *force majeure*, as provided under Section 9 below.
3. Any required notice shall be in writing and shall be sent to [The Company] or The County at the following addresses:

[The Company address]
Attention: [Name], President and CEO
With a copy to: [Name], General Counsel

Chief Financial Officer
Multnomah County, Oregon
501 SE Hawthorne Blvd., 4th Floor
P.O. Box 14700
Portland, OR 97293

4. Upon receipt of the notice described in Section VI.A.2, [The Company] shall have 45 days to respond in writing. [The Company] written response shall be delivered to County at:

[The Company] response shall include such supporting documentation as is related to the issues raised by the notice described in Section 2 above, and that is within [The Company] control to provide for the sole purpose of allowing the County to substantiate [The Company] response. The County shall have 45 days in which to review and consider [The Company] response and to notify [The Company] in writing if the County believes [The Company] is not in compliance, and to state the basis for the County's belief. If the County does not give [The Company] such written notice within 45 days, the matter shall be deemed closed.

5. If the County notifies [The Company] that the County continues to believe that a failure of performance by [The Company] has occurred, the matter shall be submitted to mediation in front of a mediator who is an attorney and mutually acceptable to all parties. Such mediation shall take place within 90 days' of a party's receipt of a request in a neutral location mutually acceptable to all parties. Each party shall be responsible for paying its own costs and expenses (including legal fees, if necessary) for the mediation and share equally the expenses of the mediator. In the event that the mediation is unsuccessful, either party may initiate litigation to resolve the dispute.
6. Notwithstanding the foregoing, any dispute in which specific performance or injunctive relief is sought need not be submitted to mediation, but may instead be immediately brought by the aggrieved party to an appropriate court.
7. The prevailing party in any litigation proceeding arising out of or related to this Agreement shall be entitled, in addition to any other rights and remedies it may have, to reimbursement for its expenses incurred in such action, including court costs and reasonable attorneys' fees and other legal fees and costs.
8. Breach.

- a. A "Breach" shall be deemed to have occurred if:

- (1) before or after mediation, [The Company] acknowledges that it has failed to comply with its obligations under this Agreement; or
- (2) a court of competent jurisdiction in a final nonappealable judgment determines that [The Company] has failed to comply with its obligations under this Agreement.

- b. [The Company] shall not be deemed to have failed to comply with this Agreement if the failure is caused by a *force majeure*, as provided under Section 9 below.

9. Force Majeure.

If by reason of *force majeure*, [The Company] is unable in whole or in part to carry out its obligations in this Agreement, other than obligations for the payment of money, a Breach shall not be deemed to occur during the continuance of such inability. The term "*force majeure*" as used herein shall mean any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; orders or restraints of any kind of the government of the United States of America or of the state wherein the County is located or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; volcanic eruption; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any similar or different cause or event not reasonably within the control of the [The Company].

Force Majeure also includes any significant reduction in market demand for the products that are produced at the Project which makes it economically infeasible for [The Company] to operate the Project at a profit and in compliance with this Agreement. To excuse performance of any obligation of [The Company] due to a *force majeure*, [The Company] must notify the County as soon as reasonably possible after the *force majeure* has occurred and [The Company] has had an opportunity to determine the effect of the *force majeure* upon [The Company] business and its obligations hereunder. The notice shall state the nature of the occurrence, the anticipated effect of the occurrence on [The Company's] obligations, and when [The Company] will be able to resume compliance with this Agreement. If the County, following consultation with the City, does not agree that [The Company] shall be excused from performance in the manner stated in [The Company] notice, the County shall notify [The Company] within 90 days and the parties shall commence dispute resolution procedures set out above.

10. Sanctions.

The following sanctions shall apply if a Breach occurs:

A. Failure to Pay.

If the Breach relates to a failure of [The Company] to pay the CSF or any other payment [The Company] is required to pay to the County under this Agreement, the County shall be entitled to the amount of the delinquency, plus the following penalties (subject to the following paragraph): (1) if the payment is made more than ten (10) business days after the payment is due and written demand has been made to [The Company] for payment, the County shall be entitled to receive a

penalty of ten percent (10%) of the delinquent amount; and, (2) if the payment is made more than 45 business days after the payment is due and written demand has been made to [The Company] for payment, the County shall be entitled to receive a penalty of one hundred percent (100%) of the delinquent amount.

If [The Company] reasonably disputes the amount or timing of any payment which is alleged by the County to be due to the County under this Agreement, [The Company] may tender the amount which is alleged to be due and thereby prevent any penalties from accruing, and may continue its dispute. Payment by [The Company] shall not constitute a waiver by [The Company] of any matter in dispute. If the dispute is resolved in favor of [The Company], the County shall refund the amount of overpayment to [The Company], with interest (at current Treasury Bill rate), within 30 days after the dispute is resolved.

B. Failure to Use First-Source Hiring Agreement.

If the Breach relates to a failure of [The Company] to notify the County in accordance with the First-Source Hiring Agreement of [The Company] hiring needs for job openings, [The Company] shall pay to the County an amount equal to twice the average gross annual salary plus benefits for the median wage paid at the Project by [The Company] at the project.

If [The Company] fails to act in good faith to meet its obligations under the First-Source Hiring Agreement, and the failure results in effective abandonment of the First-Source Hiring Agreement by [The Company], [The Company] shall pay 75 percent of the Partial Property Tax Exemption for each year the abandonment continues. It shall not constitute an abandonment if [The Company's] failure is due to nonperformance by the County of its obligations under the First-Source Hiring Agreement.

C. Failure to Meet Reporting Requirements.

If [The Company] fails to meet reporting requirements of this Agreement, [The Company] including the FSA, shall pay twice the amount necessary to have an auditor investigate and prepare the report, or any portion thereof which has been omitted.

B. Allocation of Funds Paid by [The Company] for Failure to Comply with Agreement.

Any funds collected under Section A above, shall be paid to the County Finance Manager and held in a segregated fund for the Shared Community Services Fund.

VII. TERM OF AGREEMENT.

This Agreement shall take effect on the date the Oregon Economic and Community Development Commission formally authorized the Partial Property Tax Exemption for

[The Company] under the SIZ. OAR 123-023-3300. The property tax exemption described in ORS 307.123 shall remain in effect for fifteen years.

VIII. MISCELLANEOUS TERMS.

A. *Discrimination.*

No persons shall be denied or subject to discrimination in receipt of the benefits of any services or activities made possible by or resulting from the Agreement on the grounds of sex, sexual orientation, gender identity, race, color, creed, marital status, age, national origin, mental health or physical handicap, disabled or Vietnam era veteran status (except where there are bona fide occupational qualifications). Any violation of this provision shall be considered a material violation of the Agreement.

B. *Public Contracts.*

All applicable requirements of the Oregon Revised Statutes Nos. 279.120 through 279.333 are incorporated herein by reference. This provision is intended to incorporate only those provisions which are required for all public contracts. The parties acknowledge that: other portions of ORS Chapter 279 do not apply; this Agreement is not one for a public improvement or public work; and the wages and other compensation paid by [The Company] to its employees is not subject to ORS Chapter 279. [statutory]

C. *Governing Law.*

This SIZ Standardized Agreement shall be governed by the law of the State of Oregon. Any actions or suits commenced in connection with this Agreement shall be in Circuit Court of Multnomah County or Federal District Court for Oregon.

D. *Complete Agreement.*

This Agreement and its attached exhibits are the complete Agreement between the parties and supersede all prior agreements or proposals, oral or written. No modifications of the SIZ Standardized Agreement will be binding on any party except as a written addendum signed by authorized agents of each party.

All rights and remedies of each party shall be cumulative and may be exercised successively or concurrently. The foregoing is without limitation to or waiver of any other rights or remedies of either party according to law.

E. *CSF Payments Not Property Taxes.*

The parties acknowledge that any payments required under this Agreement do not constitute property taxes and are not subject to the limits under Section 11b, Article XI of the Oregon Constitution.

F. Corporate Dissolution or Bankruptcy.

In the event of a corporate dissolution or a bankruptcy proceeding under Chapter 7, the full real market value of the development shall be placed on the tax roll as taxable property.

G. Successors and Assigns.

Each and every provision of the Agreement is binding on any and all successors-in-interest to the applicant by virtue of sale, lease, assignment, merger, or any other transfer of any interests in the applicant corporation to any other person or entity.

H. Good Faith Contests Permitted.

Nothing in this Agreement shall be construed as: (1) preventing [The Company] from contesting in good faith any tax, assessment or other fee imposed by the County or any other governmental entity; or (2) granting rights to any employee of [The Company]. The obligations of [The Company] in this Agreement are for the benefit of the County and the City, and for the general benefit of their citizens; no individual or entity not a party to this Agreement shall be treated as a third party beneficiary of this Agreement.

I. Counterparts.

This Agreement may be signed in counterparts; when each party has signed a counterpart all parties shall be bound by this Agreement.

List of Exhibits for Gresham SIZ #1 Standardized Agreement

- Exhibit #1: Resolution
- Exhibit #2: SIZ Policy 2008
- Exhibit #3: Gresham Strategic Investment Zone #1 Intergovernmental Agreement
- Exhibit #4: First-Source Hiring Agreement
- Exhibit #5: Application for SIZ Partial Property Tax Exemption (not included in this Standardized version)
- Exhibit #6: Project description (not included in this Standardized version)
- Exhibit #7: Map of Project (not included in this Standardized version)
- Exhibit #8: Legal description of Project property subject to SIZ Partial Property Tax Exemption (not included in this Standardized version)

EXHIBIT #1: RESOLUTION

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. _____

Approving the Gresham Strategic Investment Zone #1 Intergovernmental Agreement; Adopting the Gresham Strategic Investment Zone #1 Policy; and Submitting a Request to the Oregon Economic and Community Development Department for Designation of the Zone

The Multnomah County Board of Commissioners Finds:

- a. The County competes with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.
- b. Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.
- c. In 1993, the Oregon Legislative Assembly established the Strategic Investment Program (SIP) in order to encourage additional investment and employment within the State by capital-intensive businesses.
- d. Multnomah County has implemented the SIP previously through its Strategic Investment Program Policy. The City of Gresham was a party to those prior actions.
- e. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ), the creation of which is prescribed in ORS 285C.623 to 285C.626 and in rules established by the Oregon Economic and Community Development Commission and the Oregon Department of Revenue. While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the proposed Gresham SIZ #1 include:
 - (1) SIZ Tax Abatement. Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
 - (2) Community Services Fee (CSF). Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.

- (3) Additional Payment. Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
 - (4) Income Tax Payment. The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
 - (5) Community Enhancement Fund. A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.
 - (6) Sustainable Development Incentive. Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.
 - (7) Regional Employment Incentive. Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
 - (8) Consistency and Predictability. Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.
 - (9) Reduced Administrative Costs. The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.
- f. Areas in Multnomah County are suitable for SIZ designation, including but not limited to the proposed Gresham SIZ #1.
 - g. On November 12, 2008, the City of Gresham approved an intergovernmental agreement with Multnomah County to become Co-Sponsors and joint-operators of the Gresham Strategic Investment Zone #1.
- Page 2 of 3 – Resolution Approving the Gresham Strategic Investment Zone #1 Intergovernmental Agreement; Submitting a Request to the Oregon Economic and Community Development Department for Designation of the Zone and Adopting the Gresham Strategic Investment Zone #1 Policy

- h. It is in the best interests of the County to join the City of Gresham in Co-Sponsoring and jointly-operating the Gresham SIZ #1.

