2014 STRATEGIC INVESTMENT PROGRAM AGREEMENT

Washington County, a political subdivision of the State of Oregon (the “County”), the City of Hillsboro, a municipal corporation (the “City”), and Intel Corporation (“Intel”), enter into this Strategic Investment Program (“SIP”) Agreement (the “2014 SIP Agreement”).

RECITALS

A. The 1993 Oregon Legislature established the SIP to promote industrial competitiveness. The program was significantly revised by the 1995 Legislature, in particular to remove the requirement that State revenue bonds be issued in association with a SIP. Additional statutory refinements were made in 2003. The key provisions are codified at ORS 307.123 and ORS 285C.600 – 285C.620.

B. The SIP encourages counties and cities to enter into agreements with key industries to attract and retain industrial investment and employment. In exchange for limits on ad valorem property taxation, counties receive a community service fee and may negotiate such additional terms and conditions as are deemed to be in the public interest.

C. The parties previously have entered into SIP agreements that have resulted in significant benefits to Intel, the County, the City, and the public generally.

D. On March 21, 2014, Intel notified the County and the City that it wanted to enter into formal negotiations to develop a new SIP agreement. Intel also has provided to the County a copy of the Oregon Business Development Department (“OBDD”) required draft SIP application. The final SIP application will be submitted to the OBDD once the parties have fulfilled their requirements under State law and regulations. The SIP application requested that Intel and the County enter into a SIP Agreement to provide a framework for potential additional Intel investment in Oregon of up to $100 billion over a
thirty (30) year period commencing around the time when the current SIP agreement (“2005 SIP”) between Intel and the County approaches or reaches the limits of its current investment ceiling. The higher investment amount in this 2014 SIP Agreement reflects the accelerating cost of the research and development of new technologies, and the significantly increased cost of building, equipping, and retooling semiconductor factories with the latest technology. The intent of this 2014 SIP Agreement is to extend the competitive tax structure in Washington County that is essential for Intel to provide high-value, family wage jobs in Oregon and continue to contribute to the state’s quality of life.

E. In general terms, Intel’s investment will consist primarily of proposed investments in semiconductor manufacturing equipment and facilities to promote job retention of its semiconductor manufacturing and semiconductor technology development work force. Intel envisions employment retention and growth consistent with that Agreement dated December 6, 2013 between Intel and the State of Oregon, pertaining to income tax certainty.

F. Capital expenditures made under this 2014 SIP Agreement will take place in the City or the existing Aloha and Ronler Intel campuses, including, but not limited to, facilities that were the subject of the SIP agreements previously approved in 1994, 1999 and 2005 by the County, the City, and the State of Oregon (“Prior SIPs”). These new capital expenditures may include semiconductor manufacturing and semiconductor technology development facilities, machinery and equipment, land for these facilities, and directly related support facilities and office buildings. Any such capital expenditures will require and be made through additional spending beyond the scope of the Prior SIPs and in excess of the dollar amounts approved for the Prior SIPs.
G. The OBDD has issued revised administrative rules implementing the statutory provisions (OAR 123-623-1000 through 123-623-2000).

H. The County and Intel have provided public information and an opportunity for public input regarding the SIP generally and Intel’s 2014 SIP application specifically, including a formal public hearing on this 2014 SIP Agreement held on [Date TBD, 2014].

I. This 2014 SIP Agreement provides the terms and conditions under which the County agrees to recommend to the State of Oregon that the 2014 SIP application be approved and tax abatement be granted for semiconductor manufacturing and semiconductor technology development machinery, equipment, and facilities as described herein and as provided by law in exchange for performance by Intel of the obligations herein.

