

**ANNUAL EMPLOYMENT REPORT
STRATEGIC INVESTMENT PROGRAM (SIP)
ORS 285C.615, OAR 123-623-4000 & 123-623-4100**

After each property tax year (ending June 30) of benefiting from a SIP exemption, please fill out and return this form, not later than the following April 1 date, to:

Incentives, **Business Oregon**
775 Summer Street NE, Suite 200
Salem, OR 97301-1280
Fax: 503-581-5115

BENEFITING BUSINESS FIRM

CONTACT PERSON Kristen Broyer		E-MAIL ADDRESS Kristen.Broyer@iberdrolaren.com	
TITLE Senior Property Tax Consultant		TELEPHONE NUMBER 503-796-7068	
NAME OF BUSINESS FIRM KLONDIKE WIND POWER III, LLC		FAX NUMBER 503-241-3224	
MAILING ADDRESS (STREET/PO BOX) 1125 NW Couch St, Suite 700; Attn: Property Tax		CITY Portland	STATE OR
		ZIP CODE 97209	

ELIGIBLE SIP PROJECT/PROPERTY

GENERAL NAME/IDENTIFIER OF PROJECT, FACILITY, OPERATIONS Klondike Wind Power III, LLC		CITY WHERE LOCATED N/A	COUNTY WHERE LOCATED Sherman
LOCATION (SITE ADDRESS/ES, ASSESSOR MAP/LOT NUMBER/S) Wind Generation Towers, multiple parcels in Sherman County.			
FIRST EXEMPTION YEAR 2008	NUMBER OF LAST TAX YEAR (ENDING PREVIOUS JUNE 30) WITHIN EXEMPTION PERIOD - 2 out of 15	CUMULATIVE INVESTMENT, THRU MOST RECENT CALENDAR YEAR \$457,980,675	
TOTAL REAL MARKET VALUE OF PROJECT PROPERTY* \$756,093,075		ASSESSED VALUE OF EXEMPT PROPERTY* \$369,282,954	
ASSESSED VALUE OF TAXABLE PROPERTY* \$25,750,000	TOTAL PROPERTY TAXES PAID* \$415,196	TOTAL PROPERTY TAX SAVINGS* \$5,954,356	

- ATTACHED IS LOCATION & ASSESSED VALUE* OF ASSOCIATED INVESTMENTS IN OREGON NOT COVERED BY SIP (OPTIONAL)

LOCALLY COLLECTED FEES & PAYMENTS - DURING MOST RECENT CALENDAR YEAR

NAME OF FEE/PAYMENTS	... RECIPIENT/DISPOSITION	... AMOUNT
Community Service Fee	County, local distribution	\$500,000
Add'l Payment-Min Revenue	County, local distribution	\$1,275,525
		\$

- ATTACHED IS LIST SHOWING ADDITIONAL PAYMENTS UNDER SIP AGREEMENT OR FURTHER INFORMATION ABOUT THE ABOVE

EMPLOYMENT IN ASSOCIATION WITH PROJECT - DURING MOST RECENT CALENDAR YEAR (SEE INSTRUCTIONS)

NUMBER OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES BASED ON 2,080-HOUR YEAR:					
NEW HIRES/JOBS CREATED - 15		ACTIVELY RETAINED JOBS -		PASSIVELY RETAINED JOBS -	
AVERAGE ANNUAL TAXABLE INCOME (OREGON WAGES, SALARY, ETC.) PAID TO EMPLOYEES:					
NEW HIRES/JOBS CREATED - \$71,179		ACTIVELY RETAINED JOBS - \$		PASSIVELY RETAINED JOBS - \$	
AVERAGE ANNUAL COMPENSATION, TAXABLE INCOME PLUS DISCRETIONARY FRINGE BENEFITS:					
NEW HIRES/JOBS CREATED - \$96,091		ACTIVELY RETAINED JOBS - \$		PASSIVELY RETAINED JOBS - \$	
BREAKDOWN OF THREE MOST COMMON OCCUPATIONS FOR THE ABOVE NEW HIRES/JOBS CREATED:					
FTEs	AVERAGE ANNUAL TAXABLE INCOME	FTEs	AVERAGE ANNUAL TAXABLE INCOME	FTEs	AVERAGE ANNUAL TAXABLE INCOME
1.9	\$58,787	2.4	\$67,928	3.1	\$185,960

ANNUAL EMPLOYMENT REPORT: OREGON STRATEGIC INVESTMENT PROGRAM (SIP)

