

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

May 16, 2008 • 10:00 a.m. to 12:00 p.m.
324 South State Street, Suite 500
Salt Lake City, Utah

Members Present: Amy Rees Anderson, Bill Boyle, Jack Brittain, Mike Dowse, Mary Draper, Stanley Ellington, Mel Lavitt, Nikos Linardakis, Richard Nelson, Jerry Oldroyd, Gerald Sherratt, Cliff White

Members Absent: Ragula Bhaskar, Molonai Hola, James Sorenson

Visitors: Paul Beetse, Mason Bishop, Bill Borden, Todd Brightwell, Colleen Burke, Jeff Edwards, Mary Giuseffi, Mary Ann Hughes, Reed Jacobs, Meredith Lavitt, Brent Lawrence, Ted McAleer, Tricia McGarny, Steve Maas, Mike Richards, Philip Thompson, Brice Wallace, Evan Walker

Staff: Luke Behrmann, Gregg Blanchard, Clark Caras, Mimi Davis-Taylor, Ricky Flores, Amy Hamblin, Gary Harter, Fred Lange, Bill Loos, Derek Miller, Marshall Moore, Christina Oliver, Ryan Starks, Michael Sullivan, Marshall Wright

Welcome –

Jerry Oldroyd acted as chairman in Ragula Bhaskar's absence.

Approve April 2008 Minutes

MOTION: Jack Brittain moved to approve the minutes of the April 18, 2008 GOED Board Meeting. Richard Nelson seconded the motion. Motion carried unanimously.

Committee Reports

Oracle

Project Highlights:

- Data storage center
- Target Industry: Software and information technology
- \$260,000,000 Capital Investment

Jobs and Revenue:

- 100 New Full-time Employees
- Average salary over 200% of the Salt Lake County Median
- \$73,574,249 New State Wages over 10 years
- \$50,415,374 New State Revenue over 12 years

Company Request

- Incentives of \$16,000,000 over 12 years

Local Incentives:

- Local incentive from West Jordan City approved by the Incentives Committee on 5/9/2008

Oracle is a very strong company with high paying jobs. The proposed location was discussed. The competition was discussed. It was clarified that the project is not a call center it is a data center with high paying jobs and there is a significant difference.

MOTION: Mel Lavitt moved to approve for Oracle a \$15,124,000 maximum refundable tax credit based on 30% of new state revenue over 12 years, per the schedule below. Amy Rees Anderson seconded the motion. Motion carried unanimously. Richard Nelson abstained per Mark Sunday being on the Utah Technology Council's Board.

- Incentives provided post-performance upon review and verification by GOED
- Maximum incentive not to exceed 30% of new state revenues over 12 years
- New employee salaries to be at least 200% of Salt Lake County median wage
- Must keep operation in Utah for at least 12 years, with contractual "clawback" provision
- Subject to Local Incentive

Rural Broadband Service Fund

The Rural Broadband Fund is intended to promote the activity of broadband service in rural areas of the state. This program is the first attempt of addressing the issue of the need for broadband. The legislation has set a process for the applications under this program. There is a public comment and competitive application period. There was discussion on how the public is notified of applications. It was explained that the Utah Rural Telecom Association, which all companies belong to, is notified along with any other interested parties. The speed of the broadband requirement was discussed. It was explained that the legislation only requires 256 kbps. The service could actually be faster, but the 256 is the least that is required. It was reminded that all funds are disbursed on a post performance basis.

Carbon Emery Telcom, Inc.

Requested funds to provide wire line broadband internet service equal to, or in excess of, 256 kilobits per second to the 2 rural locations listed below:

	Location	County	Estimated Cost	50% Cost	# of Potential Subscribers
1	Columbia, UT	Carbon	\$ 205,355	\$102,678	70
2	Kenilworth, UT	Carbon	\$ 224,527	\$112,264	89
		Total	\$ 429,882	\$214,941	159

MOTION: Jerry Oldroyd moved to approve a post performance rebate for all projects listed above. Total rebate not to exceed 50% of each individual actual project cost or budgeted cost, whichever is less, and no more than 50% of aggregate projects cost which is \$214,941. Cliff White seconded the motion. Motion carried unanimously.

Requirements:

- Post Performance Rebate: All documentation as required by UCA 63M-1-2301 through 63M-1-2306 and R357-2 must be provided to the office for audit and disbursement.

Qwest Corporation

Requested funds to provide wire line broadband internet service over existing copper facilities equal to, or in excess of, 256 Kbps up to 1.5 Mbps for 42 locations at an estimated cost of \$1,263,818 with 50% of the cost being \$631,909 and 9,808 potential subscribers.

MOTION: Jerry Oldroyd moved to approve a post performance rebate for all 42 projects. Total rebate not to exceed 50% of each individual actual project cost or budgeted cost, whichever is less, and no more than 50% of aggregate projects cost which is \$631,909. Cliff White seconded the motion. Motion carried unanimously.

Requirements:

- Post Performance Rebate: All documentation as required by UCA 63M-1-2301 through 63M-1-2306 and R357-2 must be provided to the office for audit and disbursement.