TERMS AND CONDITIONS

Now, therefore, in consideration of the following mutual promises, the parties agree as follows:

1. **Project and Investment Definition and Scope.**

   1.1 The “Project” shall consist of investments in semiconductor manufacturing and semiconductor technology development facilities, machinery and equipment, land for these facilities, directly related personal property, and directly related support facilities and office buildings. It further includes repairs, replacements, modernization, renovations and remodeling of existing buildings, structures, machinery and equipment, fixtures and furnishings, and supplies as well as future additions to such buildings or structures. The Project will be located on land zoned and planned, at the time of development, to allow semiconductor manufacturing, technology development, and related structures as a permitted
use within the City, as well as, but not limited to, such land at Intel's existing Aloha and Ronler Acre campuses. The Project shall consist of a maximum of $100 billion in investment or investments. An investment under the Project will be a semiconductor manufacturing or semiconductor technology development investment, or both, in furtherance of the Project as defined by Intel and communicated in advance to the County and the City (an “Investment”). Each Investment is a separate “eligible project” as that term is used in ORS 285C.600(2). The approximate dollar amount and scope of an Investment under the Project must be defined with enough specificity that the Investment may be differentiated from expenditures under Prior SIPS or prior Investments under this 2014 SIP Agreement and with enough specificity that the County and the City may determine the timing and scope of the Investment so as to properly apply the SIP property tax partial exemption to each Investment. Each Investment definition will be reviewed and approved by the County. This review and approval will be limited to determining whether the Investment conforms to this Agreement and the definition is adequate for proper administration of the SIP as provided in this paragraph. There may be one or several Investments during the term of this 2014 SIP Agreement, which term shall be a period of thirty (30) years from the execution of this 2014 SIP Agreement by all parties, unless terminated earlier pursuant to Section 13. The first such Investment shall commence prior to the tenth (10th) anniversary of the execution of this 2014 SIP Agreement.

1.2 In the event that Intel establishes a dollar amount for an Investment in the definition of an Investment and upon completion of the Investment the actual capital expenditures for that Investment are less than the definition amount, Intel may allocate the unspent dollar amount to a future Investment by giving notice to that effect to the County. The Project will not include:
a. an “existing project,” defined as property previously owned or leased by Intel at any location prior to commencement of the Project, or any property within or comprising a previously approved SIP project that received a prior SIP property tax partial exemption. However, repairs, replacements, modernization, renovations, and remodeling of existing buildings, structures, machinery and equipment, fixtures and furnishings, as well as future additions to buildings or structures, all as provided in OAR 123-623-1700, to that property are permitted to be in the Project, provided they are directly related to semiconductor manufacturing and semiconductor technology development;

b. any investment outside of the geographic confines described above;

c. any structures in addition to those described in the Project definition;

d. any expenditure deemed not to constitute a component of an “eligible project” pursuant to the administrative rules of the OBDD; and

e. property other than that which directly relates to semiconductor manufacturing and semiconductor technology development (e.g., the Project does not include investment in a new business group, Internet development, product marketing, etc).

2. **SIP Partial Exemption Period.** Each Investment will be eligible for the 15-year partial tax exemption allowed pursuant to ORS 285C.606(1) and ORS 307.123 and the
administrative rules adopted thereunder. Each Investment will be fully taxed on the first $100 million of real market value within the Investment (increased annually for growth at the rate of three percent) pursuant to ORS 307.123(1). Each Investment will be subject to the obligation to pay the Community Service Fee (“CSF”) pursuant to ORS 285C.609(4)(b). The period of the partial tax exemption for each Investment shall, pursuant to ORS 307.123(1)(b) commence on the earlier of: (i) the date that the Investment is certified for occupancy or, if no certificate of occupancy is issued, the date the Investment is used to produce a product for sale; or (ii) the expiration of the exemption for commercial facilities under construction under ORS 307.330. The partial tax exemption for each Investment shall have a duration of fifteen (15) years, except that if an Investment commences during the last fifteen (15) years of the thirty (30) year term of this 2014 SIP Agreement that Investment shall continue to receive the partial tax abatement and shall continue to be obligated to pay any taxes, fees, or other payments required under this 2014 SIP Agreement only until the end of the thirty (30) year term of this 2014 SIP Agreement.

