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State of Utah
GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Governor's Office of Economic Development

SPENCER P. ECCLES
Executive Director



Dear Legislator and Business Leader:

Governor Herbert has clearly defined job creation as one of his primary initiatives, and GOED's goals align with this direction. We have a State with incredible talent and I'm excited to engage you as leaders in an effort that will harness our State's strengths and ensure that we step forward into the future from a strong foundation.

It is a pleasure to present this Annual Report for FY2008-09. Utah continues to maintain a diverse economy and unemployment in Utah remains relatively low despite national trends that have reached double digits. Utah continues to be honored with accolades from leading business media and rating organizations, such as *Forbes Magazine*, which ranked Utah as a "Best Place" in the nation to do business for the third year in a row.

Establishing a safe and stable economy in the midst of turmoil is no small task. GOED is working hard to help create a good business climate where innovation and entrepreneurship can flourish. As we continue to improve Utah's business friendly environment, GOED will focus on:

- Strengthening and growing existing Utah businesses, both urban and rural.
- Encouraging entrepreneurship and investment.
- Attracting national and international business.
- Supporting education as an important component to Utah's long term business viability.

We have an incredible team in the Governor's Office of Economic Development and together we look forward to facing challenges and maximizing business opportunities as we serve the citizens of Utah. With your help and support we will make confident strides into a renewed economy where Utah leads the nation in innovative economic growth and remains a "State of Opportunity."

Sincerely,

Spencer P. Eccles
Executive Director

Utah's business and governmental leaders are engaged in an effort to harness our State's strengths and ensure that we step boldly into the future from a strong economic foundation.

Utah was recognized by The Pew Center on the States as the "Best Managed State in the Nation." A fiscally conservative legislature has supported the administration over the years to establish a well managed and progressive gov-

Utah workers have long been considered one of the most productive and well educated populations in the country. Boasting the youngest workforce in America, at an average age of 28 years old, the State has many years of power house success ahead of it. All of that is true, but there is more.

ernmental plan that provides stability and predictability in spending, tax policy and a business friendly climate. If there is anything business leaders around the world crave, it is a growing, yet safe, stable and predictable place to conduct business; Utah is that place.

Governor Gary R. Herbert announced in September his selection of Spencer Eccles as Executive Director of the Governor's Office of Economic Development (GOED) along with Josh Romney who agreed to serve voluntarily as Utah's National Business Recruitment Policy Adviser. These men will join with Derek Miller, Managing Director for Business Incentives and Growth, to make an agile and powerful leadership team which will help strengthen Utah's economy and position it for significant future growth.

In his inaugural address, Governor Herbert noted that together we can work "toward economic recovery, educational excellence and energy security. My first and highest priority will be the economy in Utah. A state with sufficient employment opportunity is a state that can expect economic stability. Jobs pay the bills—for individuals and for families. Jobs, and the taxes they generate, produce the revenue that allows state government to support education, healthcare, transportation, infrastructure, public safety and other vitally important social services. If we can get the economy right, most everything else falls into place. It is time for unprecedented partnerships. Together we can and will be a state that leads the nation in many areas and serves as an example to those around us."

As we continue to improve Utah's business friendly environment, GOED will focus on:

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Governor Gary R. Herbert and Spencer Eccles, Executive Director of the Governor's Office of Economic Development.

Utah: A State of Opportunity



Governor Gary R. Herbert

As a part of our economic development priority, the Governor's Office of Economic Development has targeted industries in specific economic clusters that show substantial promise, now and in the future, for economic development and Utah's leadership on the world stage.

FY2008 – 2009 Notable Successes:

Organic Growth

- The Rural Fast Track Program has extended offers of assistance to 39 companies. Carbon and Emery Counties had 10 projects each, Sanpete five and eight other rural counties had one to three projects each that will expand and add employees at substantial salaries, including benefits, in rural communities across Utah.
- For the past decade eBay, Inc., has been a Utah company. It is adding hundreds of jobs as is Nelson Laboratories, a company that was “born” in Utah.

International

- Utah export business in 2008 accounted for 16.2% of the State's \$10.3 billion gross domestic product. In 2005 it was only 10.9% of the GDP. Over the past three years our exports have grown 71%.

Recruitment, Entrepreneurship and Investment

- As we begin the new fiscal year, companies such as Reckitt Benckiser, “the Lysol Company” and Microsoft have made substantial investment in new facilities and Utah's workforce.



