



C.L. "Butch" Otter, Governor

Jeffery Sayer, Director

Economic Advisory Council Meeting

Thursday, June 25, 2015

Idaho Department of Commerce

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

Members Present:

Margie Watson, *At-Large*

Members via Phone:

Kelly Anderson (Chair), Region IV

Steve Meyer, *Region I*

Robin Woods, *Region II*

Mark Young, *Region VI*

Jeff Sayer, Director

Members Absent:

Arlen Wittrock, *Region V*

Ron Amarel (*Vice-Chair*), *Region III*

Guests Present:

Andy Snook, *Deputy Attorney General*

Commerce Staff Present:

Megan Ronk, *Chief Operating Officer*

Jenny Hemly, *Business Attraction*

Eric Forsch, *Business Attraction*

Susie Davidson, *Business Attraction*

Cindy Lee, *Contracts and Grant Officer*

Kallen Hayes, *Business Attraction*

Patrick Watson, *Business Attraction*

Audra Fink, *Administrative Assistant*

Welcome and Introductions

Chairman Kelly Anderson called the meeting to order at 2:02pm.

Chairman Anderson welcomed everyone and discussed immediately entering executive session due to the fact that two council members were not present and that one council member, Robin Woods, may need to leave the call early.

Motion to Move to Executive Session

Chairman Anderson announced the Council will review the details of three applications for refundable tax credits 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 applications. The motion was made by Margie Watson to enter into executive session; seconded by Robin Woods.

Margie Watson moved to enter into executive session. Robin Woods seconded.



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Roll call vote to move into executive session:

Mark Young – Aye

Robin Woods – Aye

Steve Meyer - Aye

Margie Watson – Aye

With over two-thirds majority in favor of moving into executive session, the Council moved into executive session at 2:03pm.

Return to Public Session

Chairman Anderson noted that the Council returned to the public session at 2:50pm.

Chairman Anderson indicated the Council

1. Reviewed and discussed the applications submitted for refundable tax credits; and
2. Closed the Executive Session after discussions were concluded. The motion to close the Executive Session was made by Margie Watson, seconded by Steve Meyer.

Review of Tax Reimbursement Incentive for Project Burbank

Chairman Anderson entertained a motion for Project Burbank.

Motion:

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

- A post-performance refundable tax credit which represents 26% of new state revenue for 15 years.
- Tax credit certificate issued post-performance upon review and verification by Commerce.
- Tax credit certificate may be issued to a wholly owned subsidiary or other company created by the Applicant at a later date so long as the Applicant remains as a party to the agreement entered between the Applicant and the Department of Commerce for the entirety of the agreement's term.
- No less than 50 jobs, or 50% of the total annual projected new jobs, whichever is greater.
- Average annual wages must equal or exceed the average county wage of \$41,847.
- Allow for a maximum one-year construction phase during the term of the agreement.
- Company must maintain operations in Idaho for the term of the agreement.



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- 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 Margie Watson, seconded by Robin Woods.

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

Margie Watson – Aye

Robin Woods – Aye

Steve Meyer – Aye

Mark Young – Aye

With a unanimous vote, the Tax Reimbursement Incentive of 26% for fifteen (15) years for Project Burbank 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 the company makes a formal announcement.

Review of Tax Reimbursement Incentive for Project It Happened

Chairman Anderson entertained a motion for Project It Happened.

Motion:

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

- A post-performance refundable tax credit which represents 16% of new state revenue for 3 years.
- Tax credit certificate issued post-performance upon review and verification by Commerce.
- Tax credit certificate may be issued to a wholly owned subsidiary or other company created by the Applicant at a later date so long as the Applicant remains as a party to the agreement entered between the Applicant and the Department of Commerce for the entirety of the agreement's term.
- No less than 20 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.
- Allow for a maximum two-year construction phase during the term of the agreement.
- Company must maintain operations in Idaho for the term of the agreement.
- Subject to approval of community match.



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- Any additional terms deemed necessary by the Director not otherwise conflicting with the above conditions.

The motion was made by Margie Watson, seconded by Steve Meyer.

Roll call vote to approve the TRI application for Project It Happened:

Margie Watson – Aye

Robin Woods – Aye

Steve Meyer – Aye

Mark Young – Aye

With a unanimous vote, the Tax Reimbursement Incentive of 16% for three (3) years for Project It Happened 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 the company makes a formal announcement.

Review of Tax Reimbursement Incentive for Project Steel 2

Chairman Anderson entertained a motion for Project Steel 2.