3. **Allocation among SIPs.** Intel shall be responsible for informing the County whether eligible expenditures should be allocated to the tax accounts for the 2005 SIP or this 2014 SIP Agreement. Once the 2005 SIP has reached its project spending limit or time limitation, all eligible expenditures by Intel thereafter shall be allocated to this 2014 SIP Agreement. The County shall comply unless directed otherwise by the Department of Revenue. The intent of the parties is to permit Intel to maximize the tax advantages provided for by each SIP, but Intel is solely responsible for its allocation decisions. To the extent practicable, the County shall inform Intel if Intel has failed to properly allocate expenditures or the County is unsure of Intel’s allocation. The default allocation shall be to
the 2005 SIP unless Intel directs otherwise in writing within thirty (30) days of the notice from the County. Intel agrees that capital expenditures included in an Investment, including the costs of any individual new building or reconstructed building commenced during the period in which the 2005 SIP and this 2014 SIP overlap, shall be allocated to one SIP only and not be divided between or allocated in part to both the 2005 SIP and the 2014 SIP. Further, Intel agrees that a capital expenditure for a land purchase, a building, or an item of equipment or process support system shall be allocated to only one Investment and not allocated between Investments. It is understood by the parties that an allocation may be subject to review and approval of the Oregon Department of Revenue (“DOR”) and that County has no control over decisions of the DOR regarding tax exemptions and related matters.

4. **Conditions Precedent.** The following are conditions precedent to the obligations set forth herein:

4.1 The City’s approval of this 2014 SIP Agreement.

4.2 A determination by the OBDD, or its designee, that the Project and each Investment as defined herein are eligible for the tax exemption provided in ORS 285C.606, ORS 307.123, and OBDD Administrative Rules.

5. **Intel Obligations.**

5.1 **Guaranteed Annual Payment (“GAP”).** After Intel first receives a SIP property tax exemption pursuant to this Agreement, Intel shall pay to the County the sum of $2,870,000 on December 1 of each year starting December 1, 2025 and continuing thereafter until December 1, 2044 or the date this 2014 SIP Agreement terminates under Section 13, whichever is earlier, subject to the
following. If this 2014 SIP Agreement terminates in 2044 before December 1, 2044, due to the 30th anniversary of this 2014 SIP Agreement occurring earlier in 2044, the GAP payment due in 2044 is due within thirty (30) days prior to that 30th anniversary. If this 2014 SIP Agreement terminates as provided in Section 13.2, Intel’s obligation to make GAP payments stops. GAP shall be prorated for the period December 1 to November 30 to the date of termination of this Agreement. GAP is due and payable without regard to investment levels or other circumstances once Intel first receives a SIP property tax exemption under this 2014 SIP Agreement. GAP is in addition to, and not in lieu of, any taxes or fees paid by Intel, nor is it a credit against any taxes or fees.

5.2 Ad Valorem Property Taxes. Unless Oregon law provides otherwise, the first $100 million in real market value for each Investment, increased annually for growth at the rate of three percent (3%), shall be taxable at its assessed value as provided by law. The real market value of the Investment in excess of the amount of real market value referred to in the preceding sentence shall be exempt from ad valorem taxation as provided by State law and rules. For each Investment, the above described ad valorem taxes payable by Intel shall be the “Investment’s Taxes Payable.”

5.3 Community Service Fee (CSF). Each year that Intel receives a SIP property tax partial exemption for a given Investment under the Project, Intel shall pay to County a CSF for that Investment, as provided by ORS 285C.609 (4) (b) (B), equal to twenty-five percent (25%) of the property taxes exempted in each tax year on each Investment, but not exceeding $2 million in any one year for each
Investment. On or about Nov. 15, County shall provide Intel with a statement describing its calculations and the amount due and Intel shall pay within thirty (30) days thereafter. Intel may challenge the determination as provided in Section 8.

