

GOED Board Meeting Minutes

October 11, 2012 • 10:00 a.m.

Governor's Office of Economic Development
60 E. South Temple, Third Floor

Members Present:	Mel Lavitt, Kate Riggs, Stefanie Bevans, Jake Boyer, Cliff White, Sam Granato, Brent Brown, Peter Mouskondis, Amy Anderson
Staff:	Christopher M. Conabee, Jenni Osman, Sophia DiCaro, Spencer P. Eccles, Sue Redington, Eric Nay, Zachary Derr, Kelleigh Cole, Fred Lange, John Bell, Tamy Dayley, Tara Thue, Ron Andrus, Michael Sullivan, Riley Cutler, Michael O'Malley
Visitors:	Bill Loos, Todd Brightwell, Mimi Davis-Taylor, Marshall Moore, Derek Mellus, Sarah Lehman, Jeff Edwards, Kim Frost, Terrance Bride, Kathy Mussio (phone), Paul Neebe, Brice Wallace, Winston Wilkinson, Jason Mathis

Welcome

Mel Lavitt welcomed everyone to the October 11, 2012 Board meeting.

Approval of the September 13, 2012 Minutes

MOTION: Peter Mouskondis moved to approve the minutes of September 13, 2012 GOED Board Meeting minutes. Kate Riggs seconded the motion. Motion was carried unanimously.

EDZONE – Workday

Establish an Economic Development Zone for the purpose of supporting the establishment of a new facility for Workday, Inc. in Salt Lake City, Utah.

MOTION: Cliff White moved to approve the creation of an Economic Development Zone for Salt Lake City in support of their letter of request detailing the boundaries of Workday, Inc. facilities located at 175 E 400 South, Salt Lake City, Utah. Jake Boyer seconded the motion. Motion was carried unanimously.

EDTIF – ENVE Composites, Inc.

Project Highlights

- Timeline: 2012
- Target Industry: Outdoor Products
- Proposed Location: Weber County
- Capital Investment: \$20,000,000 million

Jobs and Revenue

- 342 FTE's
- ENVE Composites, Inc. provides all full time permanent employees with comprehensive health benefits and retirement benefits
- New State Wages over 7 years: \$ 63,315,427
- New State Revenue over 7 years: \$ 5,345,694
 - Withholding: \$ 2,374,328
 - Sales: \$ 454,543
 - Corporate: \$ 2,516,823

MOTION: Kate Riggs moved to approve for ENVE Composites, Inc. a \$1,336,424 EDTIF post-performance refundable tax credit which represents an amount equal to 25% of new state revenue for 7 years and matching post-performance training funds of \$100,000 for up to 150 new employee positions to be distributed in the years 2012 through 2014. Peter Mouskondis seconded the motion. Motion was carried unanimously.

- Total EDTIF not to exceed \$1,336,424 EDTIF post-performance refundable tax credit
- Total post-performance training funds in the amount of a \$100,000 incentive will be granted to ENVE Composites, Inc. to be distributed in years 2012 through 2014 for 150 employment positions. (FTE) Employer training fund match of at least 50% per FTE required. DWS Job Growth Fund training grant shall not exceed \$100,000.
- Annual EDTIF incentive amount based on 25% of qualified new incremental state tax revenues generated and receipted in the previous calendar year
- Total incentive not to exceed 25% of qualified new incremental state tax revenues over 7 years with a contractual recapture provision for any excess funds paid to the company
- Must meet new qualified employment projections, employee headcount at the stated wage % criteria at 50% for each project year

- Annual total project average salary of new employees (not each new position, this is an aggregate annual number) to be at least 125% of the Weber County average wage
- Must commit to keep operation in Utah for the length of the incentive period 7 years
- Incentives are site specific and subject to local incentive participation
- Local incentive proposal must be presented and approved by the GOED Incentives Committee in order for the company to be eligible for the incentive
- Only new state revenue and new jobs created after the GOED Board final approval date are eligible for the incentive
- Incentives are provided post-performance upon review and verification of receipted state taxes and performance requirements as outlined above

Jake Boyer recused himself because ENVE Composites, Inc. is a current tenant of one of the Boyer Company buildings.