Motion:

In the matter of the application for Project Steel 2, I move that the Council approve the application and instruct the Director to enter into an agreement with Project Steel 2 upon the following terms:

- A post-performance refundable tax credit which represents 15% of new state revenue for 7 years.
- Tax credit certificate issued post-performance upon review and verification by Commerce.
- Tax credit certificate may be issued to a wholly owned subsidiary or other company created by the Applicant at a later date so long as the Applicant remains as a party to the agreement entered between the Applicant and the Department of Commerce for the entirety of the agreement's term.
- No less than 20 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 \$33,166.
- 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.



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The motion was made by Chairman Anderson, seconded by Robin Woods.

Roll call vote to approve the TRI application for Project Steel 2:

Margie Watson – Aye

Robin Woods – Aye

Steve Meyer – Aye

Mark Young – Aye

With a unanimous vote, the Tax Reimbursement Incentive of 15% for seven (7) years for Project Steel 2 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 the company makes a formal announcement.

Commerce Updates and Other Business – Susie Davidson

Susie Davidson brought to the Council a proposed change to a previously approved Tax Reimbursement Incentive project: Fabri-Kal, a thermoformer of plastic foodservice containers headquartered in Kalamazoo, Michigan. Fabri-Kal asked for a change to their original hiring schedule and proposed to hire twenty (20) employees in 2015 instead of fifty (50). Fabri-Kal intends to hire the additional thirty (30) in 2016. The contract has not yet been signed and negotiations are still underway. However, because this was a notable change to the originally approved project, the Council needed to be informed.

The Council had reservations, notably Robin Woods, regarding the change of terms.

Susie explained to the Council that the scope of the original project would not be changed. She also noted that the total number of employees the company agreed to hire would not change. Rather, this was simply a matter of a hiring delay due to longer than anticipated construction timelines. It was also explained that if Fabri-Kal did not hire the additional thirty (30) employees in 2016, the company would not be eligible and thus would not qualify for TRI for that year. With this information, and Susie's recommendation, Mark Young made a motion to approve Fabri-Kal's revised hiring schedule.

The motion was made by Mark Young, seconded by Steve Meyer.

Roll call vote to approve the TRI application change for Fabri-Kal:

Margie Watson – Aye

Robin Woods – Aye

Steve Meyer – Aye

Mark Young – Aye



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With a unanimous vote, the change to Fabri-Kal's hiring schedule was approved and the Council asked the Director to proceed in negotiating the final contract in coordination with Commerce's Deputy Attorney General.

City of Jerome

In the May 2015 EAC meeting, Director Sayer asked to revise the previous deferral motion to officially reject RCBG requested funds to the City of Jerome (to support Specialty Sales) and asked that Commerce continue to seek alternate funding options. The Council revised their motion and asked the director to look for opportunities to support this project through other Commerce grant sources.

After further due diligence and research, Susie Davidson recommended to proceed using the Idaho Opportunity Fund to grant the \$175,000 needed to facilitate the public infrastructure (rail spur) necessary to support the local expansion of Specialty Sales. The local dairy industry – including the Idaho Dairyman's Association – has expressed support for this project. Specialty Sales already has a major customer base in Idaho, and this expansion into Jerome will enable them to provide enhanced service to those customers.

The Council had reservations due to the low number of jobs (seven) that would be created in comparison to the \$175,000 grant awarded.

Director Sayer explained that while only seven (7) jobs would be created, it remained important to grant the award in order to help the City of Jerome kick-start its business park. He also noted that the seven (7) jobs would need to be delivered before the award was granted since the Idaho Opportunity Fund is a performance-based incentive. Specific performance milestones will be established before any funds are expended.

Chairman Anderson entertained a motion to support the director in awarding \$175,000 from the Idaho Opportunity Fund to the City of Jerome for the rail spur project.

The motion was made by Robin Woods, seconded by Mark Young.

All ayes – motion approved.

Final Thoughts

The Council recognized Chairman Anderson as this was his last Economic Advisory Council meeting. Chairman Anderson expressed his gratitude to everyone for their time and thoughtfulness and gave his appreciation.

Megan Ronk let the Council know that the search for a new council member in Region 4 is underway, along with a search for the new Region 7 representative.

Motion:



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Margie Watson moved to close the meeting. Steve Meyer seconded.

All ayes – motion approved.

Chairman Anderson adjourned the meeting at 3:29pm.