

GOED Board Meeting Minutes

June 12, 2014 • 10:00 a.m.

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

Members Present:	Mel Lavitt, Jerry Oldroyd, Winston Wilkinson, Cliff White, Sam Granato, Josh Romney, Margo Jacobs, Stefanie Bevans, Lorena Riffo-Jensen, Jake Boyer
Staff:	Theresa A. Foxley, Christopher M. Conabee, Spencer P. Eccles, Sophia DiCaro, Eric Nay, Jenni Osman, Brad Peterson, Kevin Jessing, Marshall Wright, Vince Mikolay, Fred Lange, Ali Anderson, Cherie Abiang, Jessica Nield, Dan Royal, Michael Sullivan, Mindy Vail
Visitors:	Eric Shaw, Christina Oliver, Todd Brightwell, Jeff Edwards, Marshall Moore, Ricky Flores, Mayor McAdams, Earl Conabee, Vanessa Conabee, Brice Wallace, Beth Colosimo, Erin Laney, Chris Otto, Brad Baird, Brittany Altieri, Spencer F. Eccles, Reed Jacobs Taft, Kevin Bischoff, Kim Frost, Mike Gurrell, Clint Murray, Colby Cooley, Erin Litvack, Conly Hamilton, Nick Purse, Lindsay Clark, Nicholas Dall, Brian Farr, Tom Brough, Tim Vallau, Lance Soffe, Julian Tippetts, Jesse Fisher, Larry Gigerich

Welcome

Mel Lavitt welcomed everyone to the June 12, 2014 Board meeting.

Approval of the Minutes

MOTION: Cliff White moved to approve the May 8, 2014 minutes. Sam Granato seconded the motion. Motion was carried unanimously.

Convention Center Hotel Update

Theresa A. Foxley, Managing Director gave a brief overview of why the endorsement for the Convention Center Hotel development was being presented to the GOED Board.

Mayor McAdams gave a presentation on the new economic development tool that was created in the 2013 legislative session allowing the new convention facility development incentives act. As part of the Act the County is required to issue an endorsement letter in order to be qualified for the GOED incentive authorized by this Act. The participating stakeholders in this process are the Governor’s Office of Economic Development, the City of Salt Lake and the redevelopment agency of Salt Lake City. During this process three individuals will need to participate on a committee that will review the RFP responses. The new Convention Center Hotel post-performance tax credit includes the following:

- Establishes a post-performance, 100% refundable tax credit for the owner of a New Convention Center Hotel;
- Tax credit amount calculated as a percentage of state and local sales taxes generated from the development of the hotel property; AND
- Authorizes the local redevelopment agency to receive incremental property tax revenue generated from hotel property.

NEW Hotel Impact Mitigation Fund – \$8.4 Million Fund

\$8.4 Million of the total incentive package offered to a developer will be paid into this newly created fund over a four year period. GOED, in consultation with the County and the Utah Hotel and Lodging Association, will create rules that will set up a mechanism whereby hotels can apply for funds to offset any ‘direct loss’ impacts, which they anticipate will be \$0 of the new hotel supply being added to the market.

If, in one of the four years this fund is active, \$2.1 million is not paid to a hotel, or multiple hotels, the difference between \$2.1 million and what is actually paid out each year will be deposited into the NEW Stay Another Day & Bounce Back Fund.

NEW Stay Another Day & Bounce Back Fund – 5% Per Year

This is a newly established fund overseen by the State of Utah Board of Tourism Development and is made possible by this new hotel incentive. Each year that GOED issues a tax credit, 5% of the state’s portion of sales tax refunded to the hotel owner will be deposited into this new account for a period of up to 20 years. This is in addition to the amount deposited from the Hotel Impact Mitigation Fund. The genesis of this fund was to create a mechanism for cities and towns from all over the state to market their locations to convention goers. They know from over 10 years of research that 28% of our convention attendees return to Utah for a vacation and bring with them 2.4 people.