Derek Miller, Managing Director of Business Incentives and Growth



Josh Romney, National Business Recruitment Policy Adviser

Big or small, urban or rural, Utah continues to grow and strengthen its economy. For the third year in a row *Forbes Magazine* has ranked Utah as a “Best State for Business.” The economic policies of the State are what led to Utah being named the “Best Managed State” in 2008 by *Governing* magazine. Utah has received AAA bond ratings from Moody's, Standard & Poor's and Fitch Ratings. This rating allows Utah to keep interest rates on our State-issued bonds low, saving us millions of dollars.

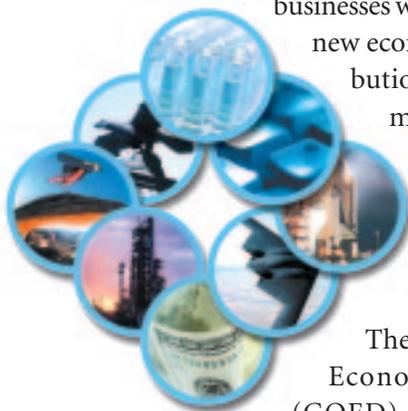
The Governor's Office of Economic Development is building on the strengths Utah now has in place. With ongoing legislative support and the Governor's leadership and vision, our great State of Utah will have the best opportunity to lead the nation in economic stability and growth.

Programs



Targeted Economic Clusters

Clusters are groups of related businesses and organizations within industry whose collective excellence, collaboration and knowledge base provide a sustainable competitive advantage. Strong Clusters translate directly into tangible benefits for Utah's businesses, citizens and educational institutions. In Clusters, businesses have shared access to suppliers, services, resources, technology and workforce. In addition, related



businesses work together to achieve new economies of scale, distribution channels and, ultimately, increased profitability and universities benefit by direct engagement with industry.

The Governor's Office of Economic Development (GOED) established the Economic Clusters Initiative as a catalyst to focus people, ideas and resources on our greatest opportunities for success. The initiative allowed us to align industry, research universities, capital, talent, technology and government around emerging or mature industry sectors that possess the greatest sustainable competitive advantage. The net effect is these factors combine to create higher paying jobs, strengthen education and raise the standard of living in Utah.

While this past year has been a challenge for many businesses in light of the current economy, several areas have been able to seize on opportunities or are positioning themselves for future growth. This report will specifically discuss key Cluster areas GOED focused on this year.

Life Sciences

According to the Utah Department of Workforce Services, in 2008, the Utah Life Science Industry accounted for roughly 20,000 jobs in the state with an average monthly salary of \$4,693 (33% higher than the average monthly nonfarm salary in the state). The 1,638 life sciences companies account for approximately \$1.13 billion in total wages and represents an increase of almost 18% since 2005.

Utah and its life science companies had a strong presence at the 2009 Biotechnology Industry Organization (BIO) International Convention in Atlanta, GA. The Utah pavilion demonstrated to the international biotechnology community that the life sciences are a critical component of the dynamic economic environment in Utah.

TARGETED ECONOMIC CLUSTERS

Focused development on emerging Utah industry strengths:

Aviation & Aerospace

- *Advanced Composites*
- *Aircraft Maintenance*

Defense & Homeland Security

- *Unmanned & Autonomous Vehicles*
- *Logistics and Distribution*

Energy & Natural Resources

- *Renewable Energy*

Financial Services

Life Sciences

- *Biotechnology/WIRED*
- *Natural Products*

Outdoor Products & Recreation

- *Cycling*

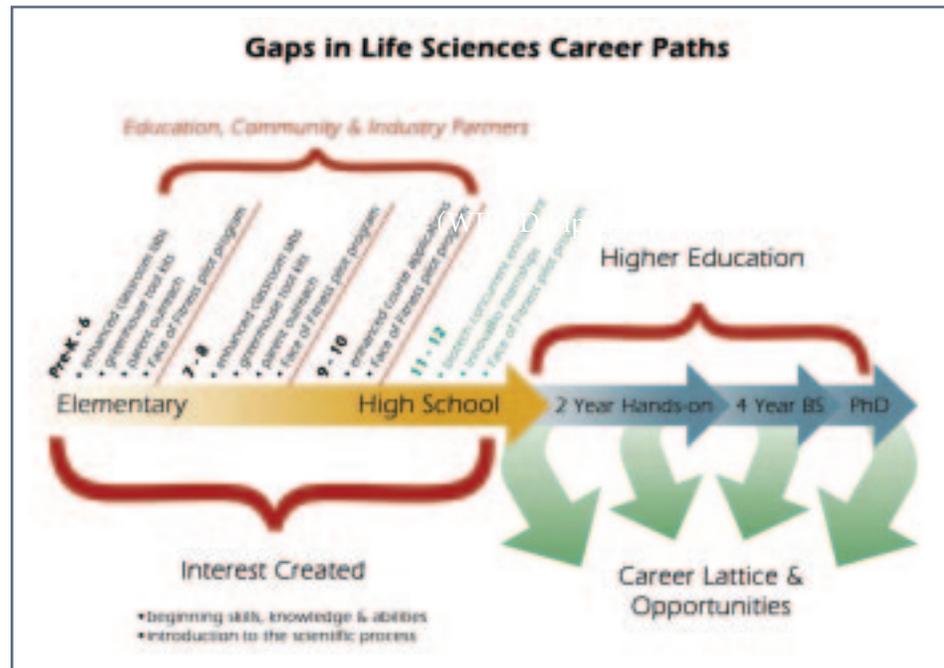
Software Development & Information Technology

- *Digital Media*

Targeted Economic Clusters

Utah continues to leverage the Workforce Innovation and Regional Economic Development (WIRED) \$5 million grant awarded from the U.S. Department of Labor. The activities of this grant are focused on creating education programs that help provide a well-qualified workforce for the Life Science Industry. This is in direct response to growing needs of this high tech industry that have indicated it will need 1,200 additional workers in the future. GOED has nine partners engaged on this grant, including Utah Valley University, Salt Lake Community College, Westminster College, various school districts. The initiative has generated much interest in biotechnology as a career with hundreds of students, both traditional and non-traditional, participating in the program's various components.

The Natural Products and Dietary Supplement Industry sector is very large, with several national leaders located in the State, representing almost 25% of the national market. GOED is helping to coordinate activities that assist this dynamic industry. Efforts this past year focused on understanding the industry's needs such as safety testing of raw materials and workforce development. The goal is for the industry to continue to grow and Utah be recognized as both a national and global leader in this sector.



The WIRED initiative provides outreach and education and training opportunities for students of all ages.

Aviation and Aerospace

The majority of the Utah Aerospace and Aviation Industry is located in northern Utah, as it grew from activities originally generated by Hill Air Force Base. Today, the industry has expanded in breadth and depth and companies from across the country recognize the importance and attraction of being in Utah. One segment of this industry that has experienced tremendous growth, is the Advanced Composites Industry. The Advanced Composites Industry started in Utah a number of years ago as Hercules, known today as ATK. Today such industry leaders as Hexcel, ATK, ITT Integrated Systems, formerly EDO Fiber Science, Rocky Mountain Composites, Applied Composites Technology, and many others, call Utah home. Utah companies, universities and Hill Air Force Base are involved in composites that support aircraft, missiles, medical, industrial, energy and recreational applications.

Targeted Economic Clusters

GOED and EDCUtah continue to work with the Utah advanced composites industry to identify opportunities for the future and promote the industry both nationally and globally. In response to the industry's needs, composites training programs are now available at four institutions along the Wasatch Front: Salt Lake Community College, Davis Applied Technology College (DATC), Ogden-Weber Applied Technology College (OWATC), and Mountainland Applied Technology College (MATC).

Defense and Homeland Security

The Defense and Homeland Security Cluster sector continues to be strong in the state, employing almost 31,000 Utahans through its many functions, both on the various military installations across the state and by defense contractors. Hill Air Force Base (HAFB) remains the largest single site employer in the state with almost 22,000 employees working on the base every day.

GOED is very involved with the Air Force, Utah Defense Alliance (UDA), Military Installation Development Authority (MIDA) and local officials in the development of Falcon Hill National Aerospace Research Park. Falcon Hill is among the most strategically located aerospace research parks in the country. Positioned along Interstate 15 at Hill Air Force Base, Falcon Hill will offer space both inside and outside the Air Force fence. This 550-acre private development will attract aerospace and aviation companies from across the country.



Lt. Governor Greg Bell at the ribbon cutting for the Army's Unmanned Aerial Systems new Rapid Integration Acceptance Center (RIAC) at Dugway Proving Ground, standing in front of a Sky Warrior unmanned aircraft. The center will bring several hundred new personnel to Dugway in support of the program.

