

GOED Board Meeting Minutes
 December 8, 2011 • 10:00 a.m.
 The Leonardo

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| Members Present: | Rob Adams, Amy Rees Anderson, Jake Boyer, Jack Brittain, Mike Dowse, Mel Lavitt, Jerry Oldroyd, Lowry Snow, Kate Riggs, Cliff White, Sam Granato, Brent Brown |
| Staff: | Sophia Dicaro, Christopher M. Conabee, Eric Nay, Tamy Dayley, Zachary Derr, Jenni Osman, Kelleigh Cole, Vatsala Cole, Michael Sullivan, Marshall Wright, Gary Harter, Riley Cutler, Greg Slater, Mike O'Malley, |
| Visitors: | Todd Brightwell, Jeff Edwards, Marshall Moore, Mimi-Taylor Davis, Derek Mellus, Sue Johnson, Sheila Yorkin, Teri Klug, Nikos Linardakis, Reed Taft, Beth Colosimo, Ravath Pok, Robyn Rohn (phone), Bill Loos, Brett Sneider, Brent Pugh, Matt Piccolo, Ken Kragen, Keith Marrell |

Welcome

Peter Giles, the Director of The Leonardo thanked the GOED Board members for having the Board meeting at their facility and gave a brief overview of what The Leonardo has to offer.

Jerry Oldroyd welcomed everyone to the December 8, 2011 board meeting at The Leonardo.

Approval of the November 10, 2011 minutes

MOTION: Mike Dowse moved to approve the minutes of November 10, 2011 GOED Board Meeting. Amy Rees Anderson seconded the motion. Motion carried unanimously.

Christopher M. Conabee, Managing Director of Corporate Recruitment and Business Services gave a brief overview of the GOED Board member cluster assignments. The goal for the future is to integrate EDCU, GOED, and the GOED Board members to help with the recruitment process within each cluster.

EDTIF- Hexcel

Project Highlights

- Two part expansion of global Carbon Fiber Facility L Project I is an 120,000 square foot Matrix Facility creating over 200 jobs. Project II represents the continued expansion of 12 new Carbon Fiber production lines creating over 400 jobs over the life of the Incentive.
- Timeline: 2012
- Target Industry: Aerospace & Defense
- Proposed Location: Salt Lake County
- Capital Investment: \$650,000,000

Jobs and Revenue

- Full time jobs over the project lifetime: 616
- The company will provide full time employees with comprehensive health and retirement benefits.

MOTION: Jerry Oldroyd moved to approve for Hexcel a \$7,767,961 EDTIF post-performance refundable tax credit which represents an amount equal to 25% of new state revenue for 10 years. Amy Anderson seconded the motion. The motion was carried unanimously.

- Total EDTIF incentive not to exceed \$7,767,961 EDTIF post-performance refundable tax credit.
- 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 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 25% for each project year.
- Annual total project salary of new employees (not each new position, this is an aggregate annual number) to be at least 125% of the Salt Lake County average including company contributed health insurance.

- 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
- Only new state revenue and new jobs created after the GOED Board final approval date are eligible for this incentive.

Brett Schneider, Director of Advanced Manufacturing for Hexcel explained to the Board the main reasons they are interested in Utah. He thanked the GOED Board for their support in their decision.

EDTIF- L-3

Project Highlights

- Expansion of current L3, CS West Utah facility to accommodate nationwide consolidation of L3 operations. Constructions of 3 additional buildings with leases over \$18 MM.
- Timeline: 2012
- Target Industry: Aerospace and Defense
- Proposed Location: Salt Lake County
- Capital Investment: \$5.6 M - \$6.1 M

Jobs and Revenue

- Full time jobs over project lifetime: 500
- The company will provide full time employees with comprehensive health and retirement benefits.

MOTION: Jerry Oldroyd moved to approve for L-3 a \$5,526,682 EDTIF post-performance refundable tax credit which represents an amount equal to 25% of new state revenue for 10 years.

Jack Brittain seconded the motion. The motion was carried unanimously.

