

AGENDA ITEM FOR ADMINISTRATIVE MEETING ( ) Discussion only  
( X ) Action

FROM (DEPT/ DIVISION): County Counsel

SUBJECT: City of Hermiston Agreement

<p>Background:</p> <p>Pursuant to the terms of the long-term enterprise zone abatement agreement, the developer will be making payments to the co-sponsors of the zone. The City of Hermiston and the County have agreement to divide the payments equally. The agreement to document this arrangement is before the Board for approval.</p>	<p>Requested Action:</p> <p>Approve and sign LTREZ Distribution Agreement with the City of Hermiston</p>
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ATTACHMENTS: Proposed Agreement

\*\*\*\*\*For Internal Use Only\*\*\*\*\*

Checkoffs:

- ( ) Dept. Heard (copy)
- ( ) Human Resources (copy)
- ( ) Fiscal
- ( X ) Legal (copy)
- ( ) (Other - List:)

To be notified of Meeting:

Needed at Meeting:

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Scheduled for meeting on: October 5, 2022

Action taken:

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Follow-up:

**LTREZ DISTRIBUTION AGREEMENT**  
Long-Term Rural Enterprise Zone Tax Abatement  
Distribution of the Additional Obligations Payment  
**PDX 146/245**

Umatilla County, a political subdivision of the State of Oregon (the "County") and, the City of Hermiston, a municipal corporation (the "City"), enter into this agreement ("Agreement") for allocation and distribution of the Additional Annual Improvement Payment under Long-Term Rural Enterprise Zone Tax Abatement Agreement (the "LTREZ Agreement") this day of October\_\_\_\_, 2022 (the "Effective Date"). Each of the County and the City is referred to as a "Party" and collectively as the "Parties."

**WITNESSETH:**

**WHEREAS**, the County, and the City are co-equal sponsors of the Greater Hermiston Enterprise Zone ("GHEZ");

**WHEREAS**, the County, and the City have entered into a Long-Term Rural Enterprise Zone Tax Abatement Agreement dated \_\_\_\_\_, 2022 with Amazon Data Services, Inc., ("ADS") for projects within the Greater Hermiston Enterprise Zone for data center facilities to be developed on Umatilla County Tax Lots 4N2827-200 and 4N2823-200;

**WHEREAS**, the LTREZ Agreement provides that ADS would remit various payments to the GHEZ;

**WHEREAS**, payments made to the GHEZ shall be received in to a dedicated Enterprise Zone Fund maintained by the City;

**WHEREAS**, Mark Morgan, Assistant City Manager for the City of Hermiston has been duly appointed as the Zone Administrator of the GHEZ;

**WHEREAS** the purpose of this Agreement is to direct the Zone Administrator how to allocate payments made to the GHEZ under the LTREZ Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants of the Parties, each to the other giving, the Parties do hereby agree as follows:

1. The Annual Improvement Payment ("AIP") made under paragraph V(B)(1) of the LTREZ Agreement by ADS will be divided between the Parties evenly, with each receiving 50% of the payment annually. In the event there is a payment reduction for Charitable Payment, the amount of the reduction will be split equally between the Parties.
2. The Additional Annual Fee ("AAF") made under paragraph V(B)(2) of the LTREZ agreement by ADS shall be distributed to the taxing entities with tax rates covering the property in an amount proportional to each entity's share of the total tax rate.
3. The Public Safety Impact Fee ("PSIF") made under paragraph V(B)(3) of the LTREZ agreement by ADS shall be distributed to the Umatilla County Fire District #1, or its successor in fire and emergency services provision.

4. The Student Success Fee (“SSF”) made under paragraph V(B)(4) of the LTREZ agreement by ADS shall be distributed to the Hermiston School District for payments related to PDX245, and shall be distributed to the Stanfield School District for payments related to PDX146.

5. The Community Development Contribution ("CDC") made under paragraph V(B)(5) of the LTREZ Agreement by ADS will be divided between the Parties evenly, with each receiving 50% of the payment.

6. Each party retains sole discretion to determine the allocation of its portion of the AIP and CDC. The Parties acknowledge that the CDC is intended to assist with costs of capital improvement projects within the tax districts included in the consolidated tax code area in which the Facility is located.

7. The Zone Administrator shall make the above disbursements from the Enterprise Zone Fund within 60 days of receipt of payment from ADS.

8. The Application Processing Fee made under paragraph V(B)(7) of the LTREZ agreement by ADS shall be divided between the parties evenly, with each receiving 50% of the payment. The County shall make this disbursement within 60 days of receipt of payment from ADS.

9. This agreement is for the sole benefit of the Parties and nothing in this agreement, express or implied, is intended to or shall confer upon any other entity or person any legal or equitable right, benefit, remedy or expectation of payment of any nature, under or by reason of this agreement.

The parties have executed this agreement as of the Effective Date

UMATILLA COUNTY

CITY OF HERMISTON

\_\_\_\_\_  
John M. Shafer, Commissioner

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Dr. David A. Drotzmann, Mayor

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Daniel N. Dorran, Commissioner

Attest:

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George L. Murdock, Commissioner

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Mark I. Morgan, Greater Hermiston Enterprise Zone Administrator