



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

**Economic Advisory Council Meeting
Tuesday, August 26, 2014
Idaho Department of Commerce**

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

EAC Members Present:

Margie Watson, *At-Large*

EAC Members via Phone:

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

EAC Members Absent:

Steve Meyer, *Region I*

Guests:

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*
Megan Hill, *Executive Assistant*
Kate York, *Administrative Assistant*

Welcome and Introductions

Chairman Kelly Anderson called the meeting to order at 2:06pm.

Director Jeff Sayer addressed the Council and noted that Commerce has received 21 Tax Reimbursement Incentive (TRI) inquiries since July 1, 2014. Nine (9) pre-applications are currently in process. Project Sky is the first application to move forward to final review by the Economic Advisory Council (EAC).

Director Sayer noted that the company's name will not be disclosed to the public at this meeting. Due to the confidentiality and non-disclosure agreements, the Council will move into executive session when ready to discuss specific details about the application and company.

Tax Reimbursement Incentive Overview

Project overview by Director Sayer:

- Project Sky is an aerospace project
- It is a maintenance facility that would require new construction
- Project will create 50 new jobs with the potential of reaching 100 jobs over the term of the project
- Location will be in Ada County
- Estimated average annual wage is \$52,000 (*above county average*)
- Community match anticipated is \$2,500,000.
- Expected return to Idaho would include (when fully staffed):
 - An estimated incentive tax credit of \$95,000/year

- Over \$350,000/year in value to state (new tax revenue)
- In short, for every \$1.00 of incentive tax credit, Idaho will receive at least \$3.75 back in new tax revenues.

Director Sayer formally requested that the Council consider a tax reimbursement incentive for Project Sky of 25% for a term of 12 years.

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

- A minimum performance requirement of 50 jobs, or 60% of total project new jobs (whichever is greater);
- Average wages for the jobs added must meet or exceed average Ada county wages; and
- The company must maintain the required jobs for the 12-year term of the incentive agreement.
- The company must maintain operations in Idaho for the term of the incentive agreement.
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Motion to Move to Executive Session

Chairman Anderson announced the Council will now review the confidential details of the 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 entertained a motion under Idaho Code § 67-2345(1)(d) to go into executive session to review the Project Sky application. The motion was made by Robin Woods to enter into executive session; seconded by Arlen Wittrock.

Roll call vote to move into executive session:

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

With over two-thirds majority in favor of moving into executive session, the Council moved into executive session at 2:26pm. Members of the public were excused.

Return to Public Session

Chairman Anderson noted the Council has returned to the public session at 3:31pm. Members of the public were invited to rejoin the meeting.

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

Approval of Tax Reimbursement Incentive for Project Sky

Motion:

In the matter of the application submitted for a Tax Reimbursement Incentive by Project Sky, the Council approves the application and instructs the Director to enter into an agreement with Project Sky with the following terms and conditions:

- A post-performance refundable tax credit which represents 25% of new state revenue for a period of 12 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 \$41,847.
- The company must maintain the required jobs for the 12-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.

The motion was made by Margie Watson; seconded by Robin Woods.

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

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

With a unanimous vote, the Tax Reimbursement Incentive of 25% for 12 years for Project Sky 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 Kelly Anderson adjourned the meeting at 3:38pm.