



C.L. "Butch" Otter, Governor

Megan Ronk, Director

**Economic Advisory Council Meeting
Thursday, October 26, 2017**

Idaho Department of Commerce

JRW East Conference Room, 1st Floor
700 W. State Street, Boise, ID 83702

Members Present:

Robin Woods, *Region II*
Mike Reynoldson, *Region III*
John Craner, *Region IV*
Rick Phillips, *Region V*
Dave Wilson, *Region VII*
Sandy Patano, *At-Large*

Members Present Via Phone:

Mark Young, *Region VI*

Members Absent:

Steve Meyer, *Region I*

Commerce Staff Present:

Megan Ronk, *Director*
Bobbi-Jo Meuleman, *Chief Operations Officer*
Susan Davidson, *Business Attraction Manager*
Cindy Lee, *Grants and Contracts Manager*
Dennis Porter, *Community Development Program Manager*
Autumn Braase, *Senior Business Attraction Specialist*
Sharon Deal, *Senior Community Development Specialist*
Patrick Watson, *Senior Research Analyst*
Amanda Ames, *Community Development Specialist*
Audra Fink, *Administrative Assistant*
Debbie Green, *Financial Specialist*
Ewa Szewczyk, *Grants and Contracts Specialist*
Tony Tenne, *Community Development Specialist*
Andrea Vlassis-Zahn, *Business Attraction Specialist*

Call to Order & Welcome

Vice-Chair Robin Woods called the meeting to order at 9:04 a.m.

Megan welcomed Sandy Patano, At-Large, and Dave Wilson, Region VII, as the newest members of the Economic Advisory Council (EAC). Megan also thanked the council for their time and commitment to the council.

Council Vote on Approval of Minutes:

Vice-Chair Woods noted that the minutes for the August 23, 2017 Economic Advisory Council (EAC) meeting had been distributed and if there were no corrections she would entertain a motion to approve the minutes as distributed.

Moved by: Mike Reynoldson

Seconded by: Rick Phillips

All in favor. No discussion.

Motion approved.

Policy and Procedures Update

The EAC Council recently received a copy of a manual published by the Idaho Attorney's General Office regarding transparency in government titled: *Ethics in Government*.

According to Cindy Lee, the Grants & Contracts Manager, council members should read

the manual and provide their signature on the acknowledgement form to state they understand their responsibilities.

The Idaho Department of Commerce, under Idaho Code §§ 9-340D(6) and 67-4708, may keep certain proprietary and trade secret information secure and exempt from public disclosure. Therefore, TRI projects may not be discussed outside of executive session or shared with members of the public.

The Idaho Department of Commerce recently created a conflict of interest policy for the Economic Advisory Council. Conflict of interest, described as either a potential bias or a financial interest, must be disclosed in writing to the Director of Commerce and the Chairman of the Economic Advisory Council. The policy also states that council members must abide by the rules and statutes provided in the *Ethics of Government* manual. Additionally, the Idaho Department of Commerce may determine a conflict of interest on a council member's behalf.

For the last three years, the Idaho Department of Commerce's annual Tax Reimbursement Incentive audit has been completed by Harris & Co. and for the last two years there have been no findings and no recommendations. Harris & Co. also reviewed six TRI credits that were distributed in 2016 for approximately \$425,000.

Tax Reimbursement Incentive Application Review

Commerce COO Bobbi-Jo Meuleman introduced PROJECT STACK.

Motion to Move to Executive Session

Vice-Chair Woods announced the Council would review the details of one application for refundable tax credit under the Idaho Reimbursement Incentive Act that has been received by the Director and submitted to this Council for review. The application contains records and information exempt from public disclosure under Idaho Code §§ 9-340D(6) and 67-4708. Vice-Chair Woods entertained a motion under Idaho Code § 67-2345(1)(d) to go into executive session to review the application.

Rick Phillips moved to enter into executive session. Dave Wilson seconded.

Roll call vote to move into executive session:

John Craner - Aye
Sandy Patano – Aye
Rick Phillips - Aye
Mike Reynoldson - Aye
Dave Wilson - Aye
Robin Woods - Aye
Mark Young - Aye

With all in favor of moving into executive session, the Council moved into executive session at 9:36 a.m.

Return to Public Session

Vice-Chair Woods noted that the Council returned to the public session at 9:59 a.m.

Vice-Chair Woods indicated the Council

1. Reviewed and discussed the application submitted for refundable tax credit; and
2. Closed the executive session after discussions were concluded. The motion to close the executive session was made by Rick Phillips, seconded by Sandy Patano.

Review of Tax Reimbursement Incentive for PROJECT STACK

Vice-Chair Woods entertained a motion for PROJECT STACK.

Motion:

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

- A post-performance refundable tax credit which represents 14% of new state revenue for seven years.
- No less than 20 new jobs or 60% of the total annual projected jobs, whichever is greater
- Average annual wages must equal or exceed the Kootenai County average wage of \$35,312
- Subject to confirmation of a community match

The motion was made by John Craner, seconded by Mike Reynoldson.

