



C.L. "Butch" Otter, Governor

Megan Ronk, Director

Economic Advisory Council Meeting

Thursday, March 23, 2017

Idaho State Capitol

700 West Jefferson Street – Room WW-17, Boise, ID 83702

Members Present:

Mike Reynoldson, *Region 3*

Margaret Watson, *At-Large*

Members Present Via Phone:

Robin Woods, *Region 2*

John Craner, *Region 4*

Arlen Wittrock, *Region 5*

Mark Young, *Region 6*

Members Absent:

Steve Meyer, *Region 1*

Commerce Staff Present:

Bobbi-Jo Meuleman, *Chief Operations Officer*

Susan Davidson, *Business Attraction Manager*

Cindy Lee, *Grants & Contracts Manager*

Jake Reynolds, *Business Retention & Expansion Manager*

Autumn Braase, *Senior Business Attraction Specialist*

Eric Forsch, *Senior Business Attraction Specialist*

Patrick Watson, *Senior Research Analyst*

Jenny Hemly, *Business Retention & Expansion Specialist*

Ewa Szewczyk, *Grants & Contracts Specialist*

Audra Fink, *Administrative Assistant*

Commerce Staff Present Via Phone:

Megan Ronk, *Director*

Call to Order & Welcome

Chairman Arlen Wittrock called the meeting to order at 2:02 p.m.

Council Vote on Approval of Minutes:

Chairman Wittrock noted that the minutes for the January 25, 2017 Economic Advisory Council (EAC) meeting had been distributed and if there are no corrections he would entertain a motion to approve the minutes as distributed.

Moved by: Mark Young

Seconded by: Margie Watson

All in favor. No discussion.

Motion approved.

Prior to moving into executive session Margie Watson disclosed to the Director and the council that she had a conflict of interest regarding Project Arrowhead and will recuse herself from the discussion and vote on that project. Chairman Wittrock acknowledged the statement and thanked Ms. Watson for the disclosure.

Motion to Move to Executive Session

Chairman Wittrock announced the Council will review the details of two applications for 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 Wittrock entertained a motion under Idaho Code § 67-2345(1)(d) to go into executive session to review the applications.

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

Roll call vote to move into executive session:

John Craner – Aye
Mike Reynoldson - 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 2:07 p.m.

Return to Public Session

Chairman Wittrock noted that the Council returned to the public session at 2:54 p.m.

Chairman Wittrock 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 Mark Young, seconded by John Craner.

Review of Tax Reimbursement Incentive for PROJECT ARROWHEAD

Chairman Wittrock entertained a motion for PROJECT ARROWHEAD.

Motion:

In the matter of the application for PROJECT ARROWHEAD, I move that the Council **reject** the application for:

- Detriments to existing Idaho businesses

The motion was made by Mark Young, seconded by Mike Reynoldson.

Roll call vote to **reject** the TRI application for PROJECT ARROWHEAD:

John Craner – Aye
Mike Reynoldson - Aye
Margie Watson – Recused
Arlen Wittrock – Aye
Robin Woods - Aye
Mark Young – Aye

Review of Tax Reimbursement Incentive for PROJECT AQUA

Chairman Wittrock entertained a motion for PROJECT AQUA.

Motion:

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

- A post-performance refundable tax credit which represents 15% of new state revenue for seven years.
- No less than 20 new jobs or 60% of the total annual project jobs, whichever is greater.
- Average annual wages must equal or exceed the Kootenai County average wage of \$34,284.
- Tax credit certificate issued post-performance upon review and verification by Commerce.
- Company must maintain operations in Idaho for the term of the agreement.
- Any additional terms deemed necessary by the Director not otherwise conflicting with the above conditions, including allowance for a maximum two-year construction phase during the term of the agreement, if applicable.

The motion was made by Mark Young, seconded by Mike Reynoldson.

Council Discussion: Margie asked how many businesses would benefit from PROJECT AQUA's proposed road improvements. According to Eric Forsch, at least 10 businesses will benefit because the road improvement project will connect to the local industrial park. The road improvement will also support PROJECT AQUA's expansion.

Roll call vote to approve the TRI application for PROJECT AQUA:

John Craner – Aye
Mike Reynoldson - Aye
Margie Watson – Aye
Arlen Wittrock – Aye
Robin Woods - Aye
Mark Young – Aye

Legislative Update

Bobbi-Jo Meuleman reported that the bill to add a definition of micro communities to the Idaho Tax Reimbursement Incentive did not receive a print hearing. The Idaho State Tax Commission "Data Center" bill passed the House and is now with the Senate. Commerce requested a hearing on the bill but it is unlikely to be heard. Commerce's budget will most likely be approved on Friday, March 24, 2017. The property tax exemption bill passed and is now awaiting Governor Otter's approval.

Final Thoughts

The next EAC meeting will be in Boise on April 18, 2017 at Boise State's Computer Science Department in the City Center Plaza.

EAC's quarterly summer meeting will be held in Coeur d'Alene on July 20 and 21. The council will also tour several past TRI award recipients' facilities in Sandpoint.

Mark inquired if President Trump's proposed budget to eliminate funding for HUD's \$3 billion dollar Community Development Block Grant (CDBG) program would affect Commerce. Bobbi-Jo stated that Governor Otter is aware of the proposal and Commerce is monitoring the situation closely. Commerce will keep the council posted as they know more but it is too early to make any predictions.

Motion

Margie Watson moved to close the meeting. Robin Woods seconded.

All ayes – motion approved.

Chairman Wittrock adjourned the meeting at 3:16 p.m.