

RESOLUTION NO. 4714

A RESOLUTION AMENDING AN ENTERPRISE ZONE EXEMPTION TO WILLAMETTE INDUSTRIES, INC., AND WEYERHAEUSER COMPANY FOR MANUFACTURING FACILITIES INVESTMENT AND REPEALING RESOLUTION NO. 4451

WHEREAS, Weyerhaeuser Company has acquired all of the stock of Willamette Industries, Inc., and Weyerhaeuser Company anticipates that Willamette Industries, Inc., will be merged with and into Weyerhaeuser Company. At the effective time of that merger, Weyerhaeuser Company will become the successor to all the rights and obligations of Willamette Industries, Inc., by operation of state law. As used herein, the "Company" refers to Willamette Industries, Inc., until the effective time of the merger, and to Weyerhaeuser Company thereafter; and

WHEREAS, the Company operates its Albany pulp and paper mill and other manufacturing facilities within the former Albany-Millersburg Enterprise Zone, which is sponsored by Linn County and the Cities of Albany and Millersburg, and which terminated July 1, 1996; and

WHEREAS, ORS 285B.704 (2) empowers enterprise zone sponsors to extend property tax exemptions to firms investing \$25 million or more when the firm's employment increase does not reach the 10% threshold required in ORS 285B.704 (1) by local resolution of each sponsoring government waiving the requirement; and

WHEREAS, Section 3c (2)(a), Chapter 1104, Oregon Laws 1999, further empowers enterprise zone sponsors to extend property tax exemptions to firms investing \$50 million or more, over three consecutive years, even if construction commenced prior to the pre-certification application; and

WHEREAS, Section 3c (2)(b), Chapter 1104, Oregon Laws 1999, further empowers enterprise zone sponsors to extend property tax exemptions to firms investing \$50 million or more, over three consecutive years regardless of the cost of any portion of the total investment that initially qualifies in any single year; and

WHEREAS, Section 3c (2)(c), Chapter 1104, Oregon Laws 1999, further empowers enterprise zone sponsors to extend property tax exemptions to firms investing \$50 million or more, over three consecutive years, in a terminated enterprise zone, if the firm is grandfathered, regardless of the firm's status under which the ongoing exemption was qualified; and

WHEREAS, in October 1999 the Board of Commissioners for Linn County and the City Councils for the Cities of Albany and Millersburg adopted Resolutions Nos. 99-566, 4185 and 1999-4, respectively (collectively the "October 1999 Resolutions") authorizing a property tax exemption within the former Albany-Millersburg Enterprise Zone for the first phase of modernization at the manufacturing facilities within the former zone, consisting of \$125 million of pulp mill improvements; and

WHEREAS, construction of the first-phase improvements was completed in components between 1999 and 2001; and

WHEREAS, in March 2001 Willamette Industries, Inc., began construction of the second phase of modernization at the manufacturing facilities within the former zone, consisting of approximately \$108 million of capital improvements, including a continuous kraft digester, a kraft pulp washing system, a lime kiln and liquor plant and a cogeneration system; and

WHEREAS, in June 2001 the Board of Commissioners for Linn County and the City Councils for the Cities of Albany and Millersburg adopted Resolutions Nos. 2001-351, 4451 and 2001-8, respectively (collectively the "June 2001 Resolutions") authorizing a three-year property tax exemption for the second-phase improvements described above; and

WHEREAS, pursuant to both the October 1999 Resolutions and the June 2001 Resolutions, Willamette Industries, Inc., agreed to maintain an annual average of at least 775 full-time equivalent employees at all of its operations within the former Albany-Millersburg enterprise zone for the duration of each respective exemption period; and

WHEREAS, pursuant to the June 2001 Resolutions Willamette Industries, Inc., also agreed that at least 115 of the 775 total full-time equivalent employees within the zone would be maintained at the Western Regional Office within Albany for the duration of the exemption authorized in the 2001 Resolutions; and

