

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

June 9, 2011 • 3:30 p.m.
350 N. State Street, Room 240

Members Present: Rob Adams, Amy Anderson, Mike Dowse, Molonai Hola, Mel Lavitt, Molonai Hola, Jerry Oldroyd, Cliff White, Kate Riggs, Lowry Snow

Members Absent: Jack Brittain, Jake Boyer, Peter Mouskondis

Visitors: Leigh von der Esch, Chad Davis, Bill Loos, Todd Broghtwell, Jeff Edwards, Kim Frost, Terri Klug, Nikos Linardakis, Alexis Young, Lesley Mitchell

Staff: Amy Hamblin, Vatsala Kaul, Riley Cutler, Tara Thue, Kelleigh Cole, Fred Lange, Greg Hartley, Tamy Dayley, Greg Slater, Les Prall, Sophia DiCaro, Spencer Eccles, Michael Sullivan, Zachary Derr, Patrick Lee, Chuck Spence, Gerardo Zepeda-Bermudez

Welcome

Mel Lavitt, chairman of the Governor's Office of Economic Development, welcomed everyone to the June 9, 2011 board meeting. He spoke on the importance of the incentive that is going to be offered and how much it helps the aerospace and composite cluster.

Approval of the May 2011 Minutes

MOTION: Jerry Oldroyd moved to approve the minutes of the May 26, 2011 GOED Board Meeting. Cliff White seconded the motion. Motion carried unanimously.

Incentives Update

Jerry Oldroyd thanked the staff at GOED and EDCU for all their hard work on allowing this project to occur. He gave a brief update on the benefits of ITT Corporation and how its presence in Utah affects our economy. Jerry Oldroyd also spoke on the history of the company itself and how diverse it is.

EDTIF- ITT Corporation

Project Highlights

- Expand current Utah presence by establishing a new composites manufacturing and engineering facility to support commercial and military aircraft customers
- Timeline: Immediate decision; begin project in June 2011
- Target Industry: Aerospace and Aviation
- Proposed Location: Salt Lake City, West Valley City or West Jordan City
- Capital Investment: Estimated at \$120+ million in real and personal property

Jobs and Revenue

- 2707 new full-time, permanent employment positions created over 15 years
- Average aggregate annual wages exceed Salt Lake County's average
- New state wages over 15 years estimated at \$1.3 Billion
- \$112+ Million in New State Revenue over same period

Local Incentive

- Reviewed and approved by the GOED Incentives Committee

MOTION- Jerry Oldroyd moved to approve for ITT a \$33,656,000 EDTIF post-performance refundable tax credit which represents 30% of new state revenue for 15

years plus up to \$88,000¹ in post-performance training funds for 88 new specialized employment positions created and trained by June 30, 2012 for the project. Molonai Hola seconded the motion. Motion carried unanimously.

- Total EDTIF incentive not to exceed \$33,656,000 EDTIF post-performance refundable tax credit.
- Annual EDTIF incentive amount based on 50% of qualified new incremental state tax revenues generated and receipted in the previous calendar year for project years 1 through 5.
- Annual EDTIF incentive amount based on 30% of qualified new incremental state tax revenues generated and receipted in the previous calendar year for project years 6 through 15.
- Total incentive not to exceed 30% of qualified new incremental state tax revenues over 15 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 50% for each project year.
- Annual total project average 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 wage including company contributed health benefits.
- Up to \$1,000 post-performance training funds will be granted to ITT for each new specialized employment position (FTE) created at the project in the State of Utah, up to 88 FTE, by June 30, 2012. Employer training fund match of at least 50% per FTE required. The total training grant shall not exceed \$88,000.
- Must commit to keep operation in Utah for the length of the incentive period.
- Incentives are site specific and subject to local incentive participation.
- Only new state revenue and new jobs created after the GOED Board final approval date are eligible for this incentive.
- Incentives are provided post-performance upon review and verification of receipted state taxes and performance requirements as outlined above.

Ron Rowe, ITT Corporation, thanked the state, the individuals that helped make this happen, and also the Governor for the incentive that was approved.

Mike Therson, Director of Composites, and Randy Fry, Director of Operations, answered questions from the staff on why they chose the state of Utah and ITT Corporations plans in the future. They also spoke on how excited they are for this opportunity.

Governor Herbert Report

Governor Gary Herbert spoke on the state of the economy in Utah and how great this opportunity is to create jobs. He thanked ITT Corporation, EDCU, and GOED for making this significant announcement possible. ITT Corporation will help create over 2,700 jobs with an average annual wage of \$52,000. By creating these jobs with those salaries, it will help stimulate the economy and lower our unemployment rate. Utah is the right place for business and he is happy that ITT Corporation has recognized that.

GOED Report

Spencer Eccles, Executive Director of the Governor's Office of Economic Development, introduced the ITT Corporation representatives to the press and allowed the representatives to speak on the importance of this opportunity. It is opportunities like this that has allowed their company to grow to the capacity that it has, and continue on that path.

¹ Training funds provided by the State of Utah Department of Workforce Services.

Spencer Eccles thanked all that were involved in making this opportunity happen. He also gave an update on the Incentives Program including jobs, revenues, capital investments, and new state wages.

Gary Harter, Managing Director of Business Creation, provided a clusters report and the importance of our composite companies that are currently in the state of Utah. He gave a detailed account of the advanced composites that the Governor's Office of Economic Development works with and what roles they play in the economy.

EDCU Report

Todd Brightwell, Vice President of Business Development, 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.

Meeting adjourned.