

Semiconductor Industrial Lands Loan Program

Program Guidelines

November 2023

Program and Process Overview

There is a critical need for market-ready industrial sites statewide in order for Oregon to be competitive in attracting and expanding traded sector businesses to create family wage jobs and provide a critical tax base for education and public services. Additionally, semiconductor manufacturing is the state's largest manufacturing sector in terms of employment, exports, and contribution to Oregon's gross domestic product.

In recognition of these needs and priorities, the Legislature adopted Senate Bill 4 in 2023 and committed \$10 million dollars to the Industrial Lands Loan Fund to support private and public investments in industrial lands projects associated with new or expanded semiconductor manufacturing industry uses.

Business Oregon (Department) has created the Semiconductor Industrial Lands Loan Program (SILL Program) to accelerate investment in planning and improving industrial lands to support investment in semiconductor manufacturing uses and increase the state's inventory of project-ready industrial sites for semiconductor manufacturing industry investments. The SILL Program is a forgivable loan program designed to reimburse government entities, property owners and businesses, up to \$2.5 million for development projects, and planning activities of at least \$100,000 for sites of 10 acres or more. Development projects can include a range of eligible activities such as land acquisition, infrastructure and utility improvements, and environmental remediation or mitigation of industrial properties for semiconductor manufacturing uses.

These guidelines outline the parameters of this forgivable loan program and request for application (RFA) process.

Proposed projects must consist of at least 10 acres of site area, be zoned for industrial use, have site access to transportation and freight infrastructure and be located within 50 miles from present semiconductor industry clusters in Oregon located in and around Corvallis, Eugene, Gresham, Hillsboro, Medford, and Redmond. Any public entity such as county, city, port or airport district and local tribe is eligible, as well as businesses and or private property owners are encouraged to apply. The SILL Program funding is expected to be fully committed in this initial RFA process. However, if the funding is not fully committed in the initial RFA a second RFA round will be opened.

11 2014

The Department will only review complete applications submitted by eligible applicants and the Department may request additional information from applicants to assist in the evaluation process. Evaluation criteria prioritize projects that have:

- viable sites with land characteristics that provide significant competitive advantages that are difficult or impossible to replicate
- committed semiconductor manufacturing facility investments and projects ready to be implemented
- projects that have financial participation and investment by the applicant
- projects with clear development plans

Applicants must have capacity to implement the project and repay the loan if required. The Department will issue a Notice of Intent to Award prior to starting negotiations with the selected applicants. The Department will conduct a financial review of applicants with development projects to be awarded, including ability to service debt in the event of default that would require a forgivable loan to be repaid.

The Department will determine the amount of the forgivable loan, which may be less than the amount requested and subject to the Department's availability of funds. Loan funds are disbursed on an expense reimbursement or costs-incurred basis. Upon an applicant's request and justification and if approved by the Department, loan proceeds may be disbursed as advance partial or full amounts for approved budgeted costs to be incurred.

Planning project activities must be completed with twenty-four months and any development project activities must be completed within thirty-six months from the date of entering into a loan agreement. Prevailing wage will be required on all development projects regardless of project dollar value. Contractors and subcontractors on development projects must pay for such projects a rate of wage that meets or exceeds the greater of: State labor standards and wage rates found in ORS chapter 279C, or federal prevailing wage provisions in accordance with the federal Davis-Bacon Act, as amended, 40 U.S.C. §§ 3141 to 3144, 3146 and 3147 (2002).

Department approval of an application may contain conditions which will become part of the loan agreement. In the event that forgiveness conditions are not met, or a default occurs, the forgivable loan becomes a term and interest rate loan. Agreements for development projects may contain a continued use requirement in which the awarded applicant must conduct and operate the development project for the business purposes as described in the agreement for up to 10 years unless the forgivable loan is repaid, or the Department agrees to amend the agreement to allow a different or substantially similar use of the capital project.

Eligible Applicants

- Cities, Counties, Ports (as defined in [ORS 777.005 to 777.72](#)), Airport districts (as defined in [ORS 838](#)), the Port of Portland, Federally Recognized Tribes and municipal entities that own or operate land, that is investing in the preparation of the land for a development project by a third party or has entered into a development or other agreement with the private owner of industrial land to prepare the land for a development project.
- Private Owners including Businesses or Landowners (individuals, trusts, cooperatives, or any other organization type that can show ownership of zoned industrial land) that have an agreement with a local jurisdiction for the development of public infrastructure for the land or Private Owners that are investing in the preparation of the land for a development project by a third party.