WHEREAS, Weyerhaeuser Company has reaffirmed its commitment to maintain at least 775 total full-time equivalent employees within the zone, including the former Western Regional Office of Willamette Industries, Inc., within Albany, for the duration of the exemptions authorized in the October 1999 and June 2001 Resolutions; and

WHEREAS, local governments will not be burdened with any additional service demands as a result of the second-phase investments, but those investments ultimately will provide nearly \$1 million in additional tax revenue to Linn County governments per year; and

WHEREAS, approval of this resolution will allow the local government sponsors to consider potential future investments by the Company in the former Albany-Millersburg Enterprise Zone, in accordance with ORS 285B.686 (2)(b); and

WHEREAS, the Albany City Council now wishes to modify the specific employment requirements within Albany stated in Resolution No. 4451, dated June 27, 2001, and, therefore Willamette Industries, Inc., has rescinded its exemption application filed April 1, 2002, which application pertains to the pre-certification application filed and approved in 2001 (Exhibit 1) and will make new application for exemption.

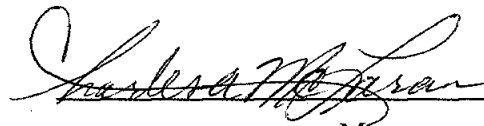
NOW, THEREFORE, THE ALBANY CITY COUNCIL RESOLVES AS FOLLOWS:

1. The request of Willamette Industries, Inc., and Weyerhaeuser Company for a three-year property tax exemption under Oregon enterprise zone law (ORS 285B.650 to 285B.731) on the Company's approximately \$108 million of capital improvements being constructed as described above, is approved, as provided under ORS 285B.704(2) and Section 3c (2), Chapter 1104, Oregon Laws 1999; and
2. As the sole condition for the foregoing approval pursuant to ORS 285B.704, Willamette Industries, Inc., and Weyerhaeuser Company are required to maintain an annual average of at least 775 full-time equivalent employees (FTE) at all of the Company's operations within the former Albany-Millersburg Enterprise Zone, including not fewer than an annual average of 70 FTE at the former Western Regional Office of Willamette Industries, Inc.; and
3. This resolution amends and modifies Resolution No. 4451, dated June 27, 2001. Except as specifically amended and modified by this resolution, Resolution No. 4451 continues in full force and effect, is reaffirmed by this resolution, and is incorporated herein by this reference; and
4. This resolution shall be effective immediately upon adoption by the Council and on appropriate exemption application being duly filed, deemed complete, and approved by the Linn County Tax Assessor.

BE IT FURTHER RESOLVED that it is noted that the applicant(s) appeared in public meeting and indicated on the record that the applicant(s) fully understand that for this resolution to take effect:

1. The applicant(s) will be required to file a new exemption application with the Linn County Assessor; and
2. A new grant of exemption will result in certain negative tax consequences on investments made in calendar year 2001 (approximately \$27 to \$28 million) and that any further investments made in 2002 and 2003 will qualify for the three-year exemption; and
3. The determination of the tax consequences of a new application for exemption and implementation of the exemption will be made solely by the Linn County Assessor and will be based on the new application to be filed by the applicants(s).

EFFECTIVE THIS 26TH DAY OF JUNE 2002.



Mayor

ATTEST:



City Recorder



Willamette Industries, Inc.
Executive Offices

1300 S.W. Fifth Avenue, Suite 5800
Portland, OR 97201
(503) 227-5581

June 25, 2002

Mr. Mark Noakes
Linn County Tax Assessor
PO Box 100
Albany, OR 97321

Dear Mark:

Willamette Industries, Inc. does hereby rescind its application for exemption for property placed in service in the former Albany-Millersburg Enterprise Zone during the second half of 2001. The exemption application was filed April 1, 2002 with the Linn County Assessor's Office and pertains to the precertification application filed and approved in 2001.

Cordially,

WILLAMETTE INDUSTRIES, INC.

A handwritten signature in black ink, appearing to read "Jim Aden". The signature is fluid and cursive, with a horizontal line extending to the right from the end of the name.

Jim Aden
Tax Research Manager

JPA/jlm

Enclosures

EXHIBIT 1

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