There was a discussion around the table by the GOED Board on the right way to approach this. The city would like to pick the developer prior to establishing a location. Jake Boyer and Josh Romney voiced their concerns over this because in many instances land owners will not work with particular developer so they would rather pick the perfect land and then have developers submit their ideas to the committee.

The majority of the board decided to vote to endorse the Convention Center Hotel.

To facilitate the consideration of various stakeholders' input in the Salt Lake Convention Center Hotel development, the GOED team recommends a process whereby:

- Representatives of GOED, Salt Lake County, and Salt Lake City (the "RFP Committee") jointly craft a request for proposal to identify potential Salt Lake Convention Center Hotel developers (the "RFP");
 - The GOED RFP Committee representatives shall be selected by the Executive Director;
- The GOED Board reviews and endorses the RFP prior to its issuance;
- The RFP Committee reviews responses to the RFP and assists Salt Lake County in negotiating the "Endorsement Letter" (as defined in Utah Code §63M-1-3402(5));
- The developer works with Salt Lake City, Salt Lake County, and the State to select a site;
- The endorsed developer applies to the Independent Review Committee (as established by Utah Code §63M-1-3404) for a tax credit;
 - In addition to the developer's identity, the tax credit application should include the physical location of the proposed hotel and the hotelier brand;
- The Independent Review Committee reviews the endorsed developer's tax credit application and makes a recommendation to the GOED Board;
- The GOED Board votes on the endorsed developer's tax credit application for a hotel project.

MOTION: Jerry Oldroyd moved to endorse the public process outlined by the GOED team and coordinated with representatives of Salt Lake County, Salt Lake City, and the State of Utah for the Salt Lake Convention Center Hotel. Sam Granato seconded the motion. Motion carried unanimously

ED ZONE: Qualtrics

ESTABLISH AN ECONOMIC DEVELOPMENT ZONE FOR THE PURPOSE OF SUPPORTING QUALTRICS EXPAND THEIR FACILITY IN PROVO, UTAH COUNTY AT 400 QUALTRICS DRIVE #100, PROVO UTAH.

MOTION: APPROVE THE CREATION OF AN ECONOMIC DEVELOPMENT ZONE FOR OREM, UTAH COUNTY IN SUPPORT OF THEIR LETTER OF REQUEST DETAILING THE EXPANDING OF THE QUALTRICS FACILITY IN PROVO, UTAH COUNTY AT 400 QUALTRICS DRIVE #100, PROVO UTAH.

Wilson Electronics

ESTABLISH AN ECONOMIC DEVELOPMENT ZONE FOR THE PURPOSE OF SUPPORTING WILSON ELECTRONICS IN ST. GEORGE, WASHINGTON COUNTY AT 3301 DESERET DR., ST. GEORGE UTAH 84790.

MOTION: APPROVE THE CREATION OF AN ECONOMIC DEVELOPMENT ZONE FOR ST. GEORGE, WASHINGTON COUNTY IN SUPPORT OF THEIR LETTER OF REQUEST SUPPORTING WILSON ELECTRONICS IN ST. GEORGE, WASHINGTON COUNTY AT 3301 DESERET DR., ST. GEORGE UTAH 84790.

PACTIV CORP

ESTABLISH AN ECONOMIC DEVELOPMENT ZONE FOR THE PURPOSE OF SUPPORTING PACTIV CORPORATION IN SALT LAKE COUNTY AT 480 N 5600 W, SALT LAKE CITY, UT 84116.

MOTION: APPROVE THE CREATION OF AN ECONOMIC DEVELOPMENT ZONE FOR SALT LAKE COUNTY IN SUPPORT OF THEIR LETTER OF REQUEST SUPPORTING PACTIV CORPORATION IN SALT LAKE COUNTY AT 480 N 5600 W, SALT LAKE CITY, UT 84116.

MasterControl Inc.