The Multnomah County Board of Commissioners Resolves:

1. The attached GRESHAM STRATEGIC INVESTMENT ZONE #1 INTERGOVERNMENTAL AGREEMENT (IGA) is approved.
2. The County Chair is authorized and directed to sign the IGA.
3. The GRESHAM STRATEGIC INVESTMENT ZONE #1 POLICY (POLICY) attached to the IGA is adopted as the program document for implementation of the Gresham SIZ #1. The Gresham Strategic Investment Zone #1 Policy is separate and distinct from the Multnomah County Strategic Investment Program Policy.
4. The County Chair is authorized and directed to implement the POLICY.
5. The County Chair is authorized and directed to sign specific agreements in substantially the same form as the GRESHAM SIZ #1 STANDARDIZED AGREEMENT attached to the IGA in accordance with the POLICY.
6. The County Chair is authorized and directed to sign specific agreements in substantially the same form as the GRESHAM SIZ #1 FIRST-SOURCE HIRING AGREEMENT attached to the IGA in accordance with the POLICY.
7. The County Chair is authorized and directed to request designation of the GRESHAM STRATEGIC INVESTMENT ZONE #1 from the State of Oregon Economic and Community Development Department in accordance with law.

ADOPTED this 13th day of November 2008.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Sandra N. Duffy, Assistant County Attorney

SUBMITTED BY: Ted Wheeler
Multnomah County Chair

EXHIBIT #2: SIZ POLICY 2008

GRESHAM STRATEGIC INVESTMENT ZONE #1 POLICY

I. DEFINITIONS

As used in this policy:

- A. **Applicant** means a Business Firm seeking Local Endorsement of SIZ Tax Abatement.
- B. **Application** means the following information and materials:
 - (1) An application fee in the amount of \$10,000 payable to "Multnomah County."
 - (2) A completed form prescribed by the Department for requesting approval from the Commission for SIZ Tax Abatement together with the complete information and materials requested therein;
 - (3) An original copy of the Gresham SIZ #1 Standardized Agreement executed by the Applicant together with all attachments and exhibits to such agreement;
 - (4) A original copy of the Gresham SIZ #1 Standardized First-Source Hiring Agreement together with all attachments and exhibits to such agreement; and
 - (5) A copy of all other information and materials that the Applicant intends, as of the time that the Applicant requests Local Endorsement, or is required to submit to the Commission as part of the Applicant's request to the Commission for SIZ Tax Abatement.
- C. **Business Firm** means a person operating or conducting one or more trades or businesses, a people's utility district organized under ORS chapter 261 or a joint operating agency formed under ORS chapter 262, but does not include any other governmental agency, municipal corporation or nonprofit corporation.
- D. **Commission** means the State of Oregon Economic and Community Development Commission.
- E. **Chair** means the Chair of the Board of Commissioners of Multnomah County, Oregon or its designee.
- F. **City** means the government of the City of Gresham, Oregon.
- G. **Co-Sponsors** means the County and the City or, as required by context, an authorized representative thereof, and refers to the sponsorship of the Gresham SIZ #1 for designation by the Commission and to the joint operation of that zone by the County and City.
- H. **County** means the government of Multnomah County, Oregon.

- I. Department** means the State of Oregon Economic and Community Development Department.
- J. Gresham SIZ #1 Standardized Agreement (SSA)** means the standardized agreement approved by the Co-Sponsors and by the Commission for the Gresham SIZ #1 that must be executed by a Business Firm and the Co-Sponsors prior to submission of the Business Firm's request to the Commission for SIZ Tax Abatement.
- K. Gresham SIZ #1 Standardized First-Source Hiring Agreement (FSA)** means the standardized first-source hiring agreement approved by the Co-Sponsors and by the Commission for the Gresham SIZ #1 that must be executed by a Business Firm and the Co-Sponsors prior to submission of the Business Firm's request to the Commission for SIZ Tax Abatement.
- L. Local Endorsement** means the official recommendation of the Co-Sponsors to the Commission that the Commission grant SIZ Tax Abatement for the project described in a fully executed Gresham SIZ #1 Standardized Agreement.
- M. SIZ** means the statutory strategic investment zone program or, as required by context, a strategic investment zone designated by the Commission.
- N. SIZ Tax Abatement** means assessment and taxation under ORS 307.123 within the Gresham SIZ #1.
- O. State** means the government of the State of Oregon.

II. RECITALS

- A.** The County and the City compete with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County and the City because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.
- B.** Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.
- C.** In 1993, the Oregon Legislative Assembly established an economic development instrument known as the Strategic Investment Program (SIP) to encourage additional investment and employment within the State by Business Firms that make capital-intensive property investments.

D. Multnomah County has implemented the SIP previously through its Strategic Investment Program Policy. The City of Gresham was a party to those prior actions.

E. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ), the creation of which is prescribed in ORS 285C.623 to 285C.626 and in rules established by the Oregon Economic and Community Development Commission and the Oregon Department of Revenue. While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the **Gresham SIZ #1** include:

- (1) **SIZ Tax Abatement.** Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
- (2) **Community Services Fee (CSF).** Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.
- (3) **Additional Payment.** Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
- (4) **Income Tax Payment.** The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
- (5) **Community Enhancement Fund.** A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.
- (6) **Sustainable Development Incentive.** Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.

- (7) **Regional Employment Incentive.** Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
- (8) **Consistency and Predictability.** Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.
- (9) **Reduced Administrative Costs.** The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.
- F. Areas in Multnomah County and the City of Gresham are suitable for SIZ designation, including but not limited to the Gresham SIZ #1.
- G. On November 12, 2008, the City of Gresham approved an intergovernmental agreement with Multnomah County to become Co-Sponsors and joint-operators of the Gresham Strategic Investment Zone #1.
- H. On November 13, 2008, the County approved an intergovernmental agreement with the City of Gresham to become Co-Sponsors and joint-operators of the Gresham Strategic Investment Zone #1.

III. PURPOSE

The purpose of this Gresham Strategic Investment Zone #1 Policy is to establish the Gresham SIZ #1 program. The program includes the objectives and requirements of the Gresham SIZ #1 as well as the procedures for obtaining Local Endorsement of projects proposed for the zone. The Gresham SIZ #1 Policy is separate and distinct from the Multnomah County SIP Policy.

IV. GEOGRAPHIC DESCRIPTION

The Gresham SIZ #1 is located wholly within the City and County. The Gresham SIZ #1 is contiguous and is exclusive of land inside of any other SIZ. The SIZ is not within a rural area as defined by ORS 285C.600(5). The boundaries of the Gresham SIZ #1 are illustrated on the map in Appendix 1 and described by the list of tax lots in Appendix 2.

V. PROGRAM OVERVIEW

State law and administrative rules prohibit the Co-Sponsors from negotiating project-specific requirements and from subjecting requests for Local Endorsement to approval under discretionary criteria. Discretionary decision-making is omitted from approval procedures by incorporating local jurisdiction objectives into the pre-determined requirements of the Gresham SIZ #1. Accordingly, the Co-Sponsors will grant requests for Local Endorsement that satisfy procedural requirements and will not separately assess an Applicant's potential to achieve the objectives of the Gresham SIZ #1.

VI. OBJECTIVES

The Co-Sponsors have identified five objectives for the Gresham SIZ #1. Each objective is stated below in **bold font**. In addition, the sub-paragraphs following each objective provide an explanation of the manner in which the objective is promoted. In general, as stated above in the Program Overview, the objectives are promoted by the statutory structure of SIZs and by the specific requirements of the Gresham SIZ #1.

- A. Promote Multnomah County and the City of Gresham as desirable and competitive locations for the capital-intensive facilities of national and international Business Firms by offering to such businesses a consistent, predictable and administratively efficient program for obtaining SIZ Tax Abatement.**

The County and City compete with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to a region because they invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.

The SIZ is an economic development instrument designed specifically to attract capital-intensive Business Firms through provision of property tax incentives. In addition, Business Firms benefit from the consistency and predictability of the SIZ resulting from the pre-determination of SIZ benefits and requirements as well as the removal of contract negotiation and discretionary review from the local approval process. Specifically, all terms of agreement and local approval criteria applicable to a business firm are established at the time an SIZ is created and will not vary. Accordingly, the SIZ is consistent over time, predictable with respect to benefits and requirements, and administratively efficient from the perspectives of both the Business Firms and the Co-Sponsors.

- B. Improve employment in the area surrounding the Gresham SIZ #1 by encouraging companies that benefit from the zone to hire or to contract with entities that hire**

employees from the area whenever practicable for jobs associated with facilities construction, operation, and supply.

To qualify for SIZ Tax Abatement within the Gresham SIZ #1, a Business Firm must agree to undertake good faith efforts to meet this objective. In addition, the Business Firm must execute the Gresham SIZ #1 Standardized First-Source Hiring Agreement (FSA), under which the Business Firm agrees to promote gainful work for persons already residing in the proximate area or region of the approved project.

C. Increase local taxing authority revenue through receipt of property taxes, Community Service Fees, additional payments, and income tax sharing.

The SIZ promotes an investment in property in excess of \$100 million. In addition to the payment of **property taxes** on that investment, a Business Firm receiving SIZ Tax Abatement is required to pay the **Community Service Fee** and the **Additional Payment** established for the Gresham SIZ #1. These payments will be distributed to certain specific local taxing authorities within the zone as required by law and provided for by a specific agreement among the taxing authorities. Furthermore, the State is required to make **Income Tax Payments** to those same taxing authorities in the amount of fifty-percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1.

D. Establish a flexible and adaptive framework for decision-making by taxing jurisdictions for the expenditure of funds associated with SIZ business investments.

The Community Services Fees, Additional Payments, and Income Tax Payments are dedicated to community services support relating to the direct impact of projects within the Gresham SIZ #1 on public services. These funds are shared among certain specific local taxing authorities within the zone as provided by law. The bulk of these funds are distributed directly to each local taxing authority and are subsequently distributed for community services support at the sole discretion of authority. However, a portion of these funds are distributed to the **Community Enhancement Fund**, which provides for a coordinated approach to community services support among the local taxing authorities that is flexible and can adapt to the needs of the community.

E. Promote Sustainable Development.

Sustainable development is encouraged. Business Firms subject to the Additional Payment will receive a twenty percent (20%)

reduction of the Additional Payment for each of the first three years of Abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.

F. Maintain low cost of administration through simplified and efficient procedures.

The SIZ is designed by statute to be implemented through simple and efficient procedures. Establishment of an SIZ requires an initial outlay of resources to establish the zone requirements and procedures and to request zone designation by the Commission. However, once an SIZ is established, administration of the zone is generally limited to occasional application review and the collection and distribution of payments from business firms and the state. These tasks may be administered in a ministerial manner because they are conducted according to objective and pre-determined laws, rules or terms of agreement. Importantly, the County will collect fees to offset administrative costs.