- Total EDTIF incentive not to exceed \$5,526,682 EDTIF post-performance refundable tax credit.
- Annual EDTIF incentive amount based on 25% of qualified new incremental state tax revenues generated and received in the previous calendar year.
- Total incentive not to exceed 25% 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 headcount projections at 50% for each project year.
- Employee average wage must meet 150% of the county average wage.
- Annual total project salary of new employees (not each new position, this is an aggregate annual number) to be at
- 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
- Only new state revenue and new jobs created after the GOED Board final approval date are eligible for this incentive.

Jake Boyer recused himself from the discussion on this project due to a conflict of interest. Brent Pugh, the controller from L-3 spoke briefly on the reason they would like to expand in Utah due to the capacity issue they are running into right now. They are continuing to have to outsource jobs and dollars to other states until they either move or expand into a new facility. He thanked the GOED Board for their continued support to move forward.

EDTIF- Futura

Project Highlights

- Phase I Expansion of Futura’s operations that are performed downstream from its extrusion presses, 100 jobs. Phase II begins with either the construction of the new facility, 40 jobs.
- Timeline: 2012
- Target Industry: Other
- Proposed Location: Davis County

- Capital Investment: \$23,155,000
- Jobs and Revenue
- Full time jobs over project lifetime: 143
- The company will provide full time employees with comprehensive health and retirement benefits.

MOTION: Jerry Oldroyd moved to approve for Futura a \$1,694,786 EDTIF post-performance refundable tax credit which represents an amount equal to 20% of new state revenue for 8 years.

Mike Dowse seconded the motion. The motion was carried unanimously.

- Total EDTIF incentive not to exceed \$1,694,786 EDTIF post-performance refundable tax credit.
- 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 8 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 126% for each project year.
- Must commit to keep operation in Utah for the length of the incentive period, 8 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
- Only new state revenue and new jobs created after the GOED Board final approval date are eligible for this incentive.

Susan Johnson, the president and CEO of Futura Industries spoke briefly regarding the background of the company and the reason that they are looking into an incentive is largely due to the fact that they are growing faster than they thought they would. She thanked the GOED Board for their support in keeping their facility in Utah.

RECOMMENDATION. Adjusting IM Flash Technologies, LLC Motion

On June 20, 2011 the GOED Board approved a post-performance EDTIF Refundable Tax Credit incentive based on 30% of new state revenue over 15 years not to exceed \$45,900,000.00. This was a ten-year extension of an existing cash tax credit for IM Flash Technologies, LLC from 2006-2011. In drafting the contract for the ten-year extension, the State of Utah and IM Flash Technologies, LLC agreed to modify the year 2011 from a cash tax credit to a post-performance refundable tax credit. This modification benefits the State but requires adjustment of the \$45,900,000.00 amount to \$49,100,000.00 to incorporate the \$3,200,000.00 in post-performance refundable tax credits projected for 2011.

Recommendation: Jerry Oldroyd moved to adjust IM Flash Technologies, LLC post performance EDTIF Refundable Tax Credit incentive based on 30% of new state revenues from 2011 to 2021 from an amount not to exceed \$45,900,000.00 to an amount not to exceed \$49,100,000.00, incorporating the \$3,200,000.00 projected for 2011. Sam Granato seconded the motion. The motion was carried unanimously.

MPIF

Spencer P. Eccles, Director of the Governor’s Office of Economic Development gave a brief overview of the status on “John Carter” and the trailer of the film was presented to the GOED Board members.

MPIF- “12 Dogs of Christmas”

Project Highlights

- Category: Feature Film (Independent)
- Genre: Family
- Director: N/A
- Producers: Ken Kragen, Kieth Merrill

Utah Jobs and Revenue

- Estimated Cast: 14
- Estimated Cast Average Salary: \$527/day
- Estimated Crew: 45
- Estimated Crew Average Salary: \$355/day
- Estimated Extras: 200
- Estimated Extras Average Salary: \$150/day
- Length of Film Production: 35 days
- Estimated Spend: \$3,114,235

MOTION: Amy Anderson moved to approve for The 12 Dogs of Christmas, LLC a Motion Picture Incentive Program post-performance cash rebate of no less than \$500,000 (which represents 20% of dollars left in state) for the production of '12 Dogs of Christmas II'. Lowry Snow seconded the motion. The motion was carried unanimously.

