

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

July 18, 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, Ragula Bhaskar, Jack Brittain, Mike Dowse, Stanley Ellington, Molonai Hola, Mel Lavitt, Nikos Linardakis, Richard Nelson, Jerry Oldroyd, Gerald Sherratt by phone, Cliff White

Members Absent: Bill Boyle, Mary Draper, James Sorenson

Visitors: Brad Baird, Todd Brightwell, Colleen Burke, Annette Call, Jeff Edwards, Stacey Floyd, Lane Fullmer, Dan Garrison, Peter Klinge, Ted McAleer, Lloyd McCaffrey, Steve Maas, Lesley Mitchell, Tina Moerer, Shyam Ramakrishnan, Mike Richardson, Brice Wallace

Staff: Gregg Blanchard, Clark Caras, Doug Clark, Mimi Davis Taylor, Tamy Dayley, Amy Hamblin, Gary Harter, Nora Hillstead, Fred Lange, Derek Miller, Marshall Moore, Christina Oliver, Jason Perry, Trevor Snarr, Ryan Starks, Michael Sullivan, Marshall Wright

Welcome –

Approve June 2008 Minutes

MOTION: Jack Brittain moved to approve the minutes of the June 20, 2008 GOED Board Meeting. Molonai Hola seconded the motion. Motion carried unanimously.

Jet Aviation

Project Highlights

- Develop a World Class Business Non-Commercial Aircraft Maintenance, Refurbishment and Fixed Base Operation (FBO) at Ogden-Hinckley Airport
- Target Industry: Aviation and Aerospace
- \$6,900,000 Capital Investment

Jobs and Revenue

- 650+ New Full-time Positions created over 15 years
- Average Salary Over 150% of Weber County Average
- \$420,759,000 New State Wages over 15 years
- \$27,716,041 New State Revenue over 15 years

Company Request

- 30% EDTIF for 20 years based on the following breakdown of new state revenue:
- \$2,000 IAF per position based on 2009 with estimated at 147 positions (\$294,000)

Local Incentives

- Ogden City proposed incentive was approved by the GOED Incentives Committee on 7/11/2008

MOTION: Jerry Oldroyd moved to approve for Jet Aviation a \$8,315,000 blended EDTIF tax credit and IAF which includes a \$8,021,000 refundable tax credit based on 30% of new state revenue over 15 years and a \$294,000 IAF grant based on \$2,000 per FTE for 147 positions. Mel Lavitt seconded the motion. Motion carried unanimously.

- Incentives provided post-performance upon review and verification by GOED
- Maximum incentive not to exceed 30% of new state revenues over 15 years, with contractual provision for the recapture of any funds paid to the company in excess of what the company is entitled to
- Total average new employee salaries to be at least 150% of Weber County Average wage
- Must commit to keep operation in Utah for at least 15 years
- Subject to Local Incentive

Boart Longyear

Project Highlights

- Expansion of Boart Longyear's current Corporate Headquarters
- Target Industry: Corporate Headquarters

- Capital Investment: \$3-5 million

Jobs and Revenue

- Over 200 New full-time positions
- Average salary over 200% of Salt Lake County median wage
- \$222,535,427 new state wages over 10 years
- \$12,144,432 new state revenue over 10 years

Company Request

- 30% EDTIF for 10 years
- \$5,000 IAF per position for 10 years

Local Incentives

- Local incentive from South Jordan approved by the Incentives Committee on 6/12/2008

Will the company be able to maintain those salaries? It was explained that this is a strong company headquarters, there are many engineering and executive level jobs.

MOTION: Jerry Oldroyd moved to approve for Boart Longyear a \$3,036,000 maximum refundable tax credit based on 25% of new state revenue over 10 years, per the schedule below. Mike Dowse seconded the motion. 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 for the recapture of any funds paid to the company in excess of what the company is entitled to
- 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

Reckitt Benckiser

Project Highlights

- Construct a 600,000-650,000 SF Distribution and Logistics Center
- \$35,000,000 Capital Investment

Jobs and Revenue

- 140+ New Full-time Employees
- Average Salary over 125% of Tooele County Median Wage
- Benefits offered to all regular (full-time or part-time) non-union USA based employees working at least 20 hours a week
- \$49,289,036 New State Wages
- \$9,506,507 New State Revenue over 10 years

Company Request:

- Incentive of \$2,000,000 based on new state revenue

Local Incentives

- Tooele County and City proposed incentive was approved by the GOED Incentives Committee on 7/11/2008

There was discussion on the location and the wages. The wages are lower than what is typically seen for an urban area.

MOTION: Jerry Oldroyd moved to approve for Reckitt Benckiser, Inc. \$1,901,000 Refundable Economic Development Tax Credit based on 20% of new state revenue over 10 years. Mel Lavitt seconded the motion. Motion carried unanimously.