VII. PROCEDURES

A. Requesting Local Endorsement

- (1) To request Local Endorsement, an Applicant must submit an Application in duplicate, except for the Application fee, to:

Chair, Multnomah County
501 SE Hawthorne Blvd., Suite 600
Portland, OR 97214

The Chair will forward promptly one duplicate of the Application to the City Manager.

- (2) Within 30 days after receipt of a request for Local Endorsement, the Co-Sponsors shall notify the Applicant of whether the information and materials included in such request are complete and therefore constitute an Application.
- (3) If the Co-Sponsors determine that the materials included in a request for Local Endorsement are incomplete, the notice of incompleteness in paragraph (2) above shall advise the Applicant of the information and materials that must be submitted within 60 days of the notice, or within such time as agreed upon by the Co-Sponsors and the Applicant, to make the Applicant's request complete. The Co-Sponsors shall not require an Applicant to submit any information or materials beyond those defined to comprise an Application.

- (4) Once the Co-Sponsors determine that a request for Local Endorsement is complete or that the time for submission of additional information and materials has passed, the Co-Sponsors shall declare the request ready for final consideration and shall issue written notice to that effect to the Applicant.

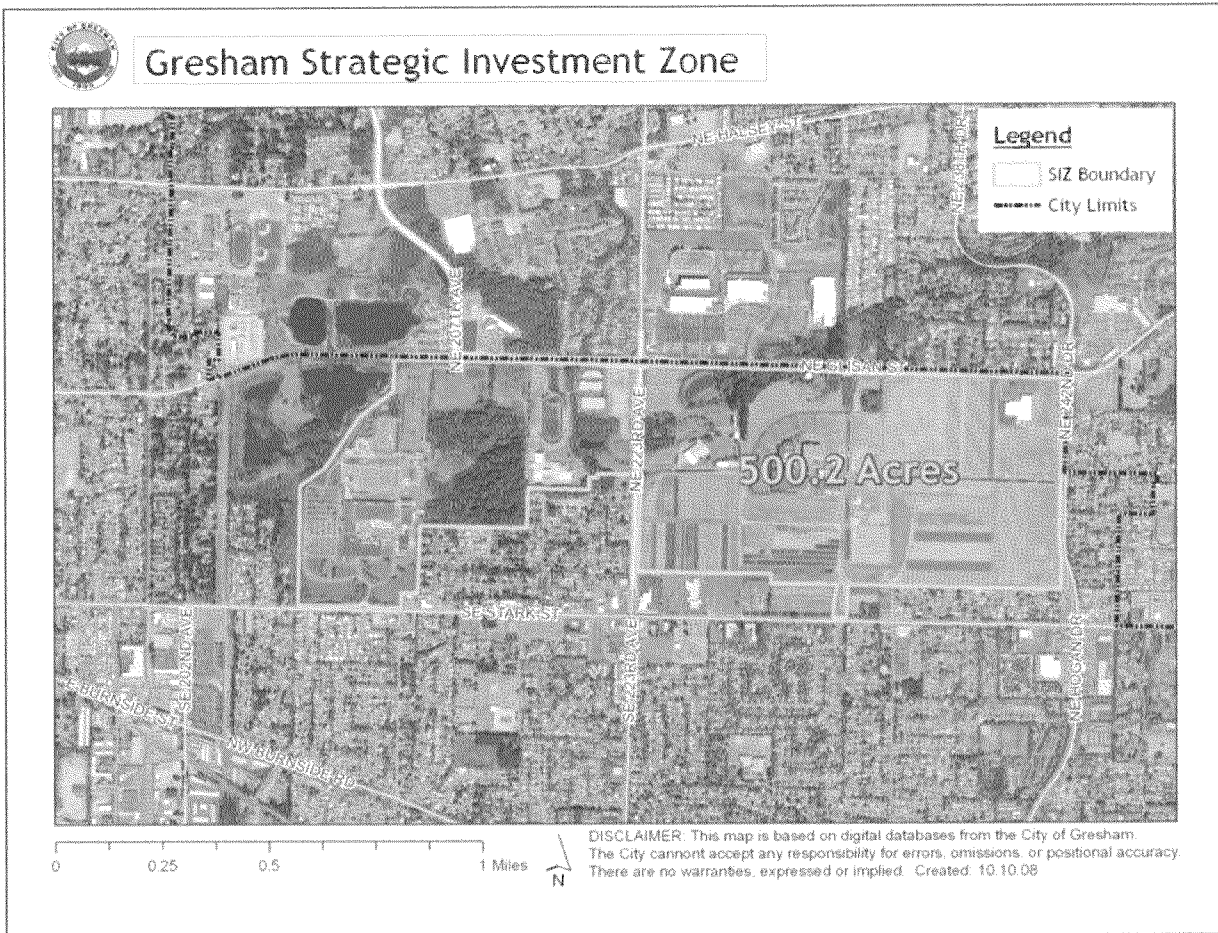
B. Consideration and Approval

- (1) The Co-Sponsors shall review and consider each request for Local Endorsement and shall approve or deny each request within 30 days of the date that the request is declared ready for final consideration.
- (2) The Co-Sponsors shall approve a request for Local Endorsement that is complete and, therefore, constitutes an Application. The Co-Sponsors shall approve such request by executing the SIZ Standardized Agreement provided in the Application within the time period set forth in paragraph (1) above.
- (3) A fully executed SIZ Standardized Agreement constitutes Local Endorsement.
- (4) The Co-Sponsors shall deny an incomplete request for Local Endorsement. The Co-Sponsors shall issue a written notice of denial to the Applicant and setting forth the reason or reasons for denial. A determination of denial is the final decision of the Co-Sponsors as of the date of the notice of denial.
- (5) The Co-Sponsors, or either of them, may reverse, revoke or withdraw Local Endorsement only through a formal finding that there was a material error or omission in the Application or that there is a breach of any provision of any agreement executed for purposes of obtaining Local Endorsement. After making such finding, the Co-Sponsors or the Co-Sponsor that made the finding shall issue a written notice of reversal, revocation or withdrawal to the Applicant setting forth the reason or reasons for the determination. A determination of reversal, revocation or withdrawal is the final decision of the Co-Sponsors as of the date of the notice prescribed in this paragraph.

**APPENDIX 1 TO GRESHAM STRATEGIC
INVESTMENT ZONE #1 POLICY:**

MAP OF THE BOUNDARIES OF THE GRESHAM SIZ #1.

MAP OF THE BOUNDARIES OF THE GRESHAM SIZ #1



**APPENDIX 2 TO GRESHAM STRATEGIC
INVESTMENT ZONE #1 POLICY:**

TABLE OF TAX LOTS COMPRISING THE GRESHAM SIZ #1

TABLE OF TAX LOTS COMPRISING THE GRESHAM SIZ #1

TLID	RNO	OWNER1	ACRES
1N3E33-01300	R943330450	MICROCHIP TECHNOLOGY INC	137.48
1N3E33-01201	R943330500	GRESHAM GRADE SCHOOL DIST NO 4	28.59
1N3E33-00800	R162101200	SN PROPERTIES PARTNERSHIP	4.13
1N3E34C-00500	R943340070	LSI LOGIC MANUFACTURING	74.93
1N3E34C-01001	R344650050	SEVEN HILLS PROPERTIES 17 LLC	4.91
1N3E34C-00300	R943340060	SEMICONDUCTOR COMPONENTS	19.41
1N3E34C-00202	R649752770	FAIRVIEW CITY OF	0.48
1N3E34C-00203	R649752760	SEMICONDUCTOR COMPONENTS	9.11
1N3E34C-00100	R943340360	SEMICONDUCTOR COMPONENTS	8.72
1N3E34AC-01600	R943340760	LSI LOGIC MANUFACTURING	1.83
1N3E34AC-01500	R943340280	LSI LOGIC MANUFACTURING	1.93
1N3E34D-00500	R943340590	LSI LOGIC MANUFACTURING	44.97
1N3E34D-00200	R943340130	LSI CORP	64.25
1N3E34D-00101	R943341560	GLISAN PROPERTY DEVELOPMENT	11.96
1N3E33-00801	R162101210	MACRO GRAPHICS INC	2.77
1N3E34D-00300	R943341330	LSI LOGIC MANUFACTURING	1.58
1N3E34C-01002	R344650100	SEVEN HILLS PROPERTIES 17 LLC	3.50
1N3E33-01301	R943330540	MICROCHIP TECHNOLOGY INC	2.54
1N3E34D-00400	R943340180	LSI LOGIC MANUFACTURING	1.42
1N3E34D-00600	R943341430	SEMICONDUCTOR COMPONENTS	25.91
1N3E34C-00400	R943340100	SEMICONDUCTOR COMPONENTS	19.99
1N3E34CD-00400	R943341270	LSI LOGIC MANUFACTURING	5.47
1N3E34CD-00100	R943340430	LSI LOGIC MANUFACTURING	14.40
1N3E34D-00201	R943341530	PORTLAND GENERAL ELECTRIC CO	5.51

**EXHIBIT #3: GRESHAM STRATEGIC INVESTMENT ZONE #1
INTERGOVERNMENTAL AGREEMENT**

**GRESHAM STRATEGIC INVESTMENT ZONE #1
INTERGOVERNMENTAL AGREEMENT**

BETWEEN

MULTNOMAH COUNTY, OREGON

AND

CITY OF GRESHAM, OREGON

This Gresham Strategic Investment Zone #1 Intergovernmental Agreement ("Agreement") is by and between Multnomah County, Oregon (the "County") and the City of Gresham, Oregon (the "City").

RECITALS

A. The County and the City compete with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.

B. Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.

C. In 1993, the Oregon Legislative Assembly established an economic development instrument known as the Strategic Investment Program (SIP) to encourage additional investment and employment within the State by Business Firms that make capital-intensive property investments. Capital-intensive Business Firms are desirable to a region because they invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.

D. The County and the City have implemented the SIP previously.

E. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ), the creation of which is prescribed in ORS 285C.623 to 285C.626 and in rules established by the Oregon Economic and Community Development Commission and the Oregon Department of Revenue. While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the Gresham SIZ #1 include:

Gresham Strategic Investment Zone #1 IGA

- (1) **SIZ Tax Abatement.** Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
- (2) **Community Services Fee (CSF).** Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.
- (3) **Additional Payment.** Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
- (4) **Income Tax Payment.** The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
- (5) **Community Enhancement Fund.** A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.
- (6) **Sustainable Development Incentive.** Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.
- (7) **Regional Employment Incentive.** Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
- (8) **Consistency and Predictability.** Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract

Gresham Strategic Investment Zone #1 IGA

negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.

- (9) **Reduced Administrative Costs.** The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.

F. Areas in Multnomah County and the City of Gresham are suitable for SIZ designation, including but not limited to the Gresham SIZ #1.

G. On November 12, 2008, the City of Gresham approved co-sponsorship and operation of the Gresham SIZ #1 and the execution of this Agreement.

H. On November 13, 2008, the County approved co-sponsorship and operation of the Gresham SIZ #1 and the execution of this Agreement.

I. The parties desire to execute this Agreement in order to co-sponsor the establishment of Gresham SIZ #1 by the Oregon Community and Economic Development Commission and to provide for its joint-operation by the parties.

