



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

**Economic Advisory Council Meeting
Thursday, December 4, 2014
Idaho Department of Commerce**

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

Members via Phone:

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

Guests Present:

Andy Snook, *Deputy Attorney General*

Commerce Staff Present:

Jeffery Sayer, *Director*
Megan Ronk, *Chief Operating Officer*
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*
Dennis Porter, *Manager, Community Development*
Sharon Deal, *Community Development Specialist*
Amanda Ames, *Community Development Analyst*
Kate Newton, *Administrative Assistant*

Welcome and Introductions

Chairman Kelly Anderson called the meeting to order at 2:03pm.

Director Jeffery Sayer started with the first item on the agenda - the Council had been asked to approve previous meeting minutes. Megan Ronk stated there are minutes from all the previous meetings since July 2014 that had yet to be approved in an official capacity by the Council. Chairman Kelly Anderson asked if instead they could approve all the minutes in one sweeping motion. Andy Snook said that would be fine, though if anyone hadn't reviewed the documents, they may not want to vote on it.

Chairman Anderson entertained a motion to approve all the previous meeting minutes including the minutes from meetings on July 9-10, August 26, September 30, October 17 and October 30, 2014. Steve Meyer moved to approve all the meeting minutes; Margie Watson seconded. A unanimous vote was in favor of approving all meeting minutes.

Director Sayer moved on the Tax Reimbursement Incentive (TRI) progress update. He informed the Council that the TRI team has experienced positive momentum and are expecting it to continue. They continue to see new projects entering the pipeline. Director Sayer expressed enthusiasm for where the TRI program is heading in terms of progress. He commented on the amount of jobs projected (over 1500 contractual new jobs) from the projects already approved.

For the meeting in January, the TRI team has been gathering an increasing amount of data and metrics in relation how to TRI projects are scored and will be presenting it to the Council for feedback, ideas, suggestions and insight to how the TRI incentive awards are researched and calculated.

With no further update, Chairman Anderson welcomed Susie Davidson and Kallen Hayes to present Project Snowball and Project Baldy, respectively.

Tax Reimbursement Incentive Overview

Project Snowball overview by Susie Davidson:

- Project Snowball is a publically-held food product manufacturer
- Will create 43 new jobs in Idaho
- Will be in Gooding County
- Projected Annual Wage: \$42,339 (*above county average*)
- Expecting return to Idaho of:
 - o \$3.81 million/year in new tax revenue
 - o For every \$1.00 reimbursed to Project Baldy, Idaho will receive \$11.28 back

Director Sayer requested the Council consider a Tax Reimbursement Incentive for Project Snowball of 23% for 10 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 \$30,927.
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 Baldy overview by Kallen Hayes:

- Project Baldy is a privately-owned hotel company
- Will create 57 new jobs in Idaho
- Will be in Blaine County
- Projected Annual Wage: \$40,839 (*above county average*)
- Expecting return to Idaho of:
 - o \$827,000/year in new tax revenue
 - o For every \$1.00 reimbursed to Project Baldy, Idaho will receive \$9.52 back

Director Sayer requested the Council consider a Tax Reimbursement Incentive for Project Baldy of 16% for 3 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 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 Robin Woods to enter into executive session; seconded by Margie Watson.

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 2:24pm. Members of the public were excused.

Return to Public Session

Chairman Anderson noted the Council returned to the public session at 3:26pm. 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 Watson, seconded by Meyer.

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 Snowball

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

Motion:

In the matter of the application for Project Snowball, the Council approved the application and instructed the Director to enter into an agreement with Project Snowball upon the following terms:

- A post-performance refundable tax credit which represents 23% of new state revenue for a period of 10 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 \$30,927
- Company must maintain operations in Idaho for the term of the incentive 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 Wittrock; seconded by Watson.

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

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

With a unanimous vote, the Tax Reimbursement Incentive of 23% for 10 years for Project Snowball 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 Baldy

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

Motion:

In the matter of the application for Project Baldy, the Council approved the application and instructed the Director to enter into an agreement with Project Baldy upon the following terms:

- A post-performance refundable tax credit which represents 16% of new state revenue for a period of 3 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.
- Allow for a maximum two-year construction phase prior to the effective date of the incentive.
- Company must maintain operations in Idaho for the term of the incentive 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 Wittrock; seconded by Anderson.

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

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

With a majority vote, the Tax Reimbursement Incentive for 16% for 3 years for Project Baldy 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.

Chairman Anderson inquired if the Council will still meet before the in-person January 27-28, 2015 meeting. Ronk advised that we keep the January 8, 2015 meeting scheduled and evaluate closer to the time – it will depend on if there will be enough TRI projects to necessitate two meetings that month. Chairman Anderson advised that if any items can be held until the in-person meeting in late January, that would be preferable. Wittrock inquires about another in-person meeting between the January and July meetings that are scheduled. Dennis Porter informed the Council that there is not a date or location set, but to expect an in-person meeting in April.

Chairman Anderson adjourned the meeting at 3:33pm.