



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

**Economic Advisory Council Meeting
Thursday, October 30, 2014
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:

Robin Woods, *Region II*
Kelly Anderson (*Chair*), *Region IV*
Arlen Wittrock, *Region V*

Members Absent:

Ron Amarel (*Vice-Chair*), *Region III*
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*
Kate Newton, *Administrative Assistant*

Welcome and Introductions

Chairman Kelly Anderson called meeting the meeting to order at 2:08pm.

Megan Ronk gave the Council an update on two recent company announcements from previously approved Tax Reimbursement Incentive (TRI) projects, Project Natural and Project Bell. Ronk updated the Council on the number of applications in stages of the application process.

Director Jeffery Sayer briefly discussed the marketing of the TRI with the Council and the need to spread the word of TRI as many Idaho local companies do not consider it in their options. Director Sayer emphasized the point that we are trying to retain Idaho jobs, grow existing industry and benefit the state's economic health – we need to make sure existing companies know that TRI is an option for them.

Chairman Anderson inquired if Commerce could contact Idaho companies via a mass communication in order to inform them further of the TRI. Director Sayer said some had been sent out, but that one-on-one has seemed to be more effective in letting business leaders know. The two agree that marketing strategies will need to be worked on.

Director Sayer gave an update on the status of the empty Region VI council seat. There has not been anyone to accept the position due to the time commitment required. Director Sayer stated the Council may move to eight-member model, with seven regions and one person "At-Large", similar to the Idaho Travel Council's model.

Director Sayer informed the Council that project leaders Susie Davidson and Eric Forsch will be giving the overviews for the two project applications today.

Tax Reimbursement Incentive Overview

Project Drill overview by Susie Davidson:

- Project Drill is a fluid delivery systems manufacturing company.
- Will create 50 new jobs in Idaho
- Will be in Ada County
- Projected Annual Wage: \$46,044 (*above county average*)
- Expecting return to Idaho of:
 - o \$2.37 million/year in new tax revenue
 - o For every \$1.00 reimbursed to Project Drill, Idaho will receive \$15.47 back.

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

1. No less than 50 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.
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 Pipe overview by Eric Forsch:

- Project Pipe is a product manufacturer.
- Will create 80 new jobs in Idaho
- Will be in Power County
- Will build a new facility on city-owned land at the Pocatello Airport industrial park.
- Projected Annual Wage: \$38,500 (*above county average*)
- Expecting return to Idaho of:
 - o \$3.80 million/year in new tax revenue
 - o For every \$1.00 reimbursed to Project Pipe, Idaho will receive \$8.61 back

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

1. No less than 50 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.
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

Director Sayer recommended the Council move into Executive Session in order to discuss the details of the Tax Reimbursement Incentive application while keeping confidentiality for both companies.

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 Margie Watson to enter into executive session; seconded by Robin Woods.

Roll call vote to move into executive session:

Kelly Anderson – 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 2:29pm. Members of the public were excused.

Return to Public Session

Chairman Anderson noted the Council returned to the public session at 3:02pm. 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, Woods seconded.

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 Drill

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

Motion:

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

- A post-performance refundable tax credit which represents 20% of new state revenue for a period of 8 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 8-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 Watson; seconded by Woods.

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

Anderson – Aye
Watson – Aye
Wittrock – Aye
Woods – Aye

With a unanimous vote, the Tax Reimbursement Incentive of 20% for 8 years for Project Drill 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 Pipe

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

Motion:

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

- A post-performance refundable tax credit which represents 18% of new state revenue for a period of 9 years.
- A tax credit certificate will be issued post-performance on an annual basis upon review and verification by Commerce.
- No less than 80 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 \$37,456.
- The company must maintain the required jobs for the 9-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 Wittrock; seconded by Woods.

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

Anderson – Aye
Watson – Aye
Wittrock – Aye
Woods – Aye

With a unanimous vote, the Tax Reimbursement Incentive of 18% for 9 years for Project Pipe 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 revisited the need to get the word out about TRI, and recommends that the group brainstorm ideas and email them to Director Sayer.

The Council discussed the upcoming monthly meeting dates in December and January – one being a quarterly meeting with the Idaho Travel Council (ITC) and may include some Community Development Block Grant (CDBG) proposals as well as TRI applications.

Chairman Anderson adjourned the meeting at 3:22pm.