WHEREFORE, in consideration of the mutual promises, covenants and conditions contained herein, and with intent to be legally bound, the County and the City hereby agree as follows:

AGREEMENT

1. PURPOSE

A. This Agreement addresses and is pursuant to the provisions of ORS 285C, especially ORS 285C.623 to ORS 285C.626 and OAR 123, Division 23, especially OAR 123-023-3000 to 123-23-3400, which describe the process for creating and operating an SIZ. Once established, the SIZ does not expire and may not be terminated.

B. The Gresham Strategic Investment Zone #1 Policy in Exhibit A (the "Policy") to this Agreement is incorporated herein by this reference and serves as the program document for implementation of the Gresham SIZ #1. Subsequent references in this Agreement to specific portions of the Policy do not impact the agreement of the parties to incorporate the Policy herein in its entirety.

Gresham Strategic Investment Zone #1 IGA

2. DEFINITIONS

The definitions set forth in Section I of the Policy are incorporated herein by this reference.

3. AREA AND BOUNDARIES OF GRESHAM SIZ #1.

The Gresham SIZ #1 is located wholly within the City and County. The Gresham SIZ #1 is contiguous and is exclusive of land inside of any other SIZ. The SIZ is not within a rural area as defined by ORS 285C.600(5). The boundaries of the Gresham SIZ #1 are set forth in Section IV of the Policy and are incorporated herein by this reference.

4. OBJECTIVES OF THE GRESHAM SIZ #1.

The objectives of the Gresham SIZ #1 are set forth in Section VI of the Policy and are incorporated herein by this reference.

5. OBLIGATIONS

A. Joint Operation. The County and City are the Co-Sponsors of the Gresham SIZ #1 and shall jointly operate the zone. To the extent that additional administrative procedures and/or standardized forms and other clear and straightforward materials must be developed pursuant to OAR 123-023-3100(3)(a) through (d) and OAR 123-023-3300(2), County and City will jointly develop and approve such materials. Pursuant to OAR 123-023-3200(8) County and City will provide the documentation of the Gresham SIZ #1 program to Oregon Economic and Community Development Department including copies of additional policies, rules, procedural guidelines, administrative plans, methods of verification and a sample standardized agreement. The County and City shall request designation of the Gresham SIZ #1 as soon as practicable after completion of the public hearing required in ORS 285C.623.

B. Community Service Fee. Each Business Firm that is to benefit from SIZ Tax Abatement shall pay a Community Services Fee ("CSF") for community services support that relates to the direct impact of the eligible project on public services as set forth in this section.

1. **Amount.** For each year in which a business firm benefits from SIZ Tax Abatement, the business firm shall pay to the County a CSF, as provided in ORS 285C.609 (4) (b) (B), in an amount equal to 25 percent of the property taxes that would, but for the tax abatement, be due on the exempt property in each assessment year, but not exceeding \$2 million per eligible project in any year.
2. **Due Date.** On or about Nov. 15, the County shall provide each business firm that receives property tax abatement in the Gresham SIZ #1 with a statement describing CSF calculations and the amount due. Each business firm receiving such statement shall pay the amount due within 30 days thereafter. The CSF payment shall be made to:

Gresham Strategic Investment Zone #1 IGA

Chief Financial Officer
Multnomah County, Oregon
501 SE Hawthorne Blvd., 4th Floor
P.O. Box 14700
Portland, OR 97293

3. **Adjustments.** If the assessed value of the business firm is adjusted after November 15 of any tax year in such a manner that property taxes due from the business firm are reduced, and the reduction reduces the CSF for that year, the County shall pay the amount of the reduction to the business firm, together with interest at the rate established by law for tax refunds (ORS 311.505(2)) from the date of payment of the CSF. If the County does not pay the amount by November 10 of the following year, the business firm may withhold the unpaid amount, plus interest as provided in this Section, from subsequent CSF payments due from the business firm. If the remaining CSF payments due from the business firm are less than the amount owed by the County to the business firm under this Section, the County shall pay the amount due to the business firm not later than December 15 of the year following the year in which the reduction occurs. An appeal of the assessed value does not defer the CSF payment obligation set forth above. Any adjustments based on the outcome of the appeal shall be in accord with this paragraph.
4. **Late Payment of CSF.** Failure to make payment in full of any fee by the due date shall result in penalty and interest being charged on the past due balance in the same amount as is provided by law for late payment of ad valorem property taxes.
5. **Nonpayment of CSF.** If the business firm fails to pay the CSF by the end of the tax year in which it is due, the tax exemption shall be revoked and the property shall be fully taxable for the following tax year for which the fee remains unpaid.

C. Gresham SIZ #1 Standardized Agreement. A business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 shall execute the Gresham SIZ #1 Standardized Agreement attached as Exhibit B.

D. Gresham SIZ #1 Standardized First-Source Hiring Agreement. In order to encourage hiring of persons living in the City of Gresham and east Multnomah County, a business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 shall execute the Gresham SIZ #1 Standardized First-Source Hiring Agreement attached as Exhibit C.

E. Additional Payment. If, in any tax year, the total real market value of the property assessed and taxed under ORS 307.123 exceeds \$750 million, Additional Payments will be due according to the calculation and schedule below. These payments shall be paid in the same manner as the CSF described above.

Gresham Strategic Investment Zone #1 IGA

1. The Additional Payments shall be a Percentage of the sum of the property taxes billed for that year plus the current year CSF. Thus:

$$\text{Additional Payment} = [\text{Percentage}] \times [\text{Current year property taxes} + \text{current year CSF}]$$

2. The applicable Percentage in the foregoing calculation is determined according to the following schedule:

Total Real Market Value	Percentage
\$750 Million	10%
\$1 Billion	20%
\$1.25 Billion	30%
\$1.5 Billion	40%
\$1.75 Billion	50%
\$2 Billion	60%
\$2.25 Billion	70%
\$2.5 Billion	80%
\$2.75 Billion	90%
\$3 Billion	100%
\$4 Billion	125%
Over \$5 Billion	150%

3. If a business firm receives a Leadership in Energy and Environmental Design ("LEED") Gold or Platinum certification in constructing their facilities, and the business firm is otherwise subject to Additional Payments due to their taxable assessed value, the Additional Payment will be reduced by 20% for each of the first three years in which they pay Additional Payments.

F. Local Endorsement. A business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 must request local endorsement by the County and the City of the firm's proposal pursuant to the procedures and requirements set forth in the Policy.

G. Distribution of Payments. Except for the Application Fee in Section VII.A. of the Policy, the distribution of all payments by a business firm and by the state to the County, the City, and other local taxing authorities shall be determined by separate agreement specifying the formula for sharing such payments.

6. MISCELLANEOUS TERMS.

A. Governing Law. This Agreement shall be governed by the law of the State of Oregon. Any actions or suits commenced in connection with this Agreement shall be in Circuit Court of Multnomah County or Federal District Court for Oregon.

B. Complete Agreement. This Agreement and its attached exhibits are the complete and exclusive statement of the Agreement between the parties relevant to the purpose described above and supersedes all prior agreements or proposals, oral or written, and all other communication between the parties relating to the subject matter of this Agreement. No modifications of the Agreement will be binding on any party except as a written addendum signed by authorized agents of each party. All rights and remedies of each party shall be cumulative and may be exercised successively or concurrently. The foregoing is without limitation to or waiver of any other rights or remedies of either party according to law.

C. Counterparts. This Agreement may be signed in counterparts; when every party has signed a counterpart all parties shall be bound by this Agreement.

DATED this ____ day of November, 2008.

MULTNOMAH COUNTY

Chairperson,
Board of Commissioners
Date: November ____, 2008

REVIEWED:

Assistant County Attorney
Date: November ____, 2008

CITY OF GRESHAM

Mayor
Date: November ____, 2008

City Manager
Date: November ____, 2008

REVIEWED:

City Attorney
Date: November ____, 2008

**EXHIBIT A TO GRESHAM STRATEGIC INVESTMENT ZONE #1
INTERGOVERNMENTAL AGREEMENT:**

GRESHAM STRATEGIC INVESTMENT ZONE #1 POLICY

GRESHAM STRATEGIC INVESTMENT ZONE #1 POLICY

I. DEFINITIONS

As used in this policy:

- A. Applicant** means a Business Firm seeking Local Endorsement of SIZ Tax Abatement.
- B. Application** means the following information and materials:
 - (1) An application fee in the amount of \$10,000 payable to "Multnomah County."
 - (2) A completed form prescribed by the Department for requesting approval from the Commission for SIZ Tax Abatement together with the complete information and materials requested therein;
 - (3) An original copy of the Gresham SIZ #1 Standardized Agreement executed by the Applicant together with all attachments and exhibits to such agreement;
 - (4) A original copy of the Gresham SIZ #1 Standardized First-Source Hiring Agreement together with all attachments and exhibits to such agreement; and
 - (5) A copy of all other information and materials that the Applicant intends, as of the time that the Applicant requests Local Endorsement, or is required to submit to the Commission as part of the Applicant's request to the Commission for SIZ Tax Abatement.
- C. Business Firm** means a person operating or conducting one or more trades or businesses, a people's utility district organized under ORS chapter 261 or a joint operating agency formed under ORS chapter 262, but does not include any other governmental agency, municipal corporation or nonprofit corporation.
- D. Commission** means the State of Oregon Economic and Community Development Commission.
- E. Chair** means the Chair of the Board of Commissioners of Multnomah County, Oregon or its designee.
- F. City** means the government of the City of Gresham, Oregon.
- G. Co-Sponsors** means the County and the City or, as required by context, an authorized representative thereof, and refers to the sponsorship of the Gresham SIZ #1 for designation by the Commission and to the joint operation of that zone by the County and City.
- H. County** means the government of Multnomah County, Oregon.

- I. Department** means the State of Oregon Economic and Community Development Department.
- J. Gresham SIZ #1 Standardized Agreement (SSA)** means the standardized agreement approved by the Co-Sponsors and by the Commission for the Gresham SIZ #1 that must be executed by a Business Firm and the Co-Sponsors prior to submission of the Business Firm's request to the Commission for SIZ Tax Abatement.
- K. Gresham SIZ #1 Standardized First-Source Hiring Agreement (FSA)** means the standardized first-source hiring agreement approved by the Co-Sponsors and by the Commission for the Gresham SIZ #1 that must be executed by a Business Firm and the Co-Sponsors prior to submission of the Business Firm's request to the Commission for SIZ Tax Abatement.
- L. Local Endorsement** means the official recommendation of the Co-Sponsors to the Commission that the Commission grant SIZ Tax Abatement for the project described in a fully executed Gresham SIZ #1 Standardized Agreement.
- M. SIZ** means the statutory strategic investment zone program or, as required by context, a strategic investment zone designated by the Commission.
- N. SIZ Tax Abatement** means assessment and taxation under ORS 307.123 within the Gresham SIZ #1.
- O. State** means the government of the State of Oregon.

II. RECITALS

- A.** The County and the City compete with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County and the City because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.
- B.** Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.
- C.** In 1993, the Oregon Legislative Assembly established an economic development instrument known as the Strategic Investment Program (SIP) to encourage additional investment and employment within the State by Business Firms that make capital-intensive property investments.

