

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO. 95-5-23-4

) In the Matter of Approving  
) a Memorandum of Understanding  
) Regarding Incentives for  
) Hyundai Electronic Industries

WHEREAS the public policy of Lane County is to encourage business, industry and commerce in order to reduce unemployment and to improve the public health, safety, welfare and future prosperity of the citizens of the County, and

WHEREAS the public policy of Lane County is to cooperate with the cities within the County to facilitate the improvement of streets in order to encourage economic development, including providing an appropriate level of funding for such improvement through the County Road Fund, and

WHEREAS Hyundai Electronic Industries desires to construct a manufacturing facility in the City of Eugene, which will involve substantial community and site investment, and

WHEREAS, the State of Oregon, through its Oregon Economic Development Department, the City of Eugene, Eugene Water and Electric Board and Lane County are willing to contribute to making such community and site investment through certain incentives and assistance, as more fully described in the attached Memorandum of Mutual Understanding, now therefore, it is hereby

ORDERED that the Board of County Commissioners of Lane County approves the cooperation among the parties demonstrated in the attached Memorandum of Mutual Understanding, and it is further

ORDERED that the County Administrator is delegated authority to execute a Memorandum of Mutual Understanding in a form substantially similar to that attached, in order to encourage Hyundai Electronic Industries to construct and operate a manufacturing facility in this community.

DATED this 23rd day of May, 1995.

*Ellie Jundi, Chair*  
*Cindy Weeldreyer, Vice-Chair*  
Chair, Lane County Board of Commissioners

APPROVED AS TO FORM  
Date 5/22/95 Lane County  
*Teresa Wilson*  
OFFICE OF LEGAL COUNSEL

**FILED**

MAY 30 1995

TJW/13450

COUNTY CLERK  
BY *Pam DeWille*

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**MEMORANDUM OF MUTUAL UNDERSTANDING**

The State of Oregon, acting by and through its Oregon Economic Development Department ("State"), Hyundai Electronics America ("Hyundai"), the City of Eugene ("Eugene"), Lane County ("County") and the Eugene Water and Electric Board ("EWEB"), as of this \_\_\_ day of May, 1995, hereby declare their mutual intent and understanding to enter into agreements for Hyundai to develop a semiconductor manufacturing facility in the City of Eugene, Lane County, Oregon, USA.

Whereas, the public policy of the State, Eugene and the County is to encourage, develop and expand business, industry and commerce in order to reduce unemployment and to improve the public health, safety, welfare and future prosperity of the citizens of the State, Eugene, and the County; and

Whereas, the goals of the State, Eugene and the County would be met by providing certain incentives and assistance to Hyundai to locate in the State and Eugene; and

Whereas, Hyundai desires to enhance its business operations by constructing and operating a manufacturing facility requiring community and site investment and the hiring and development of skilled and semi-skilled employees, technicians and engineers; and

Whereas, the parties have entered into certain discussions regarding Hyundai's locating a manufacturing facility in Eugene to be supported by certain incentives and assistance to be provided or facilitated by the State, the County, EWEB and Eugene; and

Whereas, the parties wish to mutually cooperate for the betterment of the citizens of the State and Eugene and to commence a long term relationship; and

Whereas, the parties are aware of Hyundai's desire to begin construction on an expedited schedule, estimated as eight weeks from the date of this Memorandum of Mutual Understanding. The parties will use their best efforts to meet this schedule; and

Whereas, the parties now wish to memorialize their respective understandings by entering into this Memorandum of Mutual Understanding.

Accordingly, the parties agree in principal to the following:

1. On or before November 15, 1995 ("Closing"), Hyundai shall take title to certain parcel(s) totalling approximately 200

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acres located in an area known as the Willow Creek Industrial Park. Any required wetland mitigation at this site shall be performed at no cost to Hyundai.

2. Hyundai shall construct and substantially complete a semiconductor manufacturing facility of approximately 500,000 square feet ("Project") on the property described in Paragraph 1 within twenty-four months from the Closing that will initially employ approximately 800 people.
3. The Oregon Economic Development Department ("OEDD") shall assist Hyundai in all its dealings with other state and federal departments and agencies and shall also use its best efforts to expedite all application processes and to cause other state departments and agencies to cooperate with Hyundai.
4. Eugene, the County and/or the Eugene/Springfield Metropolitan Partnership shall assist Hyundai in all its dealings with Lane County, Eugene, the United States Army Corps of Engineers and local departments, jurisdictions and agencies and shall use its best efforts to expedite all application processes and to cause other city, county and local departments and agencies to cooperate with Hyundai.
5. Provided Hyundai complies with applicable statutes and rules for eligibility, Eugene, the County, EWEB and the State shall provide the following incentives to Hyundai for the Project:
  - a) Eugene shall provide or cause to be provided:
    - 1) In cooperation with the County, Oregon Department of Transportation, OEDD and others, transportation and other non-EWEB related infrastructure improvements needed to serve the Project, at no cost to Hyundai.
    - 2) If requested by Hyundai, a financing plan for payment of Systems Development Charges.
    - 3) Dedicated Eugene staff to ensure fast tracking of the Project, including parallel treatment of the partition of the Project site.
    - 4) Telecommunications services sufficient to support the Project provided by U.S. West.
    - 5) Natural gas sufficient to support the Project site provided by Northwest Natural Gas.