5.4 Fee in Lieu of Property Taxes. Each tax year that Intel receives a SIP property tax exemption for a given Investment under the Project, Intel shall pay to the County a fee on the assessed value of any Land and Buildings (as defined below), included in that Investment based on the formula set forth below as of July 1. On or about November 15, County shall provide Intel with a statement of the amount due and Intel shall pay no later than thirty (30) days thereafter. This fee shall be for each Investment. It shall be determined each year as follows:

\[
\text{Fee In Lieu for an Investment} = (\text{Investment's Taxes Payable for an Investment}) + \text{Investment's CSF} \times (\text{Total of all Investments' cumulative expenditures under the 2014 SIP Agreement}) / \$100 \text{ Billion}
\]

The following is an example for illustration of the above formula:

1. For the year in question, assume:

   \[
   \begin{align*}
   \text{Investment’s Taxes Payable (Based on taxable $100M)} &= $2,000,000 \\
   \text{Investment’s CSF} &= $2,000,000 \\
   \text{Total of all Investments’ cumulative expenditures} &= $6,000,000,000
   \end{align*}
   \]

2. Fee In Lieu = $2,000,000
+ $2,000,000
$4,000,000

Multiplied by $6,000,000,000 ÷ $100,000,000,000 = .06

= $240,000

In no event, however, shall this fee be less than the amount of property taxes that would have been due on any Land or Buildings within that Investment assuming no SIP partial tax exemption (i.e., the assessed value of any Land and Buildings in the Investment times the total tax rate for the subject year). Land and Buildings eligible for the construction in progress tax exemption pursuant to ORS 307.330 shall not be included for purposes of determining the minimum fee in lieu or formulaic fee in lieu under this paragraph.

It is understood by the parties that, in general terms:

a. “Land” includes land acquired by Intel after execution of this 2014 SIP Agreement and any excavation or grading, storm sewers, sanitary sewers, water and gas plumbing, and electric lines;

b. “Buildings” include footprint excavation, foundation, frame, wall, roof, utilities, all interior building finish, site improvements (paving, lighting, and landscaping), and indirect costs. Utilities that support the building environment, such as HVAC for building comfort, are not process support for manufacturing and research processes. “Buildings” does not
include any Machinery and Equipment used in the manufacturing or research activities occurring in the Buildings, including but not limited to: electrical systems, air and gas handling systems, HVAC and similar systems that control heat and humidity, water and wastewater systems, and other systems necessary for the manufacturing and research processes;

c. “Machinery and Equipment” includes all manufacturing and process tools, all process support equipment and all foundations, plumbing, electrical, freight, and installation costs for such items.

d. “Personal Property” includes all office and production area furniture, fixtures, desktop portable tools and equipment, plus non-licensed wheel vehicles and trailers.

Intel shall file all property tax returns required by law, listing all property in each Investment in the same manner as if no SIP tax exemption applied. Cumulative expenditures for the Investment are the total cost of all property as listed (including, for example, property for an exemption) subject to the right of the County or DOR to correct any under-valuation, omitted property or other reporting errors. The cost shall be summarized by year and separated between Land, Buildings, Machinery and Equipment and Personal Property consistent with the definitions in this Section and, to the extent not inconsistent, the
Memorandum of Understanding referenced in Section 16 of this Agreement. In the event of any conflict between this Agreement and the MOU referenced in Section 16, this Agreement controls.

In the event that any statutes, administrative rules or court decisions regarding classification of property or otherwise applicable to the implementation of the provisions of this Section 5.4 are changed after the effective date of this Agreement, the parties will seek to have DOR apply the provisions of this Section 5.4 notwithstanding such changes. Should the DOR be unable or unwilling to apply the terms of this Section 5.4 in light of such changes, however, then the changes shall control in the event of a conflict.

County will provide Intel with a statement describing its calculations and the amount due. Intel may challenge the County’s determination as provided in Section 8. The parties will cooperate reasonably and in good faith to provide all necessary documentation and take such steps as are necessary to calculate this fee.

5.5 First Source Agreement. Intel shall enter into a first source hiring agreement with an appropriate third party acceptable to the County in substantially the form currently in place for the 2005 SIP. Washington County is to be designated a third party beneficiary of the agreement and is entitled to enforce its terms. The parties may designate a different provider for this service by letter agreement.
5.6 Charitable Fee. As consideration for the County agreeing to enter into this Agreement in advance of Project commencement by Intel, Intel will pay $100,000.00 annually for six (6) consecutive years, commencing on the execution date of this 2014 SIP Agreement and each July 1 thereafter. This obligation applies regardless of whether Intel receives a SIP property tax exemption under this 2014 SIP Agreement for any of those years. These funds shall be earmarked for public or private non-profit organizations fulfilling a public purpose in Washington County. The County Administrator shall select the eligible recipient(s) subject to Intel’s prior approval for consistency with Intel’s Code of Conduct and any other applicable policies.