Sarah Lehman thanked the GOED Board and staff for their support. The State incentive will allow the company to aggressively compete with Asia and other companies world-wide.

EDTIF – Orange Soda, Inc.

Project Highlights

- Timeline: 2012
- Target Industry: Information Technology
- Proposed Location: Utah County
- Capital Investment: Up to \$5 million over a 10 year period in personal property and FF&E

Jobs and Revenue

- 100 FTE's
- Orange Soda, Inc. provides all full time permanent employees with comprehensive health benefits and retirement benefits
- New State Wages over 11 years: \$ 44,500,541
- New State Revenue over 11 years: \$ 2,679,245
 - Withholding: \$ 1,668,770
 - Sales: \$ 239,974
 - Corporate: \$ 770,500

MOTION: Peter Mouskondis moved to approve for Orange Soda, Inc a \$535,849 EDTIF post-performance refundable tax credit which represents an amount equal to 20% of new state revenue for 10 years (across 11 calendar years) and matching post-performance industrial assistance training funds of \$150,000 for all eligible employment positions to be distributed in years 2012 through 2016. Amy Anderson seconded the motion. Motion was carried unanimously.

- Total EDTIF not to exceed \$535,849 EDTIF post-performance refundable tax credit
- Total post-performance training funds in the amount of a \$150,000 incentive will be granted to Orange Soda, Inc. to be distributed in years 2012 through 2016 for 100 employment positions. (FTE) Employer training fund match of at least 50% per FTE required.
- Annual EDTIF incentive amount based on 20% of qualified new incremental state tax revenues generated and receipted in the previous calendar year
- Total incentive not to exceed 20% of qualified new incremental state tax revenues over 10 years with a contractual recapture provision for any excess funds paid to the company
- Must meet new qualified employment projections, employee headcount at the stated wage % criteria at 50% for each project year
- Annual total project average salary of new employees (not each new position, this is an aggregate annual number) to be at least 125% of the Utah County average wage
- Must commit to keep operation in Utah for the length of the incentive period 10 years
- Incentives are site specific and subject to local incentive participation
- Local incentive proposal must be presented and approved by the GOED Incentives Committee in order for the company to be eligible for the incentive

Kathy Mussio, site selector representative for the company thanked the Incentives team, the GOED Board and the State of Utah for their support. This project could bring potentially a lot more group from the parent company in the future so this initial project is very important.

Marshall Moore presented the trailer for the “Lone Ranger” featuring Johnny Depp. This film was incented through the GOED Board last year and will be released in theatres in 2013.

MPIF – “Breaking Point: Season 2”

Project Highlights

- Category: Television Series
- Genre: Reality
- Director: Gary Shaffer
- Producer: Kate Shepherd, Gary Shaffer

Utah Jobs and Revenue

- Estimated Cast: 49
- Estimated Cast Average Salary: \$187/day
- Estimated Crew: 24
- Estimated Crew Average Salary: \$342/day
- Estimated Extras: 5
- Estimated Extras Average Salary: \$100/day
- Length of Film Production: days
- Estimated Spend: \$1,450,000

Project Schedule

- Prep: September 23, 2012 – December 22, 2012
- Principal Photography: January 1, 2013 – March 2, 2013
- Wrap: March 3, 2013 – May 18, 2013

Motion Picture Advisory Committee Recommendation

Approved by the Motion Picture Advisory Committee (MPAC) October 3, 2012.

MOTION: Amy Anderson moved to approve for BBC Worldwide Reality Productions, LLC a Motion Picture Incentive Program post-performance tax credit of no less than \$290,000 (which represents 20% of dollars left in state) and up to \$362,500 (which represents 25% of the dollars left in state) for the production of ‘Breaking Pointe: Season 2’. Cliff White seconded the motion. Motion was carried unanimously.

- Incentive offer based on receipt of a complete MPIP application including a script and proof of financing
- Must meet \$1,000,000 minimum dollars left in state to be eligible for the incentive
- Dollars left in state start date no earlier than 30 days prior to the Governor’s Office of Economic Development Board of Directors approval
- BBC Worldwide Reality Productions, LLC may be eligible for an additional 5% incentive upon verification of meeting the criteria as adopted by the GOED Board and administered by the Governor’s Office of Economic Development and the Utah Film Commission. Total incentive with this condition, if all terms are met to the satisfaction of the Utah Film Commission, shall not exceed \$362,500 (25% of the dollars left in state).

MPIF – “Red Machine”

Project Highlights

- Category: Feature Film
- Genre: Action
- Director: David Hackl
- Producer: Paul Schiff

Utah Jobs and Revenue

- Estimated Cast: 0
- Estimated Cast Average Salary: \$0/day
- Estimated Crew: 35
- Estimated Crew Average Salary: \$250/day
- Estimated Extras: 0
- Estimated Extras Average Salary: \$0/day

- Length of Film Production: 5 days
- Estimated Spend: \$700,000

Project Schedule

- Prep: September 24, 2012 – October 10, 2012
- Principal Photography: October 11, 2012 – October 17, 2012
- Wrap: October 18, 2012 – October 24, 2012

Motion Picture Advisory Committee Recommendation
Approved by the Utah Film Commission October 3, 2012.

MOTION: Amy Anderson moved to approve for Red Machine, LLC a \$105,000 MPIP post-performance cash rebate which represents 15% of dollars left in state for the production of 'Red Machine'. Stefanie Bevans seconded the motion. Motion was carried unanimously.

- Incentive offer based on receipt of a complete MPIP application including a script and proof of financing.
- Must meet \$200,000 minimum dollars left in state to be eligible for the incentive.
- At least 85% of the productions cast/crew must be Utah Residents and/or Utah Students.

Bill Loos Presentation

Bill Loos, representative from the Attorney General's Office, gave a brief presentation on the Open Public Meetings Act and also the Utah Public Officers' and Employees' Ethics Act. He discussed how every meeting that deals with public matters is open to the public. The only time a meeting can be held privately is when operational and administrative matters are discussed. Each public meeting must be posted on the Utah Public Notice website at least 24 hours prior to the meeting. Written minutes of the meeting and recordings must be kept on file. Under the Utah Public Officers' and Employees' Ethics Act a Board member may not use or attempt to use his official position to further substantially to public officer's economic interests. A Board member must also not disclose any protected or controlled information that he or she has gained through their position as a Board member.

GOED Update

Spencer P. Eccles, Executive Director, thanked the GOED Board for the time and travel that it takes to participate in these meetings. He gave a brief overview on the background work that goes into each of these incentives and the hours that it takes prior to each company being presented to the Board. On Monday, October 22nd the International Trade Summit will be held at the Salt Lake Marriot Hotel. If anyone is interested in becoming more involved in meetings outside of just the Board meeting they are more than welcome to attend, please let the staff know so they can make you aware of some exterior meetings. The 7th Annual PTAC Symposium will also be held on Tuesday, October 23rd at the South Towne Expo, Spencer P. Eccles will be one of the main speakers at the event. L3 Communications just received the Freedom Award, a company that we have recently incented. The Utah Health Exchange has been renamed to Avenue H, there is a large marketing campaign happening right now trying to get the new name out.

Jason Mathis Presentation

Jason Mathis from the Salt Lake Chamber gave a brief overview on the Downtown Convention Center Hotel. There has been much talk over the last 2-3 years on whether or not Salt Lake City would benefit from building a Convention Center Hotel. There have been many studies done on the impact on the city and other hotels. All of the studies show that building a Convention Center Hotel would be a net gain for the State. Some of the reasons that Salt Lake is not able to gain some of the larger Conventions are due to the amount of contracts that would be needed with multiple hotels and transportation for the guests that would be traveling. There would be a negative impact on other hotels for the first few years but after that, there would be an increase in rates and capacity. There will be some movement in the coming months on decisions being made.

Incentives Update

Christopher M. Conabee, Managing Director of Corporate Recruitment and Business Services, gave an update on the Incentives Program regarding new and existing projects.

EDCU Update

Todd Brightwell, Vice President of Business Development at EDCUtah, presented on the status of current and upcoming projects in the pipeline.

Meeting adjourned.