- D. Multnomah County has implemented the SIP previously through its Strategic Investment Program Policy. The City of Gresham was a party to those prior actions.
- E. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ), the creation of which is prescribed in ORS 285C.623 to 285C.626 and in rules established by the Oregon Economic and Community Development Commission and the Oregon Department of Revenue. While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the **Gresham SIZ #1** include:
- (1) **SIZ Tax Abatement.** Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
 - (2) **Community Services Fee (CSF).** Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.
 - (3) **Additional Payment.** Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
 - (4) **Income Tax Payment.** The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
 - (5) **Community Enhancement Fund.** A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.
 - (6) **Sustainable Development Incentive.** Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.

- (7) **Regional Employment Incentive.** Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
 - (8) **Consistency and Predictability.** Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.
 - (9) **Reduced Administrative Costs.** The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.
- F. Areas in Multnomah County and the City of Gresham are suitable for SIZ designation, including but not limited to the Gresham SIZ #1.
 - G. On November 12, 2008, the City of Gresham approved an intergovernmental agreement with Multnomah County to become Co-Sponsors and joint-operators of the Gresham Strategic Investment Zone #1.
 - H. On November 13, 2008, the County approved an intergovernmental agreement with the City of Gresham to become Co-Sponsors and joint-operators of the Gresham Strategic Investment Zone #1.

III. PURPOSE

The purpose of this Gresham Strategic Investment Zone #1 Policy is to establish the Gresham SIZ #1 program. The program includes the objectives and requirements of the Gresham SIZ #1 as well as the procedures for obtaining Local Endorsement of projects proposed for the zone. The Gresham SIZ #1 Policy is separate and distinct from the Multnomah County SIP Policy.

IV. GEOGRAPHIC DESCRIPTION

The Gresham SIZ #1 is located wholly within the City and County. The Gresham SIZ #1 is contiguous and is exclusive of land inside of any other SIZ. The SIZ is not within a rural area as defined by ORS 285C.600(5). The boundaries of the Gresham SIZ #1 are illustrated on the map in Appendix 1 and described by the list of tax lots in Appendix 2.

V. PROGRAM OVERVIEW

State law and administrative rules prohibit the Co-Sponsors from negotiating project-specific requirements and from subjecting requests for Local Endorsement to approval under discretionary criteria. Discretionary decision-making is omitted from approval procedures by incorporating local jurisdiction objectives into the pre-determined requirements of the Gresham SIZ #1. Accordingly, the Co-Sponsors will grant requests for Local Endorsement that satisfy procedural requirements and will not separately assess an Applicant's potential to achieve the objectives of the Gresham SIZ #1.

VI. OBJECTIVES

The Co-Sponsors have identified five objectives for the Gresham SIZ #1. Each objective is stated below in **bold font**. In addition, the sub-paragraphs following each objective provide an explanation of the manner in which the objective is promoted. In general, as stated above in the Program Overview, the objectives are promoted by the statutory structure of SIZs and by the specific requirements of the Gresham SIZ #1.

- A. **Promote Multnomah County and the City of Gresham as desirable and competitive locations for the capital-intensive facilities of national and international Business Firms by offering to such businesses a consistent, predictable and administratively efficient program for obtaining SIZ Tax Abatement.**

The County and City compete with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to a region because they invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.

The SIZ is an economic development instrument designed specifically to attract capital-intensive Business Firms through provision of property tax incentives. In addition, Business Firms benefit from the consistency and predictability of the SIZ resulting from the pre-determination of SIZ benefits and requirements as well as the removal of contract negotiation and discretionary review from the local approval process. Specifically, all terms of agreement and local approval criteria applicable to a business firm are established at the time an SIZ is created and will not vary. Accordingly, the SIZ is consistent over time, predictable with respect to benefits and requirements, and administratively efficient from the perspectives of both the Business Firms and the Co-Sponsors.

- B. **Improve employment in the area surrounding the Gresham SIZ #1 by encouraging companies that benefit from the zone to hire or to contract with entities that hire**

employees from the area whenever practicable for jobs associated with facilities construction, operation, and supply.

To qualify for SIZ Tax Abatement within the Gresham SIZ #1, a Business Firm must agree to undertake good faith efforts to meet this objective. In addition, the Business Firm must execute the Gresham SIZ #1 Standardized First-Source Hiring Agreement (FSA), under which the Business Firm agrees to promote gainful work for persons already residing in the proximate area or region of the approved project.

C. Increase local taxing authority revenue through receipt of property taxes, Community Service Fees, additional payments, and income tax sharing.

The SIZ promotes an investment in property in excess of \$100 million. In addition to the payment of **property taxes** on that investment, a Business Firm receiving SIZ Tax Abatement is required to pay the **Community Service Fee** and the **Additional Payment** established for the Gresham SIZ #1. These payments will be distributed to certain specific local taxing authorities within the zone as required by law and provided for by a specific agreement among the taxing authorities. Furthermore, the State is required to make **Income Tax Payments** to those same taxing authorities in the amount of fifty-percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1.

D. Establish a flexible and adaptive framework for decision-making by taxing jurisdictions for the expenditure of funds associated with SIZ business investments.

The Community Services Fees, Additional Payments, and Income Tax Payments are dedicated to community services support relating to the direct impact of projects within the Gresham SIZ #1 on public services. These funds are shared among certain specific local taxing authorities within the zone as provided by law. The bulk of these funds are distributed directly to each local taxing authority and are subsequently distributed for community services support at the sole discretion of authority. However, a portion of these funds are distributed to the **Community Enhancement Fund**, which provides for a coordinated approach to community services support among the local taxing authorities that is flexible and can adapt to the needs of the community.

E. Promote Sustainable Development.

Sustainable development is encouraged. Business Firms subject to the Additional Payment will receive a twenty percent (20%)

reduction of the Additional Payment for each of the first three years of Abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.

F. Maintain low cost of administration through simplified and efficient procedures.

The SIZ is designed by statute to be implemented through simple and efficient procedures. Establishment of an SIZ requires an initial outlay of resources to establish the zone requirements and procedures and to request zone designation by the Commission. However, once an SIZ is established, administration of the zone is generally limited to occasional application review and the collection and distribution of payments from business firms and the state. These tasks may be administered in a ministerial manner because they are conducted according to objective and pre-determined laws, rules or terms of agreement. Importantly, the County will collect fees to offset administrative costs.

VII. PROCEDURES

A. Requesting Local Endorsement

- (1) To request Local Endorsement, an Applicant must submit an Application in duplicate, except for the Application fee, to:

Chair, Multnomah County
501 SE Hawthorne Blvd., Suite 600
Portland, OR 97214

The Chair will forward promptly one duplicate of the Application to the City Manager.

- (2) Within 30 days after receipt of a request for Local Endorsement, the Co-Sponsors shall notify the Applicant of whether the information and materials included in such request are complete and therefore constitute an Application.
- (3) If the Co-Sponsors determine that the materials included in a request for Local Endorsement are incomplete, the notice of incompleteness in paragraph (2) above shall advise the Applicant of the information and materials that must be submitted within 60 days of the notice, or within such time as agreed upon by the Co-Sponsors and the Applicant, to make the Applicant's request complete. The Co-Sponsors shall not require an Applicant to submit any information or materials beyond those defined to comprise an Application.

- (4) Once the Co-Sponsors determine that a request for Local Endorsement is complete or that the time for submission of additional information and materials has passed, the Co-Sponsors shall declare the request ready for final consideration and shall issue written notice to that effect to the Applicant.

B. Consideration and Approval

- (1) The Co-Sponsors shall review and consider each request for Local Endorsement and shall approve or deny each request within 30 days of the date that the request is declared ready for final consideration.
- (2) The Co-Sponsors shall approve a request for Local Endorsement that is complete and, therefore, constitutes an Application. The Co-Sponsors shall approve such request by executing the SIZ Standardized Agreement provided in the Application within the time period set forth in paragraph (1) above.
- (3) A fully executed SIZ Standardized Agreement constitutes Local Endorsement.
- (4) The Co-Sponsors shall deny an incomplete request for Local Endorsement. The Co-Sponsors shall issue a written notice of denial to the Applicant and setting forth the reason or reasons for denial. A determination of denial is the final decision of the Co-Sponsors as of the date of the notice of denial.
- (5) The Co-Sponsors, or either of them, may reverse, revoke or withdraw Local Endorsement only through a formal finding that there was a material error or omission in the Application or that there is a breach of any provision of any agreement executed for purposes of obtaining Local Endorsement. After making such finding, the Co-Sponsors or the Co-Sponsor that made the finding shall issue a written notice of reversal, revocation or withdrawal to the Applicant setting forth the reason or reasons for the determination. A determination of reversal, revocation or withdrawal is the final decision of the Co-Sponsors as of the date of the notice prescribed in this paragraph.

EXHIBIT #4: FIRST-SOURCE HIRING AGREEMENT

**GRESHAM STRATEGIC INVESTMENT ZONE #1 STANDARDIZED
FIRST-SOURCE HIRING AGREEMENT**

[The Company]

I. Parties

This First Source Agreement is between Multnomah County (County) and [THE COMPANY]. The City of Gresham (City) is a Third Party Beneficiary (TPB) of this FSA and is entitled to enforce its terms. By executing this agreement, City accepts TPB status.

II. Recitals

- A. In 2005, the Legislative Assembly enhanced the Strategic Investment Program (SIP) by establishing the SIZ. Like the SIP, projects approved for SIZ Partial Property Tax Exemptions, must pay full property taxes on the first \$100 million invested in the project. Taxes on the value of the property in excess of that amount are exempted; however, this cap increases by 3 percent each year. In addition to property taxes, businesses benefited by the SIZ must pay an annual Community Service Fee equal to the lesser of 25 percent of abated taxes or \$2 million. Furthermore, additional payments can be required of the business. Lastly, businesses benefited by the SIZ must promote gainful work for persons already residing in the proximate area or region of the approved project.
- B. The City and County have entered into an Intergovernmental Agreement to co-sponsor the designation of a Strategic Investment Zone (SIZ) in Gresham, Multnomah County, Oregon, pursuant to ORS 285C.603 *et seq*, and ORS 307.123. That SIZ is known as the Gresham SIZ #1.
- C. ORS 307.123 and ORS 285C.606(5) specifically requires that a business firm with an approved SIZ project enter into a First-Source Hiring Agreement (FSA) with a publicly funded job training provider that will be in place until the end of the Partial Property Tax Exemption period.
- D. The County, City and [THE COMPANY] have agreed to enter into this Strategic Investment Zone Standardized First-Source Hiring Agreement (FSA), which is a requirement of the Gresham SIZ #1 Standardized Agreement and is an attachment to it.
- E. The County has consolidated SIP program management and FSA management within the County in order to achieve greater efficiencies in costs and operations associated with fulfillment of County SIP goals. SIZ program management will also be consolidated with these other management duties.