Eligible Costs of a Development Project:

- Property acquisition and assembly costs including any easement or right of way necessary for a development project (land must be zoned for industrial use and identified in an applicable land use or capital plan as necessary for an industrial land development project)
- Transportation improvements and infrastructure for utilities
- Natural resource mitigation
- Land grading activities
- Environmental remediation and mitigation activities
- Direct project management, construction and consultant costs and expenses
- Costs of acquiring off-site property directly related to a development project
- Other costs that Business Oregon determines to be a necessary or useful for the project

Eligible Costs of a Planning Project:

- Planning, engineering, legal and other professional services associated with:
 - Preparation of local, state, and federal permits and related administrative costs
- Direct project expenses to carry out the project and related administrative costs
- Other costs that Business Oregon determines to be a necessary or useful for the project

Forgivable Loan Agreement Terms and Conditions

- Planning projects are required to be completed within 24 months of contract execution
- Development projects are required to be completed within 36 months of contract execution and prevailing wage will be required regardless of project dollar value.
- Loan funds are disbursed on an expense reimbursement or costs-incurred basis. Advance payments may be made, although only when justified and approved.

- Loan repayment obligations will be forgiven if approved projects and activities are completed within the performance timelines noted above and completion of any continued use clause which may be a period of up to 10 years.

Instructions for Application Submittal

The request for application process begins on December 21, 2023 and closes on February 1, 2024. Eligible applicants can submit completed applications beginning December 21, 2023, and the Department will no longer accept application after 5:00 pm February 1, 2024, the following minimum requirements must be met:

- One submission per applicant.
- Documentation to satisfy applicant eligibility.
- The property site/area must consist of at least 10 acres of industrially zoned land or land to be zoned.
- Proposed activities seeking funding assistance must meet the Eligible Costs for Development or Planning project activities as noted above.
- Applicants can submit for single sites or multiple sites, but the scope must be succinct and be applicable to all sites submitted. For example, multiple sites needing same infrastructure or an opportunity analysis for an industrially zoned area would be allowed.
- Applications must demonstrate how the project will support new or expanded semiconductor manufacturing projects and/or the increase the amount of market-ready industrial land in Oregon for semiconductor manufacturing and supply chain uses.
- Applicants must demonstrate the financial and operational ability to meet the terms and conditions of a loan agreement including the repayment of the loan if required. The Department will review financial information if an application is recommended for award.

SILL Program Application Checklist

1. Completed Semiconductor Industrial Lands Loan Program Application
2. Documentation of site ownership, acreage, and zoning
3. Documentation to confirm Applicant's eligibility
4. Project cost estimates, scope of work and identification of any match funding sources committed to the project
5. Studies or reports to show site readiness such as remediation or mitigation plans, environmental reports and planning studies
6. Applicant signatory authorization

Application Review and Scoring Criteria

Applications will be reviewed and scored by committee, consisting of Business Oregon staff and external partners. Only complete applications will be submitted to the review committee and

no applications will be accepted after 5:00 pm February 1, 2024. Applications will be scored on the following criteria, in order of priority:

1. Viability of site/area to support the semiconductor manufacturing and supply chain uses that aid in the addition of at least 100 additional semiconductor industry jobs in Oregon or aid in the addition of at least 1 additional semiconductor job in the state per \$45,000 of SILL Program financial assistance requested
2. Projects that aid in the investment of new or expanded semiconductor manufacturing or supply chain business uses on the site
3. Demonstration that the project activities will directly result in site readiness, business investment, or creation of new industrial lands for semiconductor manufacturing uses
4. Projects that are not solely funded from the SILL Program's financial assistance to be implemented
5. Project readiness and capacity (available estimates, well defined scope of work, ability to manage project, investments and improvements on the site, other funds committed, if any, needed to complete the project are secured/committed)
6. Estimated economic impacts of the project
7. Total cost of project, amount of financial request and applicant's financial capacity to repay the forgivable loan if required
8. Clear development plans

Application Timeline

SILL Program applications will be accepted, via email submission to the Industrial Lands Specialist, Jason Harris at Jason.Harris@Biz.Oregon.Gov, during the application period. The request for applications process begins and applications can be submitted beginning on December 21, 2023. The application period closes at 5:00 pm February 1, 2024. Only complete applications and eligible applicants will be considered. Applications are currently scheduled to be reviewed by committee beginning on February 2, 2024, and intent to award determinations made by March 1, 2024. For applicants who are recommended for award will be notified by a letter of intent to award and may be subject to financial feasibility review and be requested to submit information of their organization's financial viability to repay the loan if required. Applications that are rejected will receive a letter of explanation. All decisions are final.

Post Award Conditions

- Projects must be completed within the designated completion time frames as noted.
- Project monitoring will be done by Business Oregon staff through virtual and in-person meetings and site visits. Business Oregon staff will keep records of monitoring activities.
- Awarded applicants will be required to submit to Business Oregon Project Status reports noting project activities and expenditures. The frequency and content of reports will vary depending upon the nature of the project activities and the schedule.

- Project completion reports will be submitted to Business Oregon and include all items necessary to prove all scope of work activities were completed. Business Oregon may ask for engineering reports, permits, certificates of completion or occupancy, studies, estimates, test results, photos, or other documentation to support completion of project.
- Business Oregon may use any photos submitted for media needs.

Proposed Motion:

The Oakridge City Administrator is authorized by the Oakridge City Council to continue to seek funding opportunities for development of and improvements to the Oakridge Industrial Park, including applying for the Semiconductor Industrial Lands Loan Program.