- Maximum incentive not to exceed 20% of new state revenues over 10 years, with contractual provision for the recapture of any funds paid to the company in excess of what the company is entitled to
- Incentives provided post performance upon review and verification by GOED.
- Total average new employee salaries to be at least 125% of County Median Wage
- Must commit to keep operation in Utah for at least 10 years
- Subject to Local Incentive
- Project must be located in a Rural County

Rural Broadband Service Fund UBTA-UBET Communications

Project Highlights

- Location: Arcadia area, Pleasant Valley, Antelope Canyon, -Flattop Exchange, Duchesne County

- Potential Subscribers for Total Projects: 164
- Cost for Total Projects: \$186,656
- Funds Requested: 50% of total project cost, \$93,328
- Cost per project for equipment is reasonable due to economies of scale. Cost variation is due to location constraints. Overall the company's costs do not appear to be excessive.
- Subscriber Monthly Fees: \$39.99 for speeds up to 1.5 meg
- Subscriber Set Up Charges: No charge with service agreement; \$19-\$49 equipment charge
- Deployment Timeline: As soon as approved
- Competing Applications: NO
- Public Notice Verified: YES
- Company Verified Rural Area: YES
- Managerial and Service Expertise: YES

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 \$93,328. Jack Brittain 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 Communications

Project Highlights

- Location: 105 W. 100 N. Mona; 105 E. 100 N. Mona; 45 W. 200 N. Glenwood
- Potential Subscribers for Total Projects: 984
- Cost for Total Projects: \$71,000
- Funds Requested: 50% of total project cost, \$35,500
- Cost per project for equipment is reasonable due to economies of scale. Cost variation is due to location constraints. Overall the company's costs do not appear to be excessive.
- Subscriber Monthly Fees: as low as \$26.99, no change from current charges for existing customers throughout the state
- Subscriber Set Up Charges: varies, no change from current charges for existing customers throughout the state
- Deployment Timeline: Within 12 months of approval
- Competing Applications: YES, however competing applications did not meet statutory requirements
- Public Notice Verified: YES
- Company Verified Rural Area: YES
- Managerial and Service Expertise: YES

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 \$35,500. Jack Brittain 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.

Beehive Telephone Company

Project Highlights

- Location: Grouse Creek, Unincorporated area northwest Box Elder County, Utah Potential Subscribers for Total Projects: 67
- Cost for Total Projects: \$49,133
- Funds Requested: 50% of total project cost, \$24,322*
- Cost per project for equipment is reasonable due to economies of scale. Cost variation is due to location constraints. Overall the company's costs do not appear to be excessive.
- Subscriber Monthly Fees: as low as \$29.95 a month for 512 Kbps
- Subscriber Set Up Charges: \$49.95-\$99.00
- Deployment Timeline: By September 2008
- Competing Applications: NO

- Public Notice Verified: YES
- Company Verified Rural Area: YES
- Managerial and Service Expertise: YES

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 \$24,322. Jack Brittain 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.

GOED Report

It was announced that GOED Board Member, Amy Rees Anderson, received the Entrepreneur of the Year Award.

There was a brief discussion regarding Moroni Feed announcing the lay off of some of their employees. The State of Utah has also been in discussion with the La-z-boy company regarding their layoffs and facility closure. Due to the nature of the jobs and the impact to the state, there was not a practical number that would keep them from leaving the state. There are many other businesses that are looking at that facility that will likely hire even more employees.

Jason Perry, Executive Director of GOED, discussed the latest economic trends. The unemployment rate is still at 3.2%. Mr. Perry announced that GOED will be changing its hours to 7:00 am to 6:00 pm M-TH and will be closed on Friday. This is part of Governor Huntsman's new Working 4 Utah initiative. GOED Board Meetings will now be held on the 2nd Thursday of each month. The Department of Workforce Services and GOED shared a booth at the Geek Festival. Over 300 people came by the booths that were looking at technical jobs. CNBC listed Utah as the 3rd Best State for Business in the U.S.

Colin Seegmiller, Director of Taxes for Boart Longyear, explained why the company chose Utah to further expand their business. Mr. Seegmiller thanked the GOED Board for the incentive award and expressed appreciation to everyone who assisted the company with their project.

Gary Harter, Clusters Director, spoke about the aviation and aerospace industry in Utah. Mr. Harter explained the role that Hill Air Force Base plays in this industry.

Lloyd McCaffrey, Williams International, gave a presentation on the company, products, markets, and the Lean Manufacturing Training Center.

Derek Miller, Managing Director of Recruitment and Incentives, gave a status report on the incentive program and introduced a new employee, Tamy Dayley, Senior Financial Analyst.

Motion Picture Advisory Committee

Saints and Soldiers II

Category: Independent (Feature) Film

Genre: Drama

Producer: Adam Abel

Director: Ryan Little

Estimated Crew Members: 35-40 (Plus 20 Cast & 80 Extras)

Estimated Average Salary: \$1,600/week /crew & \$3,500/week/cast

Length of Utah Film Production: 40-45 actual production days

Estimated Utah Spend: \$3,500,000

Financing: Metrodome Group UK

Distribution: Worldwide

Production: September 2008, 7-8 week shoot

Dr. Nikos Linardakis, Chair of the Motion Picture Advisory Committee and Marshall Moore, Director of the Utah Film Commission gave a brief overview of the film.

MOTION: Nikos Linardakis moved to approve Go Films for the film Saints and Soldiers: The Void, 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. Cliff White seconded the motion. Motion carried unanimously.

There was discussion about attracting larger films to the state. The \$500,000 cap on the MPIF program is a big disadvantage in attracting these films. An economic study is underway and new legislation is being drafted for the next session.

There was discussion on the status of training initiatives. The Governor has put together a workforce initiative. It will involve elementary, high school, higher education and the UCAT system.

A survey will be going out to GOED board members and members of the business community to obtain feedback and evaluate the state's economic development plan.

Meeting adjourned.