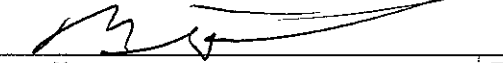
– ATTACHED IS SUPPORTING INFORMATION ON EMPLOYMENT AND SO FORTH (OPTIONAL, UNLESS OTHERWISE STIPULATED)

– ATTACHED IS AN EXPLANATION AND IDENTIFICATION OF INFORMATION PROVIDED HERE THAT IS FINANCIALLY OR OTHERWISE SENSITIVE, AND FOR WHICH SPECIFIC CONFIDENTIALITY IS EXPLICITLY REQUESTED BY THE SUBMITTER OF THIS FORM

DECLARATION

I have examined this document and attachments to it. To the best of my knowledge, they are true, correct and complete in every material respect. If any such information changes, I will notify the department and submit proper written amendments.

SIGNATURE

X 

DATE

APRIL 1, 2011

PRINTED NAME

Michael Fulton

TITLE OF AUTHORIZED COMPANY REPRESENTATIVE

Director, Tax

Instructions:

The Oregon Business Development Department makes this form available as prescribed by law, so that business firms receiving a Strategic Investment Program (SIP) property tax exemption can report employment and other data. It pertains to any SIP project with exempt property in the most recently completed tax year, whether based in a strategic investment zone (SIZ) or not. In addition to program analysis and evaluation, the data serves to inform the calculation of state personal income tax revenue arising from the SIP project. Respectively, in the case of exemptions beginning in or after the 2008–2009 property tax year, the Oregon Department of Administrative Services will estimate and distribute 50 percent of that revenue to local governments.

For further information and explanation in using this form, please feel free to contact:

Incentives, *Business Oregon*
Phone: 503-986-0123,
toll-free: 866-467-3466,
<http://www.oregon4biz.com/>

This annual report, due on or before April 1, corresponds to the tax year that concluded on June 30 midway through the preceding calendar year. Therefore, by way of example, for an exemption received in the 2009–2010 tax year running from July 1, 2009, to June 30, 2010:

- Business Oregon must receive this report no later than April 1, 2011, to avoid revocation of the exemption.
- If the SIP exemption began in the 2008–2009 tax year, then the corresponding tax year would be 2 out of 15.
- The property value/taxation figures do not relate to the most recent assessment or tax billing (for 2010–2011), but rather the one more than a year earlier. As needed to confirm such figures, please contact the county assessor.

The investment encompasses all property acquired, constructed and so forth since submission of the SIP application to the state and subject to SIP tax treatment; it is only property new to the zone for an SIZ-based project.

The statutory “community service fee” is the one equaling 25 percent of property tax savings, up to a cap of \$0.5 or

\$2 million depending on rural/urban location. Any other fee or payment would be solely a function of the local SIP agreement with the county/city.

Jobs are counted as full-time equivalents (FTEs) based on a work-year of 2,080 hours for the business firm’s employees or hires, for whom the firm would have the obligation of paying withholding taxes under Oregon law (ORS chapter 316), regardless of the person’s residency in this state. “Taxable income” is the amount that would be used to compute current withholdings of state income taxes.

Exclude anybody working for/as an independent vendor, contractor and so forth, other than a general operator of the entire project. Also, carefully consider what jobs to associate with the project, as distinct from potentially other business firm operations, including those using another SIP exemption. The firm may limit this only to people employed at the same site as project property, or it may include employees working elsewhere at locations within the county or comparable proximity, as the firm deems appropriate. In any case, relevant employees or jobs for purposes of this form must engage in or directly support the project’s operations, in that other operations represent not more than 25 percent of the person’s time spent performing work.

Newly created jobs are ones, for which the job position opened only since the state SIP application was made, and that still exist in the preceding calendar year. “Actively retained” (preexisting) jobs are those that the firm determines would have definitely been eliminated before the exemption’s first tax year if not for re/investment in the SIP project. “Passively retained” refers to such preexisting jobs or positions, for which there is significant probability that they would not have existed at the end of the last applicable tax year were it not for the project.

“Compensation” is calendar-year remuneration that in addition to taxable income comprises financial benefits such as life insurance, medical coverage or retirement plans. Do not include free meals, club membership, workplace amenities, *etc.*, or any benefit mandated by federal, state or local law (*e.g.*, FICA, worker’s compensation, unemployment insurance–UI).