



C.L. "Butch" Otter, Governor

Jeffery Sayer, Director

Economic Advisory Council Meeting

Friday, October 17, 2014

Idaho Department of Commerce

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

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*

Members Absent:

Margie Watson, *At-Large*

Guests:

Andy Snook, *Deputy Attorney General*

Commerce Staff Present:

Jeffery Sayer, *Director*
Susie Davidson, *Manager, Business Attraction*
Eric Forsch, *Business Attraction*
Kallen Hayes, *Business Attraction*
Jenny Hemly, *Business Attraction*
Patrick Watson, *Business Attraction*
Megan Hill, *Executive Assistant*

Commerce Staff via Phone:

Megan Ronk, *Chief Operating Officer*

Welcome and Introductions

Chairman Kelly Anderson called meeting to order at 3:04pm.

Director Sayer addressed the Council and expressed gratitude for the work that of the Commerce team to pull together this meeting and related materials. Director Sayer also thanked the Economic Advisory Council for their availability and willingness to participate in a special meeting to review this Tax Reimbursement Incentive (TRI) application for Project Natural.

Project Natural is an organic, frozen food manufacturing company looking to expand Idaho in the old Heinz facility in Pocatello. New Mexico is one of the other locations being considered, but the company indicated that their decision is hinged on approval of this Tax Reimbursement Incentive application.

Tax Reimbursement Incentive Overview

Project Natural overview by Director Sayer:

- 1,000 jobs projected over 15-year period
- Jobs are collectively above the average Bannock County wage of \$32,407.
- Company intends to purchase the Heinz facility in Pocatello that was shut down in July 2014

Director Sayer requests that the Council consider a Tax Reimbursement Incentive for Project Natural of 26% for 15 years with a 70% performance threshold (50 or more jobs, or the greater of that and 70% of job projections).

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

1. No less than 50 new jobs, or 70% 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 inventive 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 maintaining confidentiality.

Chairman Kelly Anderson announced the Council will now review the details of all application for a refundable tax credit under the Idaho Reimbursement Incentive Act that have been received by the Director and submitted to the Council for review. The application contains records and information exempt from public disclosure under Idaho Code §§ 9-340D(6) and 67-4708.

Chairman Anderson will entertain a motion under Idaho Code § 67-2345(1)(d) to go into executive session to review the application. The motion was made by Arlen Wittrock to enter into executive session; seconded by Ron Amarel.

Roll call vote to move into executive session:

Ron Amarel – Aye
Kelly Anderson – Aye
Steve Meyer - 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 3:10pm. No members of the public were present to excuse.

Return to Public Session

Chairman Anderson noted the Council returned to the public session at 3:43pm. No members of the public were present 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 executive session was made by Wittrock, seconded by Amarel.

Approval of Tax Reimbursement Incentive for Project Natural

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

Motion:

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

- A post-performance refundable tax credit which represents of 26% new state revenue for a period of 15 years.
- Tax credit certificate issued post-performance upon review and verification by Commerce.

- No less than 50 new jobs, or 70% of the total annual projected new jobs, whichever is greater.
- Average annual wages of new jobs must equal or exceed the average county wage of \$32,407.
- The company must maintain the required jobs for the 15-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 Arlen Wittrock; seconded by Robin Woods.

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

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

With a unanimous vote, the Tax Reimbursement Incentive of 26% for 15 years for Project Natural was approved and the Council asked the Director to proceed in negotiating the final contracts for each project in coordination with Commerce’s Deputy Attorney General.

Megan Ronk reminded the Council that we should continue to refer to this project as Project Natural. The company name will be announced as soon as the company is prepared to make a formal announcement.

Robin Woods noted that the last-minute need for this EAC meeting to review the Project Natural TRI application reflects “running at the speed of business” and no apologies are necessary when it benefits the state of Idaho. The Council discussed a willingness to meet any time a project needs to move forward on a tight timeline.

Director Sayer reminds the Economic Advisory Council of the Idaho Governor’s Trade and Business Conference on Wednesday, October 22, hosted by Zion’s Bank.

Chairman Kelly Anderson adjourned the meeting at 3:53pm.