



C.L. "Butch" Otter, Governor

Jeffery Sayer, Director

## Economic Advisory Council

Thursday, May 28, 2015

Idaho Department of Commerce

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

### Council Members via Phone:

Kelly Anderson (*Chair*), *Region IV*  
Ron Amarel (*Vice-Chair*), *Region III*  
Steve Meyer, *Region I*  
Robin Woods, *Region II*  
Margie Watson, *At-Large*  
Arlen Wittrock, *Region V*  
Mark Young, *Region VI*

### Guests Present:

Bill Shrum, *Harris & Co*

### Commerce Staff Present:

Jeffery Sayer, *Director*  
Megan Ronk, *Chief Operations Officer*  
Susie Davidson, *Business Attractions*  
Eric Forsch, *Business Attractions*  
Kallen Hayes, *Business Attractions*  
Cindy Lee, *Grants & Contracts Officer*  
Dennis Porter, *Community Development*  
Sharon Deal, *Community Development*  
Patrick Watson, *Research Analyst*  
Megan Hill, *Executive Assistant*

### **Welcome and Introductions**

Chairman Kelly Anderson called the meeting to order at 2:04pm.

Chairman Anderson welcomed everyone and discussed the agenda. Director Sayer mentioned there will be some cleanup items at the end of the agenda for Commerce updates.

### **Tax Reimbursement Incentive Overview**

**Project Cube** overview by Kallen Hayes:

- Privately owned software start-up company.
- Will create 88 jobs
- Will be in Blaine County
- Projected Annual Wage: \$60,623 (*above county average*)
- Expecting return to Idaho of:
  - o For every \$1.00 reimbursed to Project Cube, Idaho will receive

Commerce staff requested the Council consider a Tax Reimbursement Incentive for Project Cube of 18% for a term of five 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 of \$38,225.

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**

Chairman Anderson announced the Council will review the details of Project Cube's application 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.

Margie Watson moves to enter into executive session. Ron Amarel seconds.

Roll call vote to move into executive session:

Ron Amarel – Aye  
Steve Meyer – Aye  
Margie Watson – Aye  
Arlen Wittrock – Aye  
Robin Woods – Aye  
Mark Young – Aye

With over two-thirds majority in favor of moving into executive session, the Council moved into executive session at 2:10pm. Members of the public are excused.

### **Return to Public Session**

Chairman Anderson noted that the Council returned to the public session at 2:36pm. Members of the public were invited to rejoin the meeting. Chairman Anderson indicated the Council

1. Reviewed and discussed the application submitted for a refundable tax credit; and
2. Closed the Executive Session after discussions were concluded. The motion to close the Executive Session was made by Margie Watson, seconded by Ron Amarel.

### **Review of Tax Reimbursement Incentive for Project Cube**

Chairman Anderson entertained a motion for Project Cube.

#### **Motion:**

In the matter of the application for Project Cube, I move that the Council approve the application and instruct the Director to enter into an agreement with Project Cube upon the following terms:

- A post-performance refundable tax credit which represents 18% of new state revenue for 5 years.  
Tax credit certificate issued post-performance upon review and verification by Commerce.
- No less than 20 new jobs, or 60% of the total annual projected new jobs, whichever is greater.
- Average annual wages must equal or exceed the average county wage of \$38,225.
- Company must maintain operations in Idaho for the term of the agreement.

- Subject to approval of community match.
- Any additional terms deemed necessary by the Director not otherwise conflicting with the above conditions.

The motion was made by Arlen Wittrock, seconded by Ron Amarel.

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

Ron Amarel – Aye  
 Steve Meyer – Aye  
 Margie Watson – Aye  
 Arlen Wittrock -- Aye  
 Robin Woods – Aye  
 Mark Young – Aye

With a unanimous vote, the Tax Reimbursement Incentive of **18% for five (5) years for Project Cube 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.

**Commerce Updates and Other Business – Jeff Sayer**

As a follow up to the Council’s meeting on April 28-29, 2015, Director Sayer asked for revised motions regarding two Rural Community Block Grant (RCBG) applications. The director asked for support for a revised motion to the Bingham County straw vote that demonstrated support for this project. Specifically, we are asking for revised motion to use all RCBG funds available at the end of the FY15 fiscal year to go toward the Bingham County project.

**BINGHAM COUNTY**

**Motion:**

Robin Woods moved to approve the RCBG grant application for Bingham County at an amount to be determined by the director per available funding at the end of Fiscal Year 2015. Margie Watson seconded.

All ayes – motion approved.

**CITY OF JEROME**

Without proper public meeting disclosure, there will not be a motion to rehear any presentation or entertain discussion on this project. The previously passed motion for the City of Jerome project from the April 2015 meeting was to defer the decision on the City of Jerome’s application and encourage the director to explore other grant opportunities available within the Department of Commerce. Director Sayer asked to revise the previous deferral motion to officially reject RCBG requested funds and ask that Commerce continues to seek alternate funding options.

**Revised Motion:**

Ron Amarel moved to revise his previous motion from April 28, 2015, and reject the RCBG application for City of Jerome to support the rail spur project for Specialty Sales, and

encourage the director to explore other grant opportunities the department has available to enhance economic expansion in the City of Jerome. Any recommendations for funding by the director through other grant programs will be brought back before the Council for review. Mark Young seconded.

All ayes – motion approved.

Director Sayer is prepared to bring an alternate recommendation and will provide documentation to the Council. Commerce will schedule a formal follow-up meeting within a couple of weeks (or at the next scheduled EAC meeting) to review the options.

Director Sayer recommended, as a side note, that the Council consider having expiration dates on TRI offers to continue the process in a timely manner. We will discuss further at next formal meeting.

**Motion:**

Margie Watson moved to close the meeting. Kelly Anderson seconded.

All ayes – motion approved.

**3:00 Chairman Anderson adjourned the meeting.**