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- 6) Permission for Hyundai or its designee to buy into the Eugene wetland bank. Eugene is aware of the proposed mitigation plan for the Project site and shall defer to the Oregon Division of State Lands' finding regarding the ratio of land that is subject to mitigation.
- b) EWEB shall provide:
- 1) Dual electric and dual water service to the Project sufficient for all presently-contemplated phases of the Project.
  - 2) A negotiated contract for electric and water service. Neither Hyundai nor EWEB customers shall subsidize each other. Negotiations on this contract shall begin immediately.
  - 3) Incentives for investment in certain energy efficient equipment in accordance with EWEB policy.
- c) The State shall provide or cause to be provided:
- 1) A waiver of 100% of the property taxes for up to two years during the construction of the Project through the commercial facilities under construction exemption in ORS 307.340.
  - 2) A waiver of 100% of the property taxes for an additional three years if Hyundai meets the requirements of ORS 285.597 and ORS 285.600.
  - 3) Subject to Eugene City Council approval, a waiver of 100% of the property taxes for an additional two years if Hyundai meets the requirements of ORS 285.605(2).
  - 4) Its continued best efforts to amend legislation relating to enterprise zones so that Hyundai can receive the incentives set out in sub-paragraphs 2 and 3 of this Paragraph for the additional phases of the Project.
  - 5) Coordination of recruitment, hiring, training and development of Hyundai's 800 employees by working with Lane Community College, the Oregon State Employment Department and the Southern Willamette Private Industry Council. The State will work with Hyundai to meet their training requirements utilizing the established curriculum of the Semiconductor Workforce Consortium and/or through a customized training project. The

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State will negotiate in good faith with Hyundai on the total amount to be paid by the State for curriculum development costs at Lane Community College after Hyundai has determined what training is required. The amount the State shall pay is subject to (i) the statutes and rules applicable to targeted training awards, (ii) the availability of money in the appropriate accounts, (iii) sufficient appropriations or limitation authority, and (iv) other targeted training awards the State has obligated itself to make or will reasonably obligate itself to make during the next biennium.

- 6) Up to \$500,000 in Research and Development tax credits for 1996 and 1997.
- 7) Business Energy tax credits of up to 35% of the cost of qualified energy conservation equipment, with a total value of up to \$500,000.
- 8) Pollution Control tax credits of up to 50% of the cost of qualified pollution control facilities.
- 9) Dependent care tax credits.
- 10) Reclaimed Plastics tax credits of 50% of the value of plastic recycling equipment, with a total value of up to \$500,000.

NOTE: The tax credits listed in sub-paragraphs 6, 7, 8 and 10 of this Paragraph are listed at their present value. They are scheduled to sunset at the end of 1995. The Oregon Legislature is acting upon a proposal to extend these credits for an additional six years. However, that legislative proposal may reduce the value of tax credits available from the programs listed here.

- d) The County, in cooperation with Eugene and the State, shall provide at no cost to Hyundai improvements to the streets serving the Project site in accordance with the warrants for such improvements.
6. The parties shall issue other detailed memoranda of understandings ("MOUs") as shall be necessary to confirm each of the above matters.
7. The parties shall enter into more formal documents as shall be necessary regarding each of the matters covered by the MOUs to effectuate the purposes contained herein and therein.

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- 8. The parties shall endeavor to mutually cooperate with each other in implementing the various matters contained herein and during each phase of the Project.
- 9. This Memorandum of Mutual Understanding is intended to fairly represent the intention of the parties hereto. The parties shall enter into more specific binding agreements regarding the matters herein as soon as is reasonably possible.

Hyundai Electronics America

By: \_\_\_\_\_

State of Oregon, acting by and through its Oregon Economic Development Department

By: \_\_\_\_\_

City of Eugene

By: \_\_\_\_\_

Eugene Water and Electric Board

By: \_\_\_\_\_

Lane County

By: \_\_\_\_\_

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