- F. Therefore, in meeting the statutory FSA requirement, and OAR 123-070-1100, County has designated itself as the lead contact agency for its SIP and SIZ agreements. County, as lead agency, designates Worksystems, Inc. as the organization that will serve as the primary point of contact for fulfillment of [THE COMPANY] hiring needs and monitoring compliance with the reporting requirements contained within this FSA.
- G. The County and [THE COMPANY] commit to work together and in partnership with Worksystems, Inc. and other community organizations to identify, train, and refer potential employees to [THE COMPANY] for employment.
- H. The County and [THE COMPANY] commit to a strong and collaborative effort for recruitment, referral, and training in order to ensure that persons residing in the region benefit from the employment, career, and educational opportunities facilitated by this agreement.

THEREFORE THE PARTIES AGREE TO THE FOLLOWING:

III. TERMS AND CONDITIONS

A. Definitions

- 1. "Applicant" means a person who applies for employment with [THE COMPANY], whether referred by County, another referral source or self-referred.
- 2. "Qualified Applicant" means a person who applies for employment with [THE COMPANY] who meets the mandatory criteria set out in the job description as prepared by [THE COMPANY].
- 3. "The Project" means the real property (land), improvements, machinery and equipment and personal property that is the subject of an application for a Partial Property Tax Exemption in Gresham Strategic Investment Zone #1.

B. Recruitment Obligations of [The Company]

- 1. As job openings become available, [The Company], in addition to any other methods of recruitment, will recruit employees through the County's designee, Worksystems, Inc;
- 2. [The Company] will give Worksystems, Inc. as much notice as possible of all job openings and the required start dates for those positions to enable the greatest chance of success in providing a sufficient number of qualified applicants for the job openings. A notice of a job opening to Worksystems, Inc. will, at a minimum, include job descriptions with position qualifications, wages offered, shifts needed, projected employment start date and other relevant information necessary for recruitment as soon as [The Company] becomes aware of the need for employees;

3. Job information provided by [THE COMPANY] may be provided to all partners of the County and/or its designee, Worksystems, Inc. for recruitment and referral activities;

4. All job openings at [THE COMPANY] shall be listed in the public labor exchange system of the Oregon Employment Department.

C. Screening, referral and hiring

1. [THE COMPANY] will designate human resources staff to work with Worksystems, Inc. in the creation and modification of screening and assessment processes and tools for job openings. [THE COMPANY] will provide timely feedback as to the sufficiency in number and quality of FSA referred applicants.

2. Worksystems, Inc. shall process for referral any qualified applicant who applies for any job opening through the public labor exchange system when an opening exists at [THE COMPANY].

3. Worksystems, Inc. shall screen applicants for job openings according to [THE COMPANY] job descriptions which set out the requirements for a qualified applicant.

4. Worksystems, Inc shall refer only qualified applicants to [THE COMPANY] for a job opening.

5. [THE COMPANY] agrees to consider qualified applicants referred by Worksystems, Inc. and to make a good faith effort to maximize recruitment and hiring of qualified local residents.

6. [THE COMPANY] shall make all final decisions as to qualifications, interviewing, and hiring of FSA referred applicants.

7. The County and/or its designee, Worksystems, Inc. shall not be responsible for an applicant's actions during any portion of the referral, interview or employment process, or as an employee after being hired.

8. No provision in this FSA overrides [The Company's] personnel rules or terms of employment as set by [The Company]. No employee hired under this FSA shall have special or additional rights arising from the FSA.

9. No provision in this FSA overrides any provision in a collective bargaining agreement to which the [The Company] may be a party.

D. Reporting requirements

1. [THE COMPANY] shall report on an annual basis the number of employees hired through referrals by Worksystems, Inc., number of employees hired through other referrals, the positions filled, wages of those hired, and the zip codes of employee residences of those hired.
2. The County, Worksystems, Inc. and [THE COMPANY] shall work together to create an electronic format for the reporting requirements set out above. All FSA reporting shall be conveyed electronically, unless otherwise mutually agreed by both parties.

E. Controlling laws and regulations

1. [The Company] and the County shall comply with all federal, state, and local laws, regulations, and ordinances relative employment. If this FSA conflicts with any labor laws or other government regulations, the laws or regulations shall prevail.
2. [The Company] and the County agree to comply with the applicable provisions of the Title VII of the Civil Rights Act of 1964, as amended, and section V of the Rehabilitation Act of 1973, as amended or with any successor statutes. No individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration or in connection with this agreement because of race, color, religion, sex, marital status, sexual orientation, national origin, age, disability, application for Workers Compensation benefits, political affiliation or belief, expunged juvenile record or association with any person of a particular race, color, sex, marital status, sexual orientation, age, or religion.

F. Assignments and modifications

1. If [THE COMPANY] should transfer control of the Project, as defined in the SIZ Agreement, as it is affected by this FSA to any other party by lease, sale, or assignment or otherwise, [The Company] as a condition of transfer shall require the party taking control to agree, in writing, to the terms of the FSA.
2. This FSA may be unilaterally reassigned by the County from Worksystems, Inc. to another publicly funded entity for recruitment, referral and placement of job applicants in job openings for [The Company].
3. [The Company] and the County may mutually modify this agreement, in writing, in order to improve the working relationship described herein.

G. Incorporation of the SIZ Standardized Agreement

The SIZ Standardized Agreement between [The Company], the County and the City are incorporated into this FSA by this reference. To the extent there are any conflicts between the SIZ Standardized Agreement and the FSA, the SIZ Standardized Agreement controls. To the extent that this FSA places additional obligations on [The Company], it is not inconsistent with the SIZ Standardized Agreement.

H. Dispute resolution

A material breach of this FSA by [The Company] is a breach of the SIZ Standardized Agreement. The sanctions set forth therein are applicable. If the County or the City, as a TPB, reasonably believes that [The Company] has failed to comply with any material obligation under this FSA, the parties shall follow the dispute resolution procedures set out in Section VI.A of the SIZ Standardized Agreement.

I. Effective date

This FSA shall take effect when the Multnomah County Board of Commissioners and the City of Gresham: (1) approve the Gresham Strategic Investment Zone # 1; (2) approve, and all parties execute, the SIZ Standardized Agreement, including this FSA, and it is signed by all the parties, including the City's acknowledgement of its TPB status. This FSA shall be in full force and effect until December 31 of the last year of the Gresham SIZ #1 Agreement executed by [The Company], The County and The City.

J. Counterparts

This FSA may be signed in counterparts. When each party has signed a counterpart, all parties shall be bound by this FSA.

IT IS SO AGREED:

[THE COMPANY]

Company Representative Name
Title

Date signed: _____

MULTNOMAH COUNTY

Ted Wheeler, Chair
Board of Commissioners

Date signed: _____

REVIEWED:

Sandra Duffy, Assistant County Attorney

THE CITY OF GRESHAM ACCEPTS THIRD PARTY BENEFICIARY STATUS:

