

SUBSTITUTE

184598

ORDINANCE No.

*Authorize Loan Guarantee Agreement with Oregon Department of Energy with respect to SoloPower, Inc. and waive certain Enterprise Zone policy requirements. (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. SoloPower, Inc. ("SoloPower") desires to construct facilities in the City of Portland that when completed and at full capacity, are expected to operate four high volume manufacturing ("HVM") lines and produce approximately 400MW of thin film photovoltaic modules annually (the "Solar Facilities");
2. SoloPower anticipates developing the Solar Facilities in four phases, with an estimated cost of \$60 million for the first HVM line and an estimated cost of approximately \$340 million for building out the four HVM lines;
3. SoloPower estimates that it will employ at least 140 permanent, full time ("FTE") positions at the time of the completion of the first HVM line at an average salary of \$51,000 per year plus a benefits package, and could employ an aggregate estimated 500 FTE positions upon completion and ramp up of all four HVM lines;
4. SoloPower intends to construct the Solar Facilities in the Portland Enterprise Zone which was established by City Council on March 5, 2008, by Resolution No. 36583, and intends to apply for Enterprise Zone benefits pursuant to State law and City policy;
5. SoloPower will develop local procurement goals for its annual operations and make good faith efforts to procure goods and services from local firms and businesses;
6. SoloPower has received a conditional commitment from the U.S. Department of Energy Loan Programs Office for a \$197 million loan guarantee ("DOE Loan Guarantee"), which will support construction of the Solar Facilities;
7. SoloPower has secured a loan commitment from the Oregon Department of Energy ("ODOE") for a \$20 million State Energy Loan Program ("SELP") loan for the Solar Facilities;
8. SoloPower has received a pre-certification from ODOE for a Business Energy Tax Credit ("BETC") for the Solar Facilities in the amount of \$20 million (which has a cash value of approximately \$14 million if sold to a pass through partner);

9. The City of Portland and the Portland Development Commission (“PDC”) have expressed interest in providing a Loan Guarantee (the “Loan Guarantee”) in exchange for SoloPower developing the Solar Facilities in the City of Portland;
10. The Loan Guarantee will be for \$5 million of the \$20 million SELP loan and will initially pledge non-tax City revenues, but will be tied to an agreement with PDC whereby PDC will backfill those revenues if the guarantee is called upon by replacing City funding in a tax increment financing-eligible project. A draft Loan Guarantee is attached at Exhibit A;
11. SoloPower has identified several sites in the Portland Enterprise Zone that likely are suitable for locating the Solar Facilities in the Rivergate Industrial Area of the City of Portland, and SoloPower intends to lease one of these sites or a similar site located within the City of Portland Enterprise Zone, provided that (1) upon due diligence by SoloPower, at least one of the identified sites adequately meets the requirements for the Solar Facilities, (2) the City provides the Loan Guarantee and the site qualifies for Enterprise Zone tax abatement, and (3) SoloPower is able to reach reasonable lease terms with a building owner;
12. In addition to providing community benefits required by law and City policy, SoloPower has agreed to provide additional benefits in the form of those described in the attached Exhibit B;
13. SoloPower has requested that the City waive Sections 10.2 and 10.6 of the City of Portland’s Enterprise Zone Policy, adopted by City Council on March 5, 2008, and amended on May 5, 2010, which provisions create difficulties in obtaining the DOE Loan Guarantee;
14. City Council finds that waiving such provisions is in the public interest given i) the large financial investment SoloPower shall make within the City of Portland, ii) the large number of quality jobs SoloPower shall create in Portland, iii) the significant amount of anticipated local procurements that SoloPower intends to make with local businesses, and iv) the additional community benefits that SoloPower has agreed to provide;
15. The City of Portland and SoloPower will work together to identify one or more City-owned properties in Portland for a significant demonstration project employing SoloPower thin film modules in order to further the City’s effort to incorporate renewable energy into City-owned properties and to utilize locally manufactured products, provided that the parties are able to reach agreement on mutually acceptable terms.

NOW, THEREFORE, the Council directs:

- a. The Mayor is authorized to execute a Loan Guarantee Agreement with the State Department of Energy in a form approved by the City’s Chief Administrative

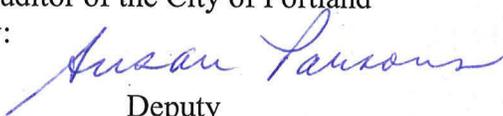
Officer and the City Attorney's Office, and a Nondisclosure Agreement in a form substantially similar to the attached Exhibit C.

- b. The City Council agrees to waive Sections 10.2 and 10.6 of the City of Portland's Enterprise Zone Policy as it relates to current and future agreements with the Portland Development Commission pursuant to Enterprise Zone applications by SoloPower related to the Solar Facilities.

Section 2. The Council declares that an emergency exists because delay in entering these agreements could result in the loss of the opportunity for the City of Portland; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: MAY 18 2011

Mayor Sam Adams
Prepared by: Linda Meng:cj
May 17, 2011

LaVonne Griffin-Valade
Auditor of the City of Portland
By: 
Deputy

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<p style="text-align: center;">INTRODUCED BY Commissioner/Auditor: Mayor Sam Adams</p>	<p>CLERK USE: DATE FILED <u>MAY 17 2011</u></p>
<p style="text-align: center;">COMMISSIONER APPROVAL</p>	<p style="text-align: right;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <u><i>[Signature]</i></u> Deputy</p> <p>ACTION TAKEN:</p>
<p>Mayor—Finance and Administration - Adams <i>[Signature]</i></p>	
<p>Position 1/Utilities - Fritz</p>	
<p>Position 2/Works - Fish</p>	
<p>Position 3/Affairs - Saltzman</p>	
<p>Position 4/Safety - Leonard</p>	
<p style="text-align: center;">BUREAU APPROVAL</p>	
<p>Bureau: Mayor's Office Bureau Head: Sam Adams</p>	
<p>Prepared by: Linda Meng Date Prepared: May 17, 2011</p>	
<p>Financial Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> Not Required <input type="checkbox"/></p>	
<p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>Council Meeting Date May 18, 2011</p>	
<p>City Attorney Approval <i>[Signature]</i></p>	

AGENDA
<p>TIME CERTAIN <input checked="" type="checkbox"/> Start time: <u>2:30</u></p> <p>Total amount of time needed: 60 m in (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Leonard	4. Leonard	✓	
Adams	Adams	✓	