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

John Craner - Aye
Sandy Patano - Aye
Rick Phillips – Aye
Mike Reynoldson - Aye
Dave Wilson - Aye
Robin Woods - Aye
Mark Young - Aye

With a unanimous vote, the Tax Reimbursement Incentive of **14% for seven (7) years for Project STACK 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 when the company makes a formal announcement.

Commerce and Legislative Update

According to Bobbi-Jo, last year the Legislature did not approve Commerce's bill that would have exempted sales tax associated with the sale of conduits, storage servers, and equipment related to data centers. Commerce strongly believes that Idaho would benefit from the passage of this bill as the state offers many attributes that information technology and data center companies find attractive including: affordable energy, land, water, few natural disasters, and a renewable energy platform. Commerce has been in discussion with Senator Dan Johnson (District 6) and is hopeful the bill will pass in the

2018 legislative session. Many states across the U.S. offer a similar exemption which has allowed them to attract large companies within the industry.

Megan informed the council that the State of Idaho proposed the Treasure Valley to Amazon as a potential location for a future headquarters facility.

Amazon only locates their headquarter facilities in metropolitan areas with more than one million people. Even though Boise does not fit Amazon's criteria, the Treasure Valley is poised to potentially vie for one of Amazon's second or third tier projects. Amazon has responded to Idaho's bid and has asked for additional information.

The Idaho Small Employer Incentive Act is set to sunset in 2020. Commerce will be requesting that the sunset be extended in the upcoming legislative session.

Megan informed the council of a small, logistical change to the Tourism regional makeup. Camas County requested to leave Region 7 for Region 4. There has been minimal local and legislative resistance and the change will most likely be formalized on July 1, 2018.

Megan reminded the council that Idaho Commerce added a Business Retention and Expansion team in late 2016, managed by Jake Reynolds, to provide existing Idaho companies the support and tools they need to flourish and expand.

Megan also indicated that Gowen Field Air Force Base in Boise is still one of five locations that the U.S. Air Force is considering as a future home for 18 F-35 aircraft. Commerce remains committed to ensuring that a relevant flying mission continues to reside in Idaho by supporting the Gowen Strong movement. Commerce will continue to educate the public and vocalize their support to government officials in Washington D.C. The decision from the U.S. Air Force should come by late November. Arrival of the F-35 mission would bring roughly 2,800 direct jobs to the Treasure Valley.

According to Megan, Commerce recently unveiled a new branding program for Idaho's recreational technologies companies called Tested in Idaho. The new initiative shines a spotlight on companies that are making and testing their products in the Idaho outdoors and elevates their marketing platform. Thus far, Commerce has completed a soft roll out and has roughly 24 Idaho companies involved.

Megan updated the council on the status of a lawsuit that was previously brought against the TRI initiative. On August 16, 2017 Commerce had a hearing in front of the Idaho Supreme Court. The decision remains forthcoming. In the interim, the TRI initiative is protected by Idaho statute. The Idaho Freedom Foundation, a local non-profit, is thought to have provided support to the plaintiff, Employers Resource.

Community Development Block Grant Update
CDBG PY 2017 Allocation with 2016 Roll-Over Dollars (04/01/2017 to 03/31/2018)

• State (2017) Allocation (\$99,914 less than last year's allocation)	\$7,461,397
• Admin & Tech Assistance	\$323,841
• Post Disaster (Imminent Threat)	\$300,000
• Senior / Community Center / Public Parks	\$746,139

- Public Facilities \$3,045,708
- Economic Development: \$3,045,708

2016 Roll-over = \$6,824,106 split 50:50 into PF and ED (\$3,412,053)
\$270,367 needs to be committed by November 8, 2017

- Public Facilities: \$3,045,708 + \$3,412,053 = \$6,457,761
- Economic Dev: \$3,045,708 + \$3,412,053 = \$6,457,761

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- Post Disaster (Imminent Threat) \$300,000
- Senior / Community Center / Public Parks \$746,139
- Public Facilities \$6,457,761
- Economic Development: \$6,457,761
(jobs & downtown)

Total = \$14,285,502

CDBG PY2017 Budget Amounts & Obligations (04/01/2017 to 03/31/2018)

Set-asides	Budget	Obligated	Remaining
Post Disaster	\$300,000	\$100,000	\$200,000
SR/CC & Parks	\$746,139	\$521,500	\$224,640
Public Facilities	\$8,104,239	\$8,104,239	\$0
Economic Develop (jobs & downtown)	\$4,811,281	\$500,000	\$4,311,281
Totals	\$13,961,661	\$9,225,739	\$4,735,922

Note: The last 2017 funding round (January) will only be for jobs or post disaster

