



C.L. "Butch" Otter, Governor
Jeffery Sayer, Director

**Economic Advisory Council Meeting
Tuesday, September 30, 2014
Idaho Department of Commerce**

700 W. State Street, Boise, ID 83702 – JR Williams Bldg – 2nd Floor

Members Present:

Margie Watson, *At-Large*

Commerce Staff via Phone:

Jeffery Sayer, *Director*
Megan Ronk, *Chief Operating Officer*

Members via Phone:

Steve Meyer, *Region I*
Robin Woods, *Region II*
Ron Amarel (*Vice-Chair*), *Region III*
Kelly Anderson (*Chair*), *Region IV*
Arlen Wittrock, *Region V*

Commerce Staff Present:

Susie Davidson, *Manager, Business Attraction*
Cindy Lee, *Contracts and Grant Officer*
Eric Forsch, *Business Attraction*
Kallen Hayes, *Business Attraction*
Jenny Hemly, *Business Attraction*
Patrick Watson, *Business Attraction*
Megan Hill, *Executive Assistant*
Kate York, *Administrative Assistant*

Guests:

Andy Snook, *Deputy Attorney General*

Welcome and Introductions

Chairman Kelly Anderson called meeting the meeting to order at 10:08am.

Director Jeff Sayer addressed the Council and expressed the excitement that the Council is reviewing two Tax Reimbursement Incentive (TRI) applications during the meeting today. Director Sayer asked the Council if they approve the new monthly schedule for EAC meetings in order to move the sizeable number of TRI projects through the application process. All Council members consented to the monthly schedule.

Discussion moved to TRI applications that are focused on bringing companies that are looking to either expand into Idaho, or a full relocation.

Tax Reimbursement Incentive Overview

Project Spokane overview by Director Sayer:

- Project Spokane is an aerospace parts manufacturer
- In conjunction with the move, the company plans to build a new 60,000 sq. ft. manufacturing facility
- Will create 225 new jobs
- Will be in Kootenai County
- Projected average annual wage: \$44,332 (*above county average*)
- Expecting return to Idaho of:
 - o \$1.79 million/year in value to state (new tax revenue)
 - o For every \$1.00 reimbursed to Project Spokane, Idaho will receive \$5.56 back

Director Sayer requested that the Council consider a tax reimbursement incentive for Project Spokane of 20% for 8 years.

In conjunction with the recommended terms, the company will also need to meet the following performance requirements:

1. No less than 50 new jobs, or 60% of the total projected new jobs, whichever is greater.
2. Average annual wages must equal or exceed the average county wage.
3. Company must maintain the minimum required jobs for the term of the incentive agreement.
4. Company must maintain operations in Idaho for the term of the incentive agreement.

Project Bell overview by Director Sayer:

- Project Bell is a software company
- Will start with 15 new jobs, increasing to a total of 50 new jobs over the term of the project
- Will be in Bonner County
- Average annual wage: \$61,940 (*above county average*)
- Expecting return to Idaho of:
 - o \$305,196/year in value to state (new tax revenue)
 - o For every \$1.00 reimbursed to Project Bell, Idaho will receive \$3.57 back

Director Sayer requested that the Council consider a tax reimbursement incentive for Project Bell of 28% for 5 years.

In conjunction with the recommended terms, the company will also need to meet the following performance requirements:

1. No less than 20 new jobs, or 60% of the total projected new jobs, whichever is greater.
2. Average annual wages must equal or exceed the average county wage.
3. Company must maintain the minimum required jobs for the term of the incentive agreement.
4. Company must maintain operations in Idaho for the term of the incentive agreement.

Motion to Move to Executive Session

Director Sayer recommended to move into Executive Session in order to discuss the details of the Tax Reimbursement Incentive application while keeping confidentiality for both companies.

Chairman Anderson announced the Council will now review the details of all applications for a refundable tax credit under the Idaho Reimbursement Incentive Act that have been received by the Director and submitted to this Council for review. The applications contain records and information exempt from public disclosure under Idaho Code §§ 9-340D(6) and 67-4708. Chairman Anderson entertained a motion under Idaho Code § 67-2345(1)(d) to go into executive session to review the application. The motion was made by Margie Watson to enter into executive session; seconded by Arlen Wittrock.