ESTABLISH AN ECONOMIC DEVELOPMENT ZONE FOR THE PURPOSE OF SUPPORTING MASTERCONTROL INC. IN EXPANDING IN SALT LAKE COUNTY AT 6330 SOUTH 3000 EAST, SALT LAKE CITY UTAH 84121.

MOTION: APPROVE THE CREATION OF AN ECONOMIC DEVELOPMENT ZONE FOR SALT LAKE COUNTY IN SUPPORT OF THEIR LETTER OF REQUEST SUPPORTING MASTERCONTROL INC. IN EXPANDING IN SALT LAKE COUNTY AT 6330 SOUTH 3000 EAST, SALT LAKE CITY UTAH 84121.

MOTION: Jerry Oldroyd moved to approve the ED Zones as they are stated. Stefanie Bevans seconded the motion. Motion was carried unanimously.

EDTIF – Oracle

Project Highlights

Timeline:	2014
Target Industry:	IT Electronics and Telecom
Proposed Location(s):	Salt Lake County
Capital Investment:	\$6,142,500

Local Incentive

Lehi City, Draper City and Salt Lake City have each offered Oracle (Project Delphi) a local incentive package to locate the expansion of the company in their respective cities. Please see local letters.

Jobs & Revenue

Full time job over project lifetime:	351
New State Wages:	\$238,959,392
New State Revenue:	\$11,318,408

Company Overview

Oracle Corporation is a U.S. based computer technology corporation headquartered in Redwood City, California. The company specializes in developing and marketing computer hardware systems and enterprise software products – particularly its own brands of database management systems. Oracle is the second-largest software maker by revenue, after Microsoft. For more than three and a half decades, Oracle has been the leader in database software. And as it has further developed technologies and acquired best-in-class companies over the years, that leadership has expanded to the entire technology stack, from servers and storage, to database and middleware, through applications and into the cloud.

Veteran Hiring Practices

Oracle is proud to offer the Injured Veteran Job and Training Program. Developed in partnership with the Coalition to Salute America's Heroes, the program is specifically designed for women and men injured in the Afghanistan and Iraqi Wars. It incorporates functional training to help in their transition to civilian employment. Our goal is to provide injured veterans with employment experience that may lead to regular employment.

MOTION: Jerry Oldroyd moved to approve Oracle for a \$2,829,602 EDTIF post-performance refundable tax credit which represents an amount equal to 25% of new state revenue for 10 years. Winston Wilkinson seconded the motion. Motion carried unanimously.

- Incentives provided post-performance upon review and verification by GOED.
- EDTIF incentive not to exceed \$2,829,602 EDTIF post-performance refundable tax credit.
- Must commit to keep operation in Utah for length of the incentive period, 10 years.
- Subject to local incentive.

Larry Gigerich thanked the GOED Board, EDCU and staff for their work on this project. They were not looking at Utah as a location until Margo Jacobs reached out to her contacts. Her interaction was instrumental in moving this process forward.

RFT

“Miller’s Welding”

The Rural Development office recommends a Rural Fast Track grant for Miller’s Welding for the purpose of relocating to a previously unoccupied building in Huntington, Utah. The grant would be used for the purchasing the building and land, and renovating the building. The company expects to hire approximately 3 skilled positions. The project is estimated to cost One hundred fifty-two thousand dollars (\$152,000.00).

MOTION: Jerry Oldroyd moved to endorse a Rural Fast Track Grant for MILLER’S WELDING of \$50,000. Jake Boyer seconded the endorsement. Motion was carried unanimously.

“Wild West Retreat”

The Rural Development office recommends a Rural Fast Track grant for Wild West Retreat for the purpose of relocating to a previously unoccupied building in Escalante, Utah. The grant would be used to renovating the building. The company expects to hire approximately 2 full-time positions. The project is estimated to cost two hundred twenty-five thousand dollars (\$225,000.00).

MOTION: Jerry Oldroyd moved to endorse a Rural Fast Track Grant for WILD WEST RETREAT of \$50,000. Jake seconded the endorsement. Motion was carried unanimously.