THE CITY OF GRESHAM

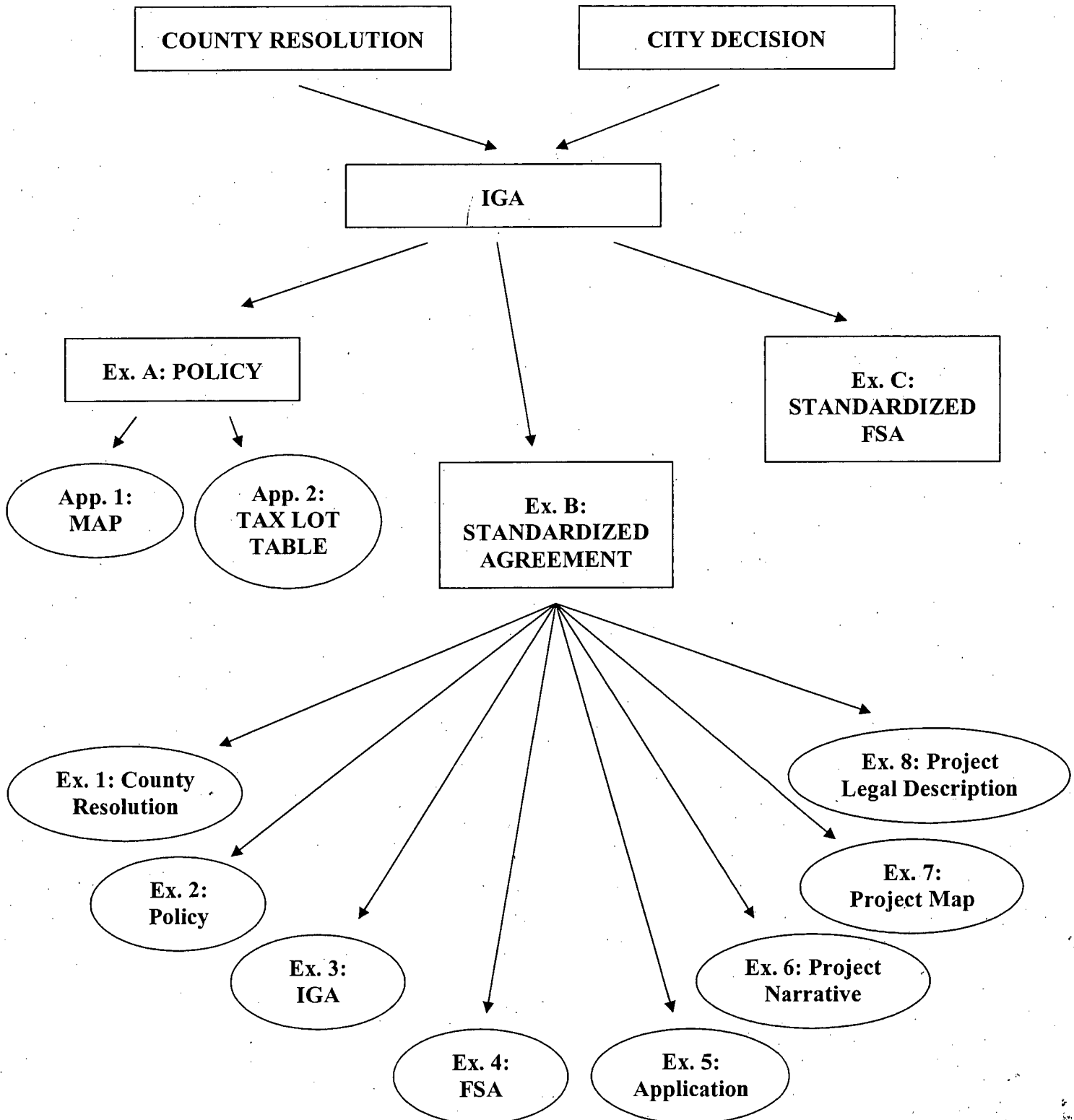
Mayor

Date signed: _____

Gresham SIZ #1 Documents Flow Chart

Jed R. Tomkins, Assistant Multnomah County Attorney


November 6, 2008





Multnomah County – City of Gresham Strategic Investment Zone

Multnomah County Board of Commission
November 13, 2008



Background Strategic Investment Zone

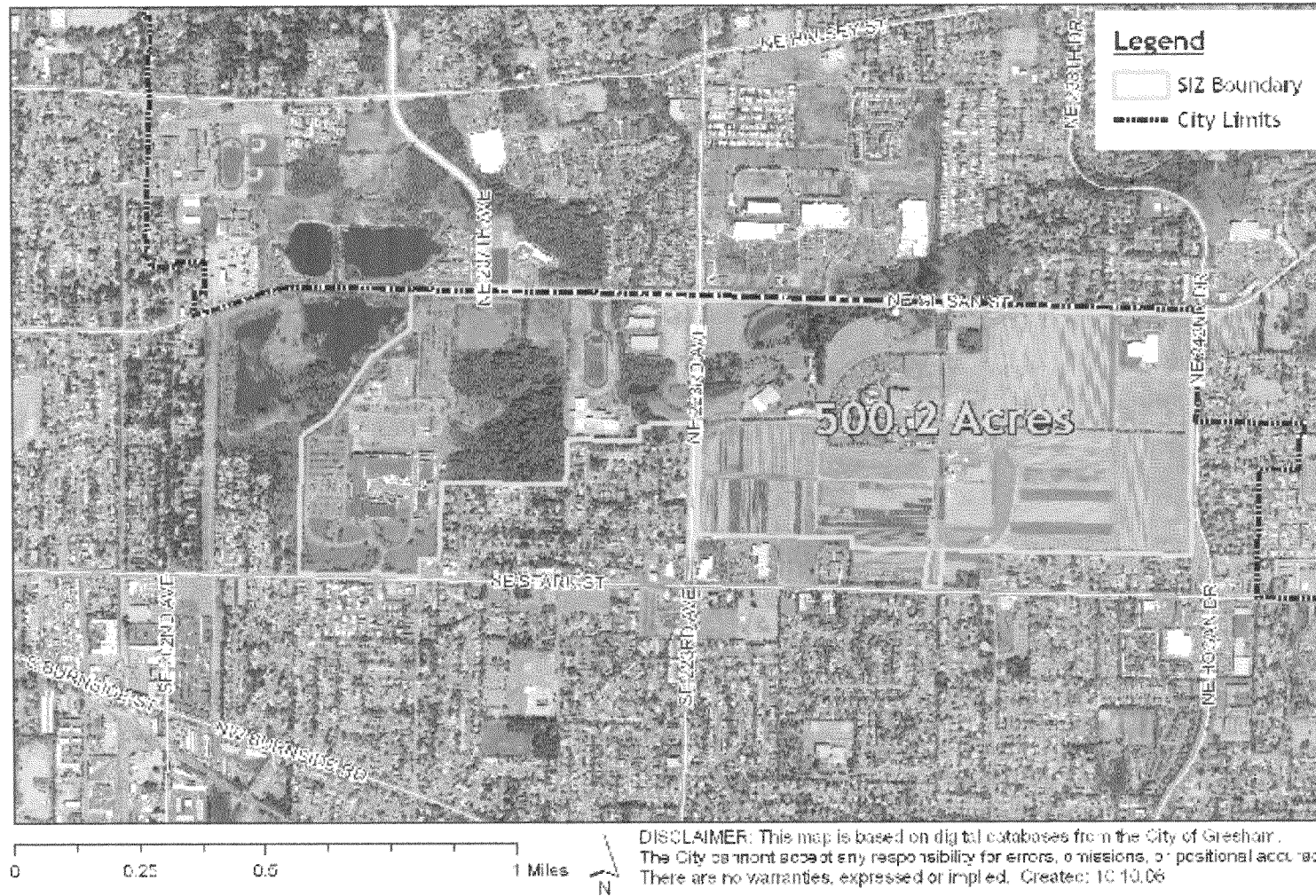
- 1993 the Oregon Legislature established the Strategic Investment Program focused on capital intensive industries that are subject to disproportionately high property taxes which impacts the decision to locate in Oregon investment
 - Encourage private capital intensive investment greater than \$100 million
 - Creation of high skilled, well paid jobs
- Multnomah County has used the Strategic Investment Program for the following companies
 - LSI Logic
 - Fujitsu
 - Microchip – sunsets in 2010
- In 2005, the Oregon Legislature expanded the concept and established the Strategic Investment Zone

What is a Strategic Investment Zone

- Strategic Investment Zone (SIZ) is a geographically designated area
- Standardizes the criteria for a business to qualify for the program
- A qualifying business receives a property tax abatement for a portion of its investment

Objectives of Strategic Investment Zone

- Creates a competitive business environment in a global economy
- Promotes Multnomah County and City of Gresham as a competitive location for capital intensive traded sector business
- Increases local employment in business's with traditionally higher wage jobs
- Provides a consistent framework for businesses to evaluate the economic opportunities of locating in Multnomah County
- Establishes a flexible and predictable criteria for Multnomah County and the City of Gresham to evaluate capital intensive businesses
- Promotes sustainable development



Business's Obligation Under Gresham #1 SIZ

- Pay Application Fee of \$10,000 to Multnomah County
- Complete form requesting approval for an SIZ property tax abatement
- Execute a Gresham SIZ #1 Standardized Agreement
- Pays **Property Tax** on first \$100 million investment (increase 3% per year)
- Pays a **Community Service Fee (CSF)** on investment >\$100 million taxes based upon 25% of abated taxes up to \$2 million
- **Additional Payment** on Investment >\$750 million
- **First Source Hiring Agreement**
- Business enters into a **15 year contract** with the County and City of Gresham

Additional Advantages of Gresham SIZ #1

- **50% of Personal Income Tax** of generated by employees of business redistributed to local taxing jurisdiction
- **Community Enhancement Fund** established to focus on social service needs resulting from business
 - 10% Community Service Fee
 - 10% Local Jurisdictions Personal Income Tax
 - 15% Additional Payment
- **Green Development Credit** – business impacted by additional payments eligible for 20% reduction of payment with LEED Gold or Platinum Certification

Advantage of SIZ

- Reduces uncertainty for business and local taxing jurisdictions negotiating individual SIP contracts
- Creates consistency between businesses locating in the SIZ
- Creates quick response for local siting issues
- Simplifies implementation
- Simplifies contract administration

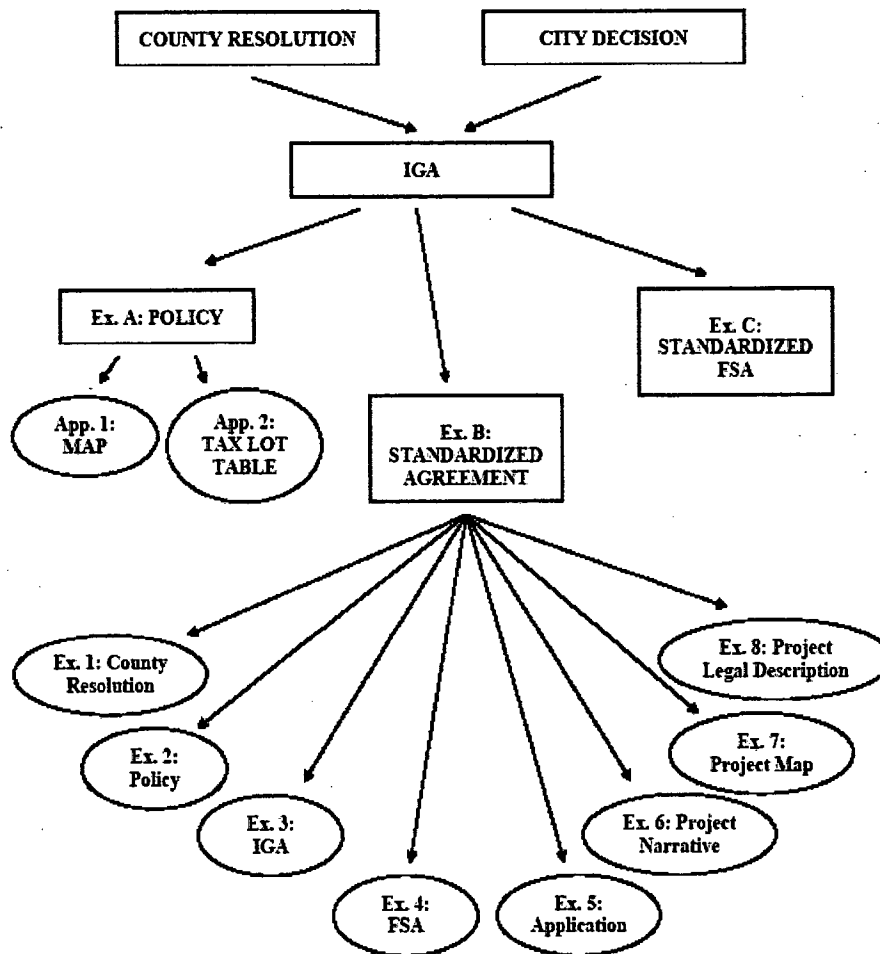
Who is involved

- Oregon Economic and Community Development Commission - Approval
- Multnomah County – Resolution and IGA
- City of Gresham – IGA
- Worksystems, Inc. – First Source Hiring Agreement
- Other Local Taxing Jurisdictions – allocation of payments
 - Port of Portland
 - Metro
 - East Multnomah County Soil and Water Conservation District

Gresham SIZ #1 Documents Flow Chart

Jed R. Tomkins, Assistant Multnomah County Attorney

November 6, 2008



Questions



BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 08-153

Approving the Gresham Strategic Investment Zone #1 Intergovernmental Agreement; Adopting the Gresham Strategic Investment Zone #1 Policy; and Submitting a Request to the Oregon Economic and Community Development Department for Designation of the Zone

The Multnomah County Board of Commissioners Finds:

- a. The County competes with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.
- b. Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.
- c. In 1993, the Oregon Legislative Assembly established the Strategic Investment Program (SIP) in order to encourage additional investment and employment within the State by capital-intensive businesses.
- d. Multnomah County has implemented the SIP previously through its Strategic Investment Program Policy. The City of Gresham was a party to those prior actions.
- e. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ), the creation of which is prescribed in ORS 285C.623 to 285C.626 and in rules established by the Oregon Economic and Community Development Commission and the Oregon Department of Revenue. While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the proposed Gresham SIZ #1 include:
 - (1) SIZ Tax Abatement. Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
 - (2) Community Services Fee (CSF). Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.

- (3) Additional Payment. Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
 - (4) Income Tax Payment. The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
 - (5) Community Enhancement Fund. A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.
 - (6) Sustainable Development Incentive. Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.
 - (7) Regional Employment Incentive. Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
 - (8) Consistency and Predictability. Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.
 - (9) Reduced Administrative Costs. The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.
- f. Areas in Multnomah County are suitable for SIZ designation, including but not limited to the proposed Gresham SIZ #1.
- g. On November 12, 2008, the City of Gresham approved an intergovernmental agreement with Multnomah County to become Co-Sponsors and joint-operators of the Gresham Strategic Investment Zone #1.

- h. It is in the best interests of the County to join the City of Gresham in Co-Sponsoring and jointly-operating the Gresham SIZ #1.