CDBG PY2017 Amounts & Today's Request (04/01/2017 to 03/31/2018)

Set-asides	Remaining Budget	Today's Requests	Remaining if 100% funded
Post Disaster	\$200,000	\$0	\$200,000
SR/CC & Parks	\$224,640	\$1,029,606	\$(804,966)
Public Facilities	\$0	\$0	\$0
Economic Develop (jobs & downtown)	\$4,311,281	\$0	\$4,311,281
Totals	\$4,735,921	\$1,029,606	\$3,706,315

Note: EAC can move dollars within the set-asides

RCBG (State funded) Infrastructure to Jobs Program

- July 1, 2017 – will start with \$770,500 in the state rural initiative grant programs (RCBG & Gem). An additional \$50,000 to the RCBG per the state legislature.
- To Date:
 - RCBG Funds
 - Washington County/ Intrinsic Organics – access road = \$66,548
 - Gem Funds
 - Have obligated = \$6,900
 - No projects currently under review but expecting three applications in December

PY 2017 CDBG Projects

- Public Park is a new set-aside
 - For the CDBG program's 5-year plan we conducted a survey of cities and counties to better understand their public infrastructure and facility needs. Under facilities, parks were identified as the highest need, so subsequently via a legislative approved rule change we added the public parks set-aside.
 - Last October with the EAC's approval we prioritized the park set-aside to construct and improve:
 - Existing parks
 - Playgrounds (which includes equipment)
 - ADA accessibility at the park (includes bathrooms & sidewalks)
 - Splash pads
 - Pools
 - Courts

Council Discussion

Almost unanimously, the Council discussed concern in ensuring that adequate funds are available, after park project funding, for economic development projects. Dennis reminded the Council that they can always choose to put a park project on stand-by until the economic development projects are known.

For Rick, park funding is equally important as economic development funding. Many small Idaho communities will never be awarded economic development dollars but most do have a community park that could benefit from grant funding. According to Rick, spreading funding throughout the state is vital.

Block Grant Application Review – Public Parks

Summary of Application:

1. City of Bonners Ferry: Public Pool for \$150,000
 - a. Staff recommends approving application for funding.
2. City of Franklin: Public Park for \$150,000
 - a. Staff recommends approving application for funding.
3. City of Blackfoot: Public Park for \$150,000
 - a. Staff recommends approving application for funding.
4. City of Ashton: Public Park for \$150,000

- a. Staff recommends approving application for funding but reducing the amount to \$100,000. CDBG would fund 11 stalls on south side of pool for ADA accessibility, relining of the pool, and construction of walking path and ADA concrete work to the pool and portable restroom and restroom enclosure.

Council Discussion: John would encourage the Community Development Block Grant team to ask cities whether or not they plan to install porcelain or stainless steel toilets. John would also like to know if restroom facilities will be locked overnight as security remains important to encouraging responsible stewardship of the facilities.

5. City of Potlatch: Public Park Splash Pad for \$80,000
 - a. Staff recommends approving application for funding.
6. City of Kellogg: Public Pool for \$150,000
 - a. Staff recommends keeping bid add alternative for the family restroom in the scope of work but reducing the award amount by \$25,000. Staff recommends approving application for funding at \$125,000.
7. City of Parma: Public Park for \$49,606
 - a. Staff recommends not approving application for funding.
8. City of Carey: Public Park for \$150,000
 - a. Staff recommends approving application for reduced funding to cover the critical priorities of playground equipment, swings, and ADA accessible parking stalls and walkways to the bathroom/ pavilion for \$55,000. This project is the lowest scoring, however, it is apparent that the improvements to the playground and ADA are needed. Other park components are in decent condition and the need is not urgent. The county, city, and recreation district should determine the best means (and fund) to either move these components, or leave components and establish a joint-use agreement or land swap.

Council Discussion:

Unanimously, the council concurred that the city should be coordinating funding with the county and recreation district. Utilizing local funding sources is imperative and because the entities are not working together the council was in agreement that the project should be funded at a lower amount per staff recommendation.

Council Vote on Public Parks Block Grant Applications

Motion: To fund the following applications per staff recommendations: City of Bonners Ferry, City of Franklin, City of Blackfoot, City of Ashton, City of Potlatch, City of Kellogg, and City of Parma

Moved by: John Craner

Seconded by: Dave Wilson

All in favor. No discussion.

Motion approved.

Council Vote on Public Parks Block Grant Application – City of Carey

Motion: To fund the City of Carey at \$55,000

Moved by: Rick Philips

Seconded by: Dave Wilson
All in favor. No discussion.
Motion approved.

Block Grants Review

- CDBG projects – 2016- 18 status review
- CDBG projects – 2015 – 20 status review

Motion:

Rick Phillips moved to close the meeting. Sandy Patano seconded.

All in favor. No discussion.
Motion approved.

Vice-Chairm Woods adjourned the meeting at 1:40 p.m.