MPAC

“Dead Wrong”

Project Highlights

- Category: Feature Film
- Genre: Drama
- Director: Rick Bieber
- Producer: Rick Bieber, Ray Schaefer, Ken Clark

Utah Jobs and Revenue

- Estimated Cast: 64
- Estimated Cast Average Salary: \$970.20/day
- Estimated Crew: 60
- Estimated Crew Average Salary: \$300/day
- Estimated Extras: 182
- Estimated Extras Average Salary: \$100/day
- Length of Film Production: 25
- Estimated Spend: \$1.575 million

Project Schedule

- Prep: July 14, 2014 through September 5, 2014
- Principal Photography: September 8, 2014 through October 10, 2014
- Wrap: October 13, 2014 through October 24, 2014

MOTION: Lorena Riffo-Jenson moved to approve Minds i Cinema a Motion Picture Incentive Program post-performance tax credit of no more than \$315,000 (which represents 20% of dollars left in state) or no more than \$393,750 if additional criteria are satisfied (which represents 25% of the dollars left in state) for the production of “Dead Wrong.” Margo Jacobs seconded the motion. Motion 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 base line incentive of 20% of dollars left in state.
- Dollars left in state start date no earlier than 30 days prior to the Governor’s Office of Economic Development Board of Directors approval
- Minds i Cinema 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, including a \$1,000,000 minimum dollars left in state. Total incentive with this condition, if all terms are met to the satisfaction of the Utah Film Commission, shall not exceed \$393,750 (25% of the dollars left in state).

“Under The Bed”

Project Highlights

- Category: Feature Film
- Genre: Suspense Thriller
- Director: Dan Myrick
- Producers: Tom Van Dell, Shawn Papazian, Mike Web

Utah Jobs and Revenue

- Estimated Cast: 14
- Estimated Cast Average Salary: \$268/day
- Estimated Crew: 52
- Estimated Crew Average Salary: \$300/day
- Estimated Extras: 60
- Estimated Extras Average Salary: \$100/day
- Length of Film Production: 20 days

- Estimated Spend: \$1.1 Million

Project Schedule

- Prep: May 26, 2014 through July 6, 2014
- Principal Photography: July 7, 2014 through August 1, 2014
- Wrap and Post Production: August 2, 2014 through December 31, 2014

MOTION: Sam Granato moved to approve for Under The Bed Productions, LLC a Motion Picture Incentive Program post-performance tax credit of no more than \$220,000 (which represents 20% of dollars left in state) or no more than \$275,000 if additional criteria are satisfied (which represents 25% of the dollars left in state) for the production of “Under The Bed.” Stefanie Bevans seconded the motion. Motion carried unanimously.

- Incentive offer based on receipt of a complete MPIP application including a script and proof of financing
- Must meet a \$200,000 minimum dollars left in state to be eligible for the base line incentive of 20% of dollars left in state.
- Dollars left in state start date no earlier than 30 days prior to the Governor’s Office of Economic Development Board of Directors approval
- Under The Bed 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, including a \$1,000,000 minimum dollars left in state. Total incentive with this condition, if all terms are met to the satisfaction of the Utah Film Commission, shall not exceed \$275,000 (25% of the dollars left in state).

GOED Update

Spencer P. Eccles, Executive Director of GOED introduced our new international trade reps that will be working with our International department in recruiting companies from around the world. There was also a brief discussion on our record low unemployment rate leading to a lot of future discussions regarding open jobs and the ability for companies to hire quality employees. He thanked the Board and also the staff on their hard work to get to this place.

Incentives Update

Theresa A. Foxley, Incentives Manager gave an update on the Incentives Program regarding new and existing projects.

EDCU Update

Jeff Edwards, President of EDCUtah, presented on the status of current and upcoming projects in the pipeline. He spoke on the increase of the number of projects that EDCU is seeing in all industries.

Meeting adjourned.