5.7 SIP Application. Intel is responsible for filing an application with the State of Oregon as provided in ORS 285C.612 and the applicable administrative rules. Intel shall file the application within sixty (60) days of execution of this 2014 SIP Agreement.

6. County Obligations.

6.1 Within fifteen (15) days of the County’s approval of this 2014 SIP Agreement, the County shall request that the OBDD determine that the Land, Buildings, Machinery and Equipment and Personal Property constituting the Project, and each constituent Investment as determined and subject to the terms herein, be granted a partial exemption from ad valorem property taxation for a period of 15 years for each Investment as provided in ORS 307.123, beginning on:
• The date the Investment is certified for occupancy or, if no certificate of occupancy is issued, the date the property is used to produce a product for sale; or
• The expiration of the exemption for commercial facilities under construction under ORS 307.330.

Provided, however, that no Investment shall be eligible for partial tax exemption on or after the date that is thirty (30) years from the date this 2014 SIP Agreement is executed.

6.2 County shall be solely responsible for payment of any CSF due the City or any other jurisdiction.

7. Joint Obligations.

In addition to the other obligations set forth in this Agreement, the parties shall:

7.1 Cooperate with the City, the OBDD, and the DOR to secure approval of the SIP and take such steps as may, from time to time, be necessary to maintain the partial property tax exemption.

7.2 Provide such information and resources to each other as may be reasonably necessary to ensure proper calculation of the amounts due under this 2014 SIP Agreement.

7.3 The parties agree to develop a Memorandum of Understanding to document how the parties can address infrastructure impacts associated with the expenditures contemplated under this 2014 SIP Agreement, including seeking federal, state, and local funding for such infrastructure needs, as appropriate. Nothing in this
provision authorizes the parties to agree to terms that modify, contract, or expand the Project, or any terms that would be inconsistent with this 2014 SIP Agreement.

8. **Remedies of Intel.**

8.1 Intel may challenge the County’s calculation of any payment amount due to the County pursuant to this 2014 SIP Agreement by filing a written objection on or before the due date for the payment. The objection shall be accompanied by payment in full of the amount claimed by the County to be due and a statement of the basis for the challenge. The County shall deposit the amount in a trust and agency account and shall have fifteen (15) days to review the objection and issue a determination, together with any refund it concludes is required. Failure of the County to respond shall be deemed a denial. This process shall be a prerequisite to Intel exercising any other remedies for contesting the amount due to the County.

8.2 Intel may institute proceedings in the Circuit Court for Washington County, the Oregon Tax Court, or Federal District Court for Oregon, as appropriate, to challenge any amounts due claimed by the County or to seek specific performance of this 2014 SIP Agreement in the event of breach by the County. In the event that the Court determines that a refund is due Intel, the County shall pay the amount due, together with interest at the rate actually earned by the County during the interim.

8.3 Nothing herein shall limit or restrict Intel from challenging its assessed valuation or amount due for ad valorem property taxes in the same manner as any other taxpayer.
8.4 Intel shall not be required to pay any of the fees set forth herein with respect to an Investment for any year that it has paid ad valorem property taxes on the full assessed value of the Investment within the Project due to cancellation or disqualification of the SIP property tax exemption.

9. Remedies of County.

9.1 Late Payment of Any Fee. Failure of Intel to make payment in full of any amount due under this 2014 SIP Agreement by the due date shall result in penalty and interest being charged on the past due balance in the same amount as is provided by law for late payment of ad valorem property taxes.

