

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

June 20, 2008 • 10:00 a.m. to 12:00 p.m.  
Ballard Spahr Andrews & Ingersoll  
201 S. Main Street  
Salt Lake City, Utah

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**Members Present:** Ragula Bhaskar, Bill Boyle, Jack Brittain, Mary Draper, Mel Lavitt, Nikos Linardakis, Richard Nelson, Jerry Oldroyd, Gerald Sherratt, James Sorenson, Cliff White

**Members Absent:** Amy Rees Anderson, Mike Dowse, Stanley Ellington, Molonai Hola,

**Visitors:** Barbara Bagnasacco, Todd Brightwell, Colleen Burke, Jeff Edwards, Stacy Floyd, Reed Jacobs, Steve Maas, Ted McAleer, Lesley Mitchell, Tim Nelson, Brice Wallace

**Staff:** Luke Behrmann, Clark Caras, Amy Hamblin, Derek Mellus, Marshall Moore, Christina Oliver, Jason Perry, Ryan Starks, Michael Sullivan

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Welcome –

**Approve May 2008 Minutes**

**MOTION: Jack Brittain moved to approve the minutes of the May 16, 2008 GOED Board Meeting. Mary Draper seconded the motion. Motion carried unanimously.**

**Centers of Excellence Report (COE)**

Nicole Toomey Davis, Director of the Centers of Excellence, gave a report on the COE program. Ms. Davis acknowledged the GOED Board members who participated in the COE review process this year: Ragula Bhaskar, Nikos Linardakis, Richard Nelson and Jerry Oldroyd. Jerry Oldroyd spoke about the amazing technology from this year's companies and the importance of the program. Richard Nelson discussed the importance of licensee funding and complimented Ms. Davis on the great job the program has done. It was noted that Sorenson Communications was a COE funded project that created 5,000 jobs. Dr. Nikos Linardakis explained that this was his first year involved in the review process. Dr. Nikos said there were very qualified candidates with great technologies available and that the involvement with the universities brought a lot of experience to the table. This was COE's first year for open solicitation for licensees. Ms. Davis further discussed the program qualifications, processes and successes.

**Committee Reports**

**Motion Picture Advisory Committee Report**

If The Spirit Moves You

Project Request:

- Category: Feature Film (Independent)
- Genre: Drama
- Producer (s): John Kelly
- Director (s): Rowan Woods
- Dollars Left In State: \$7,000,000
- Requested Estimated Rebate: \$500,000
- Estimated Crew/Cast Members: 115
- Estimated Average Salary: \$17,500 for a ten week shoot
- Length of Utah Film Production: 50 actual production days

Project Spend:

- Estimated Total Project Spend: \$8,000,000
- Estimated Utah Spend: \$7,000,000
- % Total Spend In Utah: 88%

Demonstrate Readiness Requirement:

- Financing: Film Four, UK
- Distribution: Film Four, UK

Project Schedule:

- Photography: September 8 – November 14 2008
- Post Production: November 14 – December 12 2008

**MOTION: Nikos Linardakis moved to approve for Spirit Productions for the film ‘If the Spirit Moves You’, 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. Gerald Sherratt seconded the motion. Motion carried unanimously.**

Marshall Moore, Director of the Utah Film Commission, discussed the potential SAG Strike and how it may effect local production. There were 30 feature films shot in the state this year. There was also discussion on the current MPIF budget. Staff is working on modifying the MPIF legislation. An economic impact model is currently being done for the next legislative session.

#### **Incentives Committee**

##### **EDZONE - Oracle**

Establish an Economic Development Zone for purposes of supporting the location of the Oracle Project in the City of West Jordan, Utah.

**MOTION: Jerry Oldroyd moved approve the creation of an Economic Development Zone for the City of West Jordan in support of their resolution and map detailing the zoning and boundaries of the Oracle Project. Mel Lavitt seconded the motion. Motion carried unanimously.**

#### **eBay**

##### Project Highlights

- Data Storage Center
- Target Industry: Software and information technology
- \$334,000,000 Initial Capital Investment with projected expansions

##### Jobs and Revenue

- 50 New Full-time Positions
- Average Salary over 175% of Salt Lake County Median
- \$23,799,980, New State Wages over 10 years
- \$109,110,945 New State Revenue over 10 years

##### Company Request:

- Incentives equaling 30% of New State Revenue over 10 years

##### Local Incentives:

- TBD

Jerry Oldroyd abstained from discussion and comment due to his firm’s involvement with the company. Mel Lavitt explained the project. There was discussion on the company’s green initiatives and the power that will be used.