Roll call vote to move into executive session:

Ron Amarel – Aye
Kelly Anderson – Aye
Steve Meyer - Aye
Margie Watson - Aye
Arlen Wittrock - Aye
Robin Woods – Aye

With over two-thirds majority in favor of moving into executive session, the Council moved into executive session at 10:22am. Members of the public were excused.

Return to Public Session

Chairman Anderson noted the Council returned to the public session at 11:05am. Members of the public were invited to rejoin the meeting. Chairman Anderson noted that the Council:

1. Reviewed and discussed the applications submitted for a refundable tax credit; and
2. After discussions were concluded, closed the Executive session. The motion to close the executive session was made by Meyer, seconded by Amarel.

The Council took up each application individually to vote on whether to accept, reject, or request additional information.

Approval of Tax Reimbursement Incentive for Project Spokane

Chairman Anderson entertained a motion to approve the Tax Reimbursement Incentive award for Project Spokane after no further discussion from the Council.

Motion:

In the matter of the application submitted for Project Spokane, the Council approved the application and instructs the Director to enter into an agreement with Project Spokane with the following terms and conditions:

- A post-performance refundable tax credit which represents 20% of new state revenue for a period of 8 years.
- A tax credit certificate will be issued post-performance on an annual basis upon review and verification by Commerce.
- No less than 50 new jobs, or 60% of the projected new jobs, whichever is greater.
- Annual average wages of new jobs must equal exceed the average county wage of \$33,166.
- The company must maintain the required jobs for the 8-year term of the incentive agreement.
- The company must maintain operations in Idaho for the term of the incentive agreement.
- Subject to completion of final community match agreements.
- Subject to completion of final incentive agreement.
- Any additional terms deemed necessary by the Director not otherwise conflicting with the above conditions.

The motion was made by Meyer; seconded by Amarel.

Roll call vote to approve the TRI application for Project Spokane:

Amarel – Aye
Anderson – Aye
Meyer - Aye
Watson - Aye
Wittrock - Aye
Woods – Aye

With a unanimous vote, the Tax Reimbursement Incentive of 20% for 8 years for Project Spokane was approved and the Council asked the Director to proceed in negotiating the final contract in coordination with Commerce's Deputy Attorney General.

The company name will be announced as soon as the company makes a formal announcement.

Approval of Tax Reimbursement Incentive for Project Bell

Chairman Anderson entertained a motion to approve the TRI award for Project Bell after no further discussion from the Council.

Motion:

In the matter of the application submitted for Project Bell, the Council approved the application and instructs the Director to enter into an agreement with Project Spokane with the following terms and conditions:

- A post-performance refundable tax credit which represents 28% of new state revenue for a period of 5 years.
- A tax credit certificate will be issued post-performance on an annual basis upon review and verification by Commerce.
- No less than 20 new jobs, or 60% of the projected new jobs, whichever is greater.
- Annual average wages of new jobs must equal exceed the average county wage of \$31,780.
- The company must maintain the required jobs for the 5-year term of the incentive agreement.
- The company must maintain operations in Idaho for the term of the incentive agreement.
- Subject to completion of final community match agreements.
- Subject to completion of final incentive agreement.
- Any additional terms deemed necessary by the Director not otherwise conflicting with the above conditions.

The motion was made by Woods; seconded by Meyer.

Roll call vote to approve the TRI application for Project Bell:

Amarel – Aye
Anderson – Aye
Meyer - Aye
Watson - Aye
Wittrock - Aye
Woods – Aye

With a unanimous vote, the Tax Reimbursement Incentive of 28% for 5 years for Project Bell was approved and the Council asked the Director to proceed in negotiating the final contract in coordination with Commerce's Deputy Attorney General.

The company name will be announced as soon as the company makes a formal announcement.

The Council discussed filling the open position for an EAC representative for Region VI. Director Sayer stated that a candidate will be announced soon in order to restore the Council to full membership, and to restore political balance on the Council.

Chairman Anderson adjourned the meeting at 11:16am.