- Incentive offer based on receipt the of a complete MPIF 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

Keith Marrell, Producer of "12 Dogs of Christmas" gave a brief overview on how the idea of this movie came about and also why they are interested in filming this sequel in Utah.

MPIF- "Soulmates"

Project Highlights

- Category: Feature Film (Independent)
- Genre: Drama
- Director: Jeff Celentano
- Producers: Bob Myers, Susan Kay Moses

Utah Jobs and Revenue

- Estimated Cast: 35
- Estimated Cast Average Salary: \$760/day
- Estimated Crew: 75
- Estimated Crew Average Salary: \$250/day
- Estimated Extras: 30
- Estimated Extras Average Salary: \$125/day
- Length of Film Production: 24 days
- Estimated Spend: \$2,470,000

MOTION: Amy Anderson moved to approve for Platinum Moose Productions, LLC a Motion Picture Incentive Program post-performance cash rebate of no less than \$494,000 (which represents 20% of dollars left in state) for the production of 'Soulmates'. Rob Adams seconded the motion. The motion was carried unanimously.

- Incentive offer based on receipt the of a complete MPIF 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

MPIF- "Providence"

Project Highlights

- Category: Feature Film (Independent)

- Genre: Drama/Romance
- Director: N/A
- Producers: Robert Gros

Utah Jobs and Revenue

- Estimated Cast: 10
- Estimated Cast Average Salary: \$855/day
- Estimated Crew: 95
- Estimated Crew Average Salary: \$300/day
- Estimated Extras: 400
- Estimated Extras Average Salary: \$102/day
- Length of Film Production: 22 days
- Estimated Spend: \$2,000,000

MOTION: Amy Anderson moved to approve for Providence, LLC a Motion Picture Incentive Program post-performance cash rebate of no less than \$500,000 (which represents 25% of dollars left in state) for the production of ‘Providence’. Sam Granato seconded the motion. The motion was carried unanimously.

- Incentive offer based on receipt the 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

MPIF- “The American Ride”

Project:

- Category: Reality Television
- Genre: Drama
- Director: N/A
- Producer: Jeff Miller

Utah Jobs and Revenue:

- Estimated Cast: 1
- Estimated Cast Average Salary: \$300/day
- Estimated Crew: 13
- Estimated Crew Average Salary: \$500/day
- Estimated Extras: 10
- Estimated Extras Average Salary: \$100/day
- Length of Film Production: 40 days
- Estimated Spend: \$1,339,000

MOTION: Amy Anderson moved to approve for Vineyard Productions a \$200,850 MPIP post-performance cash rebate which represents 15% of dollars left in state for the production of ‘American Ride: Season 2’. Jack Brittain seconded the motion. The 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 90% of the productions cast/crew must be Utah Residents and/or Utah Students.

GOED Update

Spencer P. Eccles, Director of the Governor's Office of Economic Development, spoke briefly on where we stand as a State compared to other States around the country. He also spoke on Governor Herbert's Coordinating Council and the purpose of this group which is to collaborate different ways to drive economic development and reach Governor Herbert's goal of reaching 100,000 jobs in 1,000 days.

Michael O'Malley gave a very brief overview on the upcoming Montage Sundance Business Event that will take place on January 21, 2011.

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 in regards to new jobs, new state revenue, capital investment, and also new state wages.

EDCU Report

Todd Brightwell, Vice-President of EDCU, provided an update on the amount of projects they have in the pipeline year to date. He spoke on the projects themselves and how many jobs will be created per potential project. Most projects that are in the pipeline currently are larger than they have been in the recent past with more potential revenue and more potential jobs available in the near future.

Meeting adjourned.