9.2 Failure to Pay the Community Service Fee. The parties acknowledge that payment of the CSF is a statutory prerequisite to approval of a partial property tax exemption. If Intel fails to pay the CSF for an Investment by the end of the tax year in which it is due, the tax exemption may be revoked as to that Investment as provided in ORS 307.123(6), and the property within that Investment will be fully taxable for the following year and for each subsequent tax year for which the fee remains unpaid. If an unpaid CSF is paid after the exemption is revoked, the property will again be eligible for the partial property tax exemption, beginning with the tax year after the payment is made. Loss of a partial tax exemption for an Investment due to Intel’s failure to pay the CSF does not relieve Intel of its obligation to make GAP payments. The failure by Intel to make a payment of the CSF due with respect to an Investment does not cause the termination of this 2014 SIP Agreement under Section 13.

9.3 Failure to Pay Any Other Fee. The County may declare a default if any other fee remains unpaid by the end of the tax year in which the fee is due. Intel shall
have thirty (30) days to cure the default or provide its reasons why it is not in default. The County shall have thirty (30) days to review the information and notify Intel of its final determination. Intel may appeal an adverse final determination by filing an action in the Washington County Circuit Court, the Oregon Tax Court, or the Federal District Court for Oregon, as appropriate, within sixty (60) days of the notice. Intel must pay to County the full amount in dispute before filing a challenge. County shall refund the amount, with interest at the rate actually earned by the County, if the court finds in favor of Intel. If Intel fails to pay the amount determined by the County to be due, the County may file an action to collect the entire amount of the unpaid fee, with penalties and interest as provided by law for taxes or as otherwise permitted by law. The failure to pay any other fee with respect to an Investment does not cause the termination of this 2014 SIP Agreement pursuant to Section 13.

9.4 Board Discretion. The Board of Commissioners may, in its sole discretion, waive any contractual remedy, other than the remedy for failure to pay the CSF, if it finds that Intel has made a reasonable effort to comply but has been precluded from complying for reasons beyond its immediate control.

10. Ad Valorem Property Taxes. Except as provided otherwise, nothing herein shall govern the manner of and process for assessment, payment, or collection of ad valorem real property taxes on the first $100 million of real market value of each Investment included in the Project, increased annually for growth at the rate of 3 percent (3%) or on property outside the definition of the Project.
11. **Documentation.** Intel shall have the burden of documenting compliance with this 2014 SIP Agreement. Intel shall provide County such documentation or information as County requires verifying compliance.

12. **Tax Limitations.** The parties acknowledge that the fee payments negotiated herein are authorized by law as requirements relating to the Project, do not constitute property taxes and are not subject to the limits under Section 11 or 11b, Article XI of the Oregon Constitution. Any increase in amounts paid resulting from a change in property values shall not be considered a change in tax or tax rate. Intel waives any claim, known or unknown, that these property tax limitations, or their implementing statutes, apply to the fees set forth in this 2014 SIP Agreement.

13. **Termination.** This 2014 SIP Agreement shall commence on the date of execution and shall terminate on the earlier of:

13.1 The thirtieth (30th) anniversary of the mutual execution of this 2014 SIP Agreement, or

13.2 The date when the partial tax exemption under Section 2 on the Project ends and the cumulative total of all Investment or Investments made under this 2014 SIP Agreement on the Project equals $100 billion.

14. **Miscellaneous Provisions.**

14.1 The laws of the State of Oregon shall govern this 2014 SIP Agreement. Any action or suit commenced in connection with this contract shall be in the Circuit Court of Washington County, Oregon Tax Court, or the Federal District Court for Oregon, as appropriate.
14.2 No person shall be denied or subjected to discrimination in receipt of the benefits of any services or activities made possible by or resulting from this 2014 SIP Agreement on the grounds of race, color, religion, gender, sexual orientation, national origin, disability, age, or marital status.

14.3 The terms herein shall be given their normal and customary meaning, except that terms relating to the payment of property taxes and fees in lieu of taxes shall be construed consistently with the tax laws and rules of the State of Oregon. No provision shall be construed against a party on the basis that the party drafted the provision.

14.4 The City is a signatory of this 2014 SIP Agreement as relates to any portion of the Project within the City; provided, however, that nothing herein gives the City any claim or right to the proceeds of this 2014 SIP Agreement except as provided by law. Distribution of the proceeds shall be governed by a separate agreement between the County and the City. Nothing in this 2014 SIP Agreement is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly, or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this 2014 SIP Agreement.