Bill Boyle, GOED Board Member, reported that Frontier Telecom who is a local provider in Southeastern Utah has installed fiber with no state assistance. This greatly improves broadband capabilities in that part of the state. It is a wonderful opportunity for rural Utah and thanked GOED for helping facilitate the project.

Motion Picture Incentive Fund

Big Eyes

Application Type: MPIF

- Category: Independent Film
- Genre: PG-13 Drama
- Producer (s): Barry Rosenbush, Bill Borden, Terry Spazek
- Director (s): Scott Alexander, Larry Karazewski

Jobs and Revenue:

- Estimated Crew Members: 110
- Estimated Average Salary: \$2,000/week
- Length of Utah Film Production: 30 actual production days
- Estimated Utah Spend: \$6,000,000

Readiness:

- Financing: 100% (50% through T&C Pictures US, Inc.)
- Distribution: Theatrical release under negotiation

Project Schedule:

- Production: May 15,2008-September 30,2008

Motion Picture Advisory Committee Recommendation:

- Approved by the Motion Picture Advisory Committee (MPAC) on 5/8/2008

Incentives Committee Recommendation:

- Approved by the Incentives Committee on 5/9/2008

MOTION: Jerry Oldroyd moved to approve The Movie Company, Inc for the film Big Eyes, a MPIF rebate not to exceed 15% of the total dollars left in the state. The total dollar amount for the rebate shall not exceed \$500,000. Amy Rees Anderson seconded the motion. Motion carried unanimously.

Dr. Nikos Linardakis gave a brief summary of the film and introduced producer Bill Borden. Bill Borden, Producer, explained the reasons why they continue to come to Utah to shoot films. Mr. Borden also explained how important the MPIF incentive is and that it is a big determining factor for film locations.

High School Musical Reality TV Series

Production Overview:

- Application Type: MPIF
- Category: Reality TV Series
- Genre: Reality Television
- Producer (s): Alexander Campbell/Jeff Anderson
- Director (s): Anthony Sacco

Jobs and Revenue:

- Estimated Crew Members: 150
- Estimated Average Salary: \$1,000/week
- Length of Utah Film Production: 34 actual production days
- Estimated Utah Spend: \$1,865,340

Readiness:

- Financing: 100% through ABC, Inc.
- Distribution: ABC, Inc. to broadcast series

Project Schedule:

- Principle Photography: June 1, 2008 – July 2, 2008

Motion Picture Advisory Committee Recommendation:

- Approved by the Motion Picture Advisory Committee (MPAC) on 5/8/2008

Incentives Committee Recommendation:

- Approved by the Incentives Committee on 5/9/2008

MOTION: Jerry Oldroyd moved to approve Derby Productions, Inc for the Reality TV Series High School Musical Reality TV Series, a MPIF rebate not to exceed 15% of the total dollars left in the state. The total dollar amount for the rebate shall not exceed \$279,801. Amy Rees Anderson seconded the motion. Motion carried unanimously.

There was discussion on the MPIF budget and new legislature on modifying the fund.

GOED Report

Phil Thompson, Chair of the EDCUtah Board, discussed his role with the board, what his goals are, and the partnership with GOED. Mr. Thompson thanked the GOED Board for their work and wonderful partnership with EDCUtah.

Jason Perry, Executive Director of GOED, announced that board member Amy Rees Anderson received the Entrepreneur of the Year Award by Midwest Capital Network. Next week is the International Council of Shopping Centers in Nevada where local governments gather to pursue retail options for their communities. Forbes Magazine listed Utah as one of the most recession proof states in the U.S. Area Development Magazine issued GOED, for the 2nd year in a row, the Silver Shovel Award for Best and Most Jobs per capita for a project. Mr. Perry announced that Governor Huntsman will be visiting with several financial institutions in New York City to discuss and present business cases for them to expand or move to Utah. The unemployment rate is still very low and Utah has a job growth of 3.1% while the National job growth rate was 0.3%.

Steve Maas, Department of Workforce Services, gave a follow up report to last month's presentation. There are still workforce shortages in the healthcare industry. RN's, machinists, welders and engineers are also in great demand. DWS will also be updating their ten year projections.

Fred Lange, Procurement Technical Assistance Centers/GOED, discussed program funding and program performance. Mr. Lange discussed the 3rd Annual Procurement Symposium and handed out a DVD on PTAC services.

Richard Nelson, GOED Board Member, reported on the Workforce Task Committee. He explained that identifying NAICS codes for the economic clusters and the issue of Utah's workforce is a number one issue. Mr. Nelson also showed a short clip on the nation's education situation.

Marshall Moore, Director of the Utah Film Commission, introduced Mary Ann Hughes the Vice President of Production Planning for the Walt Disney Company. Ms. Hughes discussed film incentives and their importance. The film incentives are a critical factor in determining the location of where they shoot a film. Ms. Hughes also provided historical information on how production incentives came to be and discussed what other states are providing.

Derek Miller, Managing Director of Recruitment and Incentives/GOED, provided an update on the incentive programs.

Meeting Adjourned.