The partnership of GOED, private companies, military installations and academic institutions, for the Unmanned Vehicle industry within the State of Utah has gained recognition as the premier site in the nation to establish operations for Unmanned Systems' development and evaluation.

"A year ago the leadership of Unmanned Aircraft Systems Project office (UAS PO) began to see the need to have a location where they could continue to evolve as a material developer, support assets in the hands of the Warfighter, and advance the interoperability of its systems.The UAS team knew they needed a place with restricted airspace that could support any size aircraft....that had a relatively clear spectrum....[and] that had a readily available flight line, runways and taxiways for simultaneous UAS flights..... Dugway emerged as a clear winner in the site selection and as a place to establish the Rapid Integration and Acceptance Center".

– UAS Project Office, August 2009

GOED, Dugway and EDCUtah worked together to help the Program Office transition operations of their major support contractor employees from across the country. It is expected that the Army's RIAC activity at Dugway will employ, immediately, upwards of 200 employees and more could be hired as some of the major Unmanned Aerial Systems contractors locate divisions of their companies here to Utah to be close to and support the Army's RIAC facility.

Targeted Economic Clusters

GOED continues to work with Hill Air Force Base and Utah State University's Space Dynamics Laboratory on the establishment of a capability to support the expected maintenance and logistics support activities that will be at Hill AFB as the Air Force transitions to more Unmanned Aerial Systems. HAFB has been selected as the logistics support activity for Air Force's Predator aircraft, a major accomplishment continuing to recognize the efficiency and strategic value of the base.

A growth opportunity GOED has promoted is the use of Unmanned Systems for industrial and civil activities. The Utah Highway Patrol has been in the forefront of using Unmanned Aerial Systems (a small helicopter) to perform detailed forensic data collection for traffic accidents.

Utah academic institutions continue to place high in competitions of Unmanned Systems technologies. GOED participated in the preeminent industry trade show hosted by the Association of Unmanned Vehicles Systems International (AUVSI). The presence of GOED at this event underscores Utah's commitment to the Unmanned Systems Industry and its Economic Cluster and enables Utah to attract major Department of Defense programs and their support contractors.

Renewable Energy

Utah is long recognized for its oil, natural gas and coal resources, which have been vital to the energy industry in the state and will continue for the future. This past year, many state agencies, including GOED have been involved in renewable energy as an emerging industry sector due to uncertain global oil prices and funds available through federal programs. Utah has extensive natural resources for solar, wind and geothermal energy production as well as companies involved in energy efficiency, engineering and design, prototyping, manufacturing and testing.



First Wind wind turbine, Milford, Utah.



Propeller being made ready for mounting.

GOED has teamed with various partners including USTAR, The Governor's Energy Advisor, EDCUtah, Department of Workforce Services, State Energy Program and several others, meeting monthly, to understand this dynamic industry and the potential for the State for long term growth and capturing federal stimulus funds. On-going efforts include research and development, workforce development, incubators, focused incentives, networking, engagement with industry leaders and understanding the needs of the industry. Some great companies using renewable energy already call Utah home or have a presence in the state include Razer Technology, First Wind, Wasatch Wind, Shoshone Energy, and Rocky Mountain Power.

Targeted Economic Clusters

Digital Media

The Digital Media Industry is alive and thriving in Utah, and some would say that it was born here, with lineage to Atari, Adobe Systems, Silicon Graphics, Pixar, and Ivan Sutherland, the creator of computer graphics and founder of the GUI Interface while at the University of Utah. Along with our partners at USTAR and EDCUtah, GOED has been very involved this past year in assessing, promoting and building the industry in the state.

The Utah Digital Media Industry has companies that create the media content for films, television, video games, computers, simulations, modeling and a myriad of other applications, employing over 1,500 people in sixty media firms statewide. Some of the largest names in the industry have a presence in Utah and include Entertainment Arts, Disney Interactive Studios, Sandman Studios, Move Networks and SpectrumDNA. One segment of the industry, video games, grew more than 32% from 2005-2006, adding \$77 million to the economy in 2006.

Over this past year, GOED developed a strategy for continued engagement with the industry and needs assessment, USTAR has facilitated networking events, connected companies with university technologies, and is forming the Utah Digital Media Association, and EDCUtah has developed an industry profