

**MINUTES OF THE  
GOVERNOR'S BOARD OF ECONOMIC DEVELOPMENT**

December 11, 2008 • 10:00 a.m. to 12:00 p.m.  
324 South State Street, 5<sup>th</sup> Floor  
Salt Lake City, Utah

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**Members Present:** Amy Rees Anderson, Ragula Bhaskar, Bill Boyle by phone, Jack Brittain, Mike Dowse, Mary Draper, Stanley Ellington, Molonai Hola, Mel Lavitt, Nikos Linardakis, Jerry Oldroyd, Gerald Sherratt, Jim Sorenson, Cliff White

**Members Absent:** Richard Nelson

**Visitors:** Erick Allen, Jed Boal, Bill Haberstock, Reed Jacobs, Peter Klinge, Heather Krahlik, Steve Maas, Lesley Mitchell, Tracey Schwarz, Brice Wallace

**Staff:** Clark Caras, Doug Clark, Tamy Dayley, Amy Hamblin, Greg Hartley, Fred Lange, Bill Loos, Derek Miller, Christina Oliver, Jason Perry, Ryan Starks, Michael Sullivan

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**Welcome – Approval of the November 2008 Minutes**

**MOTION: Jack Brittain moved to approve the minutes of the November 13, 2008 GOED Board Meeting. Jerry Oldroyd seconded the motion. Motion carried unanimously.**

**Incentives Committee**

**The Sun Products Corporation**

Project Highlights

- Retain 183 executive level positions in the State of Utah and add 80 new employees
- Timeline: Project start January 2009
- Proposed Location: Salt Lake City, Salt Lake County
- Investment: In excess of \$14 million

Jobs and Revenue

- 183 retained executive level positions
- 80 new full-time executive support positions created over 10 years
- Average wage exceeds 175% of Salt Lake County Average
- \$276+ Million State Wages over 10 years
- \$34+ Million State Revenue over same period

Local Incentives

- Local Incentive proposal reviewed and approved by GOED Incentives Committee.

**MOTION: Jerry Oldroyd moved to approve for The Sun Products Corporation a \$2,513,600 post performance blended EDTIF tax credit and IAF grant. \$1,598,600 EDTIF refundable tax credit based on 30% of new state revenue over 10 years. \$915,000 IAF grant based on \$5,000 per FTE for 183 positions. Nikos Linardakis seconded the motion. Motion carried unanimously.**

- Annual EDTIF incentive amount based on 30% of new incremental state tax revenues generated and receipted in the previous calendar year for the new 80 positions.
- Total EDTIF incentive not to exceed 30% of new incremental state tax revenues over 10 years, with a contractual recapture provision for any excess funds paid to the company.
- Total IAF grant not to exceed \$915,000, \$5,000 per position for 183 positions, over the life of the incentive. 183 retained positions must be kept at Utah operation for the length of the incentive period.
- IAF grant to be disbursed in equal amounts over 3 rebate reporting periods.
- Annual total project average salary of new employees to be at least 175% of Salt Lake County average wage.
- Must commit to keep operation in Utah for the length of the incentive period.
- Commitment by local government to provide local incentive.
- Incentives provided post-performance upon review and verification of receipted state taxes and performance requirements as outlined above.

**Keystone Aviation, LLC DBA HondaJet Northwest**

Project Highlights

- Secure the new HondaJet Northwest operation in the State of Utah

- Build a new 22,000 SF dual hanger and showroom facility
- Timeline: Break ground spring 2009
- Proposed Location: Salt Lake City International Airport
- Capital Investment: \$3-\$5 Million

#### Jobs and Revenue

- 70+ New Full-time, Non-retail Positions created over 10 years
- Average wage exceeds 125% of Salt Lake County Average
- \$18.5+ Million State Wages over 10 years
- New State Revenue \$8.7+ Million over same period

#### Local Incentives

- Local Incentive proposal reviewed and approved by GOED Incentives Committee.

Bill Haberstock, CEO of Keystone Aviation, gave an overview of what the facility does and explained the expansion project.

**MOTION: Jerry Oldroyd moved to approve for Keystone Aviation, LLC dba HondaJet Northwest a \$1,740,300 EDTIF Refundable Tax Credit based on 20% of new state revenue over 10 years and part of 2008. Mike Dowse seconded the motion. Motion carried unanimously.**

- Total incentive not to exceed \$1,740,300 EDTIF tax credit.
- Annual incentive amount based on 20% of new incremental state tax revenues generated and received in the previous calendar year.
- Total incentive not to exceed 20% of new incremental state tax revenues over 10 years and part of 2008, with a contractual recapture provision for any excess funds paid to the company.
- Annual total project average salary of new employees to be at least 125% of Salt Lake County average wage.
- Must commit to keep operation in Utah for the duration of the incentives contract.
- Commitment by local government to provide local incentive.
- Incentives provided post-performance upon review and verification of received state taxes and performance requirements as outlined above.

### **ATK Aerospace Structures**

#### Project Highlights

- Develop a new state of the art commercial aircraft composites manufacturing facility
- Timeline: Decision on project location by February 2009; development to full production will take 5-7 years
- Target Industry: Aerospace
- Proposed Location: Clearfield, Davis County
- Capital Investment: \$250+ million in capital equipment and tooling

#### Jobs and Revenue

- 840+ New Full-time Positions created over 20 years and part of 2008
- Average Salary over 175% of Davis County Average
- \$1.6+ Billion New State Wages over 20 years and part of 2008
- New State Revenue \$109+ Million over same period

#### Local Incentives

- Local Incentive proposal reviewed and approved by the GOED Incentives Committee

There was a brief discussion on the rebate percentages. Heather Kralik, ATK, discussed the company's existing operations in Utah. There was discussion on the importance of the aerospace cluster and how the company supports this industry.

**MOTION: Jerry Oldroyd moved to approve for ATK Aerospace Structures a \$32,732,500 EDTIF Refundable Tax Credit based on 30% of new state revenue over 20 years and part of 2008. Mel Lavitt seconded the motion. Motion carried unanimously.**

- Total incentive not to exceed \$32,732,500 over the life of the incentive.
- Annual EDTIF incentive amount based on 30% of new incremental state tax revenues generated and received in the previous calendar year.
- Annual rebate % as follows: 50% in years 1 and 2, 30% in years 3 through 18 with remaining years adjusted so that total incentive does not exceed 30% over the life of the project.
- Total incentive not to exceed 30% of new incremental state tax revenues over 20 years and part of 2008, with a contractual recapture provision for any excess funds paid to the company.

- Annual total project average salary of new employees to be at least 175% of Davis County average wage.
- Must commit to keep operation in Utah for the length of the incentive period.
- Commitment by local government to provide local incentive.
- Incentives provided post-performance upon review and verification of receipted state taxes and performance requirements as outlined above.
- Incentive amount may be offset by a legislative appropriation for this project so that the total does not exceed \$32,732,500 over the life of the incentive.

Jason Perry, Executive Director of GOED, discussed some of the companies whose operations have been effected by the current economy. Mr. Perry explained that GOED is working with those companies and helping employees find work. The Department of Workforce Services (DWS) is also assisting. Stephen Maas, DWS, explained how the agency helps companies and employees when a situation, such as lay offs, occur.

#### **Economic Development Zone**

Approve an Economic Development Zone for purposes of supporting the location of the Nelson Laboratories, Inc. Project in Taylorsville City, Utah.

**MOTION: Jerry Oldroyd moved to approve the creation of an Economic Development Zone for Taylorsville City in support of their letter of request and map detailing the boundaries of the Nelson Laboratories, Inc. Project located at 6280 South Redwood Road. Jack Brittain seconded the motion. Motion carried unanimously.**

#### **GOED Report**

Mr. Perry reported that Governor Huntsman is holding a business roundtable meeting today that includes leaders of Utah universities, local chambers, DWS, education and business leaders to discuss the merging of economic development and higher education.

Charlotte Pipe and Foundry, a company that was incented by GOED, was featured in Business Facilities Magazine. The Kauffman Report also listed Utah as the #1 Most Dynamic Economy. The Sundance Film Festival is coming up next month. There will be an international business event and a video highlighting Utah will be presented.

January's board meeting will be held at the State Capitol Building room 250.

Mr. Perry introduced Greg Hartley who previously came from State Boards and Commissions and will be working with GOED now.

Meeting adjourned.