14.5 Time is of the essence for this 2014 SIP Agreement. The failure of either party to enforce any provisions of this 2014 SIP Agreement shall not constitute a waiver by that party of that or any other provision.
14.6 The terms, conditions, representations, and all warranties contained in this 2014 SIP Agreement shall survive the termination or expiration of this 2014 SIP Agreement.

14.7 This 2014 SIP Agreement shall bind the successors and assigns of the parties. In the event of a purchase, merger, or other restructuring, including but not limited to a divestiture of the Washington County based semi-conductor manufacturing and semi-conductor technology components of Intel, whether voluntary or not, Intel shall make every effort to ensure that the obligations set forth herein are not impaired. The County shall cooperate and assist Intel in fulfilling this obligation.

15. **Change of Law.** To the extent permitted by law, changes in statutes or DOR or OBDD administrative rules enacted after the date of this 2014 SIP Agreement shall not affect the terms of this 2014 SIP Agreement. Nothing in this provision, however, obligates the County or the City to contest or refuse to comply with a change that the County or the City deem, in their sole discretion, to be mandatory or otherwise govern.

16. **Memorandum of Understanding.** The parties and the DOR have developed a Memorandum of Understanding under the 2005 SIP to address administration of the SIP, including but not limited to:

16.1 Definitional details relating to what property qualifies as directly related personal property and directly related support facilities and office buildings.

16.2 Proper categorization of mixed-use facilities.

16.3 Reporting requirements.

16.4 Valuation methodology for buildings.
The parties agree to work with the DOR to review and, where appropriate, amend that Memorandum of Understanding so as to properly implement this 2014 SIP Agreement. Nothing in this provision authorizes the parties to agree to terms that modify, contract, or expand the definition of the Project, or any terms that would be inconsistent with this 2014 SIP Agreement.

17. **Waiver and Hold Harmless.**

17.1 Except as provided in Section 8, Intel hereby **WAIVES and RELINQUISHERS** any claim, right, title or interest in any ad valorem property tax payments made under Section 5.2 of this Agreement and shall not be entitled to any refund of said payments, in the event that the DOR or a court of competent jurisdiction determines that the levy of ad valorem property taxes on any property in accordance with this 2014 SIP Agreement is inconsistent with or not authorized by Oregon law.

17.2 Intel shall hold harmless, indemnify and defend the County and the City, their respective officers, employees and agents for and against any and all claims arising out of any approval of an ad valorem property tax partial exemption provided in accordance with this 2014 SIP Agreement in the event that the exemption is deemed by a court of competent jurisdiction to be inconsistent with or not authorized by Oregon law, upon final resolution, including any appeal or petition of such litigation. The County shall not be obligated to contest any such determination but shall not object to, and shall reasonably cooperate with, any such contest by Intel.
17.3 Nothing in the foregoing paragraphs 17.1 and 17.2, is intended to limit Intel’s remedies set forth in Section 8, other than the right to challenge the levy of ad valorem taxes or to a refund of ad valorem taxes as provided in Paragraph 17.1 and 17.2, respectively.

18. **Severability.** If any clause or provision of this 2014 SIP Agreement is held to be invalid or unenforceable, the parties intend that the remainder of this 2014 SIP Agreement shall not be affected. It is the intent of the parties that, in the event a clause or provision is stricken, that there be added as part of this 2014 SIP Agreement a clause or provision as similar in terms as may be possible, legal, and enforceable so as to provide a comparable partial property tax exemption and comparable payments to the County as provided for in this 2014 SIP Agreement.

INTEL CORPORATION

By: ______________________

________________________

________________________

Date: ______________________

WASHINGTON COUNTY

By: ______________________

________________________

Chairman

Board of County Commissioners

Date: ______________________

CITY OF HILLSBORO

By: ______________________

________________________

Mayor

Date: ______________________

APPROVED AS TO FORM:

By: ______________________

________________________

Alan Rappleyea

County Counsel