The Multnomah County Board of Commissioners Resolves:

1. The attached GRESHAM STRATEGIC INVESTMENT ZONE #1 INTERGOVERNMENTAL AGREEMENT (IGA) is approved.
2. The County Chair is authorized and directed to sign the IGA.
3. The GRESHAM STRATEGIC INVESTMENT ZONE #1 POLICY (POLICY) attached to the IGA is adopted as the program document for implementation of the Gresham SIZ #1. The Gresham Strategic Investment Zone #1 Policy is separate and distinct from the Multnomah County Strategic Investment Program Policy.
4. The County Chair is authorized and directed to implement the POLICY.
5. The County Chair is authorized and directed to sign specific agreements in substantially the same form as the GRESHAM SIZ #1 STANDARDIZED AGREEMENT attached to the IGA in accordance with the POLICY.
6. The County Chair is authorized and directed to sign specific agreements in substantially the same form as the GRESHAM SIZ #1 FIRST-SOURCE HIRING AGREEMENT attached to the IGA in accordance with the POLICY.
7. The County Chair is authorized and directed to request designation of the GRESHAM STRATEGIC INVESTMENT ZONE #1 from the State of Oregon Economic and Community Development Department in accordance with law.

ADOPTED this 13th day of November 2008.



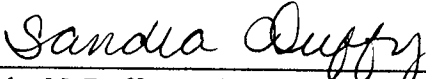
BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By


Sandra N. Duffy, Assistant County Attorney

SUBMITTED BY:

Ted Wheeler, Multnomah County Chair

**GRESHAM STRATEGIC INVESTMENT ZONE #1
INTERGOVERNMENTAL AGREEMENT**

BETWEEN

MULTNOMAH COUNTY, OREGON

AND

CITY OF GRESHAM, OREGON

This Gresham Strategic Investment Zone #1 Intergovernmental Agreement ("Agreement") is by and between Multnomah County, Oregon (the "County") and the City of Gresham, Oregon (the "City").

RECITALS

- A. The County and the City compete with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.
- B. Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.
- C. In 1993, the Oregon Legislative Assembly established an economic development instrument known as the Strategic Investment Program (SIP) to encourage additional investment and employment within the State by Business Firms that make capital-intensive property investments. Capital-intensive Business Firms are desirable to a region because they invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.
- D. The County and the City have implemented the SIP previously.
- E. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ), the creation of which is prescribed in ORS 285C.623 to 285C.626 and in rules established by the Oregon Economic and Community Development Commission and the Oregon Department of Revenue. While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the **Gresham SIZ #1** include:

Gresham Strategic Investment Zone #1 IGA

- (1) **SIZ Tax Abatement.** Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
- (2) **Community Services Fee (CSF).** Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.
- (3) **Additional Payment.** Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
- (4) **Income Tax Payment.** The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
- (5) **Community Enhancement Fund.** A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.
- (6) **Sustainable Development Incentive.** Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.
- (7) **Regional Employment Incentive.** Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
- (8) **Consistency and Predictability.** Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract

negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.

- (9) **Reduced Administrative Costs.** The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.

F. Areas in Multnomah County and the City of Gresham are suitable for SIZ designation, including but not limited to the Gresham SIZ #1.

G. On November 12, 2008, the City of Gresham approved co-sponsorship and operation of the Gresham SIZ #1 and the execution of this Agreement.

H. On November 13, 2008, the County approved co-sponsorship and operation of the Gresham SIZ #1 and the execution of this Agreement.

I. The parties desire to execute this Agreement in order to co-sponsor the establishment of Gresham SIZ #1 by the Oregon Community and Economic Development Commission and to provide for its joint-operation by the parties.

WHEREFORE, in consideration of the mutual promises, covenants and conditions contained herein, and with intent to be legally bound, the County and the City hereby agree as follows:

AGREEMENT

1. PURPOSE

A. This Agreement addresses and is pursuant to the provisions of ORS 285C, especially ORS 285C.623 to ORS 285C.626 and OAR 123, Division 23, especially OAR 123-023-3000 to 123-23-3400, which describe the process for creating and operating an SIZ. Once established, the SIZ does not expire and may not be terminated.

B. The Gresham Strategic Investment Zone #1 Policy in Exhibit A (the "Policy") to this Agreement is incorporated herein by this reference and serves as the program document for implementation of the Gresham SIZ #1. Subsequent references in this Agreement to specific portions of the Policy do not impact the agreement of the parties to incorporate the Policy herein in its entirety.

2. DEFINITIONS

The definitions set forth in Section I of the Policy are incorporated herein by this reference.

3. AREA AND BOUNDARIES OF GRESHAM SIZ #1.

The Gresham SIZ #1 is located wholly within the City and County. The Gresham SIZ #1 is contiguous and is exclusive of land inside of any other SIZ. The SIZ is not within a rural area as defined by ORS 285C.600(5). The boundaries of the Gresham SIZ #1 are set forth in Section IV of the Policy and are incorporated herein by this reference.

4. OBJECTIVES OF THE GRESHAM SIZ #1.

The objectives of the Gresham SIZ #1 are set forth in Section VI of the Policy and are incorporated herein by this reference.

5. OBLIGATIONS

A. Joint Operation. The County and City are the Co-Sponsors of the Gresham SIZ #1 and shall jointly operate the zone. To the extent that additional administrative procedures and/or standardized forms and other clear and straightforward materials must be developed pursuant to OAR 123-023-3100(3)(a) through (d) and OAR 123-023-3300(2), County and City will jointly develop and approve such materials. Pursuant to OAR 123-023-3200(8) County and City will provide the documentation of the Gresham SIZ #1 program to Oregon Economic and Community Development Department including copies of additional policies, rules, procedural guidelines, administrative plans, methods of verification and a sample standardized agreement. The County and City shall request designation of the Gresham SIZ #1 as soon as practicable after completion of the public hearing required in ORS 285C.623.

B. Community Service Fee. Each Business Firm that is to benefit from SIZ Tax Abatement shall pay a Community Services Fee ("CSF") for community services support that relates to the direct impact of the eligible project on public services as set forth in this section.

1. **Amount.** For each year in which a business firm benefits from SIZ Tax Abatement, the business firm shall pay to the County a CSF, as provided in ORS 285C.609 (4) (b) (B), in an amount equal to 25 percent of the property taxes that would, but for the tax abatement, be due on the exempt property in each assessment year, but not exceeding \$2 million per eligible project in any year.
2. **Due Date.** On or about Nov. 15, the County shall provide each business firm that receives property tax abatement in the Gresham SIZ #1 with a statement describing CSF calculations and the amount due. Each business firm receiving such statement shall pay the amount due within 30 days thereafter. The CSF payment shall be made to:

Gresham Strategic Investment Zone #1 IGA

Chief Financial Officer
Multnomah County, Oregon
501 SE Hawthorne Blvd., 4th Floor
P.O. Box 14700
Portland, OR 97293

3. **Adjustments.** If the assessed value of the business firm is adjusted after November 15 of any tax year in such a manner that property taxes due from the business firm are reduced, and the reduction reduces the CSF for that year, the County shall pay the amount of the reduction to the business firm, together with interest at the rate established by law for tax refunds (ORS 311.505(2)) from the date of payment of the CSF. If the County does not pay the amount by November 10 of the following year, the business firm may withhold the unpaid amount, plus interest as provided in this Section, from subsequent CSF payments due from the business firm. If the remaining CSF payments due from the business firm are less than the amount owed by the County to the business firm under this Section, the County shall pay the amount due to the business firm not later than December 15 of the year following the year in which the reduction occurs. An appeal of the assessed value does not defer the CSF payment obligation set forth above. Any adjustments based on the outcome of the appeal shall be in accord with this paragraph.
4. **Late Payment of CSF.** Failure to make payment in full of any fee by the due date shall result in penalty and interest being charged on the past due balance in the same amount as is provided by law for late payment of ad valorem property taxes.
5. **Nonpayment of CSF.** If the business firm fails to pay the CSF by the end of the tax year in which it is due, the tax exemption shall be revoked and the property shall be fully taxable for the following tax year for which the fee remains unpaid.

C. Gresham SIZ #1 Standardized Agreement. A business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 shall execute the Gresham SIZ #1 Standardized Agreement attached as Exhibit B.

D. Gresham SIZ #1 Standardized First-Source Hiring Agreement. In order to encourage hiring of persons living in the City of Gresham and east Multnomah County, a business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 shall execute the Gresham SIZ #1 Standardized First-Source Hiring Agreement attached as Exhibit C.

E. Additional Payment. If, in any tax year, the total real market value of the property assessed and taxed under ORS 307.123 exceeds \$750 million, Additional Payments will be due according to the calculation and schedule below. These payments shall be paid in the same manner as the CSF described above.

Gresham Strategic Investment Zone #1 IGA

1. The Additional Payments shall be a Percentage of the sum of the property taxes billed for that year plus the current year CSF. Thus:

$$\text{Additional Payment} = [\text{Percentage}] \times [\text{Current year property taxes} + \text{current year CSF}]$$

2. The applicable Percentage in the foregoing calculation is determined according to the following schedule:

Total Real Market Value	Percentage
\$750 Million	10%
\$1 Billion	20%
\$1.25 Billion	30%
\$1.5 Billion	40%
\$1.75 Billion	50%
\$2 Billion	60%
\$2.25 Billion	70%
\$2.5 Billion	80%
\$2.75 Billion	90%
\$3 Billion	100%
\$4 Billion	125%
Over \$5 Billion	150%

3. If a business firm receives a Leadership in Energy and Environmental Design ("LEED") Gold or Platinum certification in constructing their facilities, and the business firm is otherwise subject to Additional Payments due to their taxable assessed value, the Additional Payment will be reduced by 20% for each of the first three years in which they pay Additional Payments.

F. Local Endorsement. A business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 must request local endorsement by the County and the City of the firm's proposal pursuant to the procedures and requirements set forth in the Policy.

G. Distribution of Payments. Except for the Application Fee in Section VII.A. of the Policy, the distribution of all payments by a business firm and by the state to the County, the City, and other local taxing authorities shall be determined by separate agreement specifying the formula for sharing such payments.

6. MISCELLANEOUS TERMS.


A. Governing Law. This Agreement shall be governed by the law of the State of Oregon. Any actions or suits commenced in connection with this Agreement shall be in Circuit Court of Multnomah County or Federal District Court for Oregon.

B. Complete Agreement. This Agreement and its attached exhibits are the complete and exclusive statement of the Agreement between the parties relevant to the purpose described above and supersedes all prior agreements or proposals, oral or written, and all other communication between the parties relating to the subject matter of this Agreement. No modifications of the Agreement will be binding on any party except as a written addendum signed by authorized agents of each party. All rights and remedies of each party shall be cumulative and may be exercised successively or concurrently. The foregoing is without limitation to or waiver of any other rights or remedies of either party according to law.

C. Counterparts. This Agreement may be signed in counterparts; when every party has signed a counterpart all parties shall be bound by this Agreement.

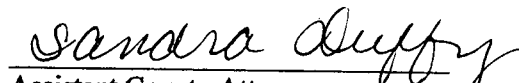
DATED this 13th day of November, 2008.

MULTNOMAH COUNTY


Chairperson,
Board of Commissioners
Date: November __, 2008



REVIEWED:


Assistant County Attorney
Date: November 12, 2008

CITY OF GRESHAM

Mayor
Date: November __, 2008

City Manager
Date: November __, 2008

REVIEWED:

City Attorney
Date: November __, 2008