**MOTION: Cliff White moved to approve for eBay a \$27,277,000 maximum refundable tax credit based on 25% of new state revenue over 10 years. Richard Nelson seconded the motion. Jerry Oldroyd abstained. Motion carried unanimously.**

- Incentives provided post-performance upon review and verification by GOED
- Maximum incentive not to exceed 25% of new state revenues over 10 years, with contractual “clawback” provision
- Total average new employee salaries to be at least 150% of Salt Lake County median wage
- Must commit to keep operation in Utah for at least 10 years
- Subject to future local incentive approval by GOED Board

#### **Cementation**

##### Project Highlights

- USA Corporate Headquarters for Underground Mine Contracting and Engineering
- Target Industry: Corporate Headquarters and Natural Resources
- \$5,500,000 Capital Investment

##### Jobs and Revenue

- 422 New Full-time Employees within the next 10 year period
- Average Salary over 200% of Salt Lake County Median Wage
- \$130,226,301 New State Wages over 10 years
- \$16,585,538 New State Revenue over 10 years

##### Company Request:

- Incentives equaling 30% of New State Revenue over 10 years

Local Incentives:

- TBD

The local incentive was discussed. It was explained that they will be leasing a building and many of their employees are consultant types that will be spread around the state.

**MOTION: Jerry Oldroyd moved to approve for Cementation USA a \$3,317,000 maximum refundable tax credit based on 20% of new state revenue over 10 years. Gerald Sherratt seconded the motion. Motion carried unanimously.**

- Maximum incentive not to exceed 20% of new state revenues over 10 years, with contractual “clawback” provision
- Incentives provided post-performance upon review and verification by GOED
- Total average new employee salaries to be at least 200% of Salt Lake County median wage
- Must commit to keep operation in Utah for at least 10 years
- Subject to Local Incentive

**Fresenius**

Project Highlights

- 250,000 to 500,000 sq. ft. building for the third phase of the expansion
- Capital Investment: \$340,000,000

Jobs and Revenue:

- 1,111 Jobs
- Average Salary over 150% of Weber County Median Wage
- \$303,339,000 New State Wages over 10 years
- \$16,630,445 New State Revenue over 10 years

Local Incentives:

- Ogden City is supporting this expansion

Fresenius was previously approved for an EDTIF incentive to expand its current Ogden facility onto adjacent property that is owned and occupied by the Weber County School District bus facility. Ogden City created an RDA to buy the bus facility and plans were in place for the bus facility to relocate. These are good jobs and a strong company that is very important to the Ogden area. Costs have now exceeded expectations in regards to relocating the bus facility. Ogden City has already contributed a great deal toward the project. Increasing the incentive will help the project move forward. It was also noted that the company is in the Life Science Cluster.

**MOTION: Jerry Oldroyd moved to modify current Fresenius EDTIF agreement from 18% of new state revenue, \$3,000,000 maximum refundable tax credit, to \$4,157,611 maximum refundable tax credit based on 25% of new state revenue over 10 years. Nikos Linardakis seconded the motion. Motion carried unanimously.**

- Incentives provided post-performance upon review and verification by GOED
- Maximum incentive not to exceed a total of 25% of new state revenues over 10 years and 30% in any individual rebate period, with contractual “clawback” provision
- Modification of contract to affect years 1-10 of contract
- Total average new employee salaries to be at least 150% of Weber County median wage
- Must commit to keep operation in Utah for at least 10 years
- Subject to future local incentive

**GOED Report**

Jason Perry, Executive Director of GOED, thanked Jerry Oldroyd and Ballard Spahr for hosting the GOED Board. Mr. Perry spoke about Governor Huntsman’s trip to New York. The focus of his trip was on the Financial Services/Industrial Banks Cluster. During the New York trip, Goldman Sachs announced a new expansion in Utah following their meeting with Governor Huntsman.

The inaugural Delta flight to Paris, France took place on June 2<sup>nd</sup>. There were two focus points on this trip: travel/tourism and business development.

Some current Utah rankings: #1 Technology Concentration & Dynamism, Most Legally Fair State, #6 Most Recession Proof

New 'Welcome to Utah' signs will be posted at all major entrances into the State. Each sign was designed specific to the area where the entrance is located.

Governor Huntsman will be looking at revising his 10 Point Economic Development Plan and would like feedback and ideas from the GOED Board on aligning those plans with what is happening around the state and the economy.

There was discussion on the need for incentives for small or pre-revenue companies; especially for those in the technology and life science industries. Different options on how to include this into existing incentive programs was discussed. There was also discussion on renewable energy/resources and recruiting more companies in that industry to the state. The natural resources cluster was discussed.

EDCUtah and GOED staff attended the BIO show in San Diego. GOED also participated at the AUVSI show.

The most recent economic data from the Department of Workforces services was handed out. DWS staff was available to answer questions.

The Procurement Technical Assistance Centers (PTAC) group received an award for Excellence in Government Contracting. PTAC secured \$230 million in contracts and created 4,000 jobs.

Tim Nelson, Director and Producer for the film *The Assignment*, spoke about the economic impact that his film had on the local community while shooting in Rural Utah. He also discussed the importance of the conversion to a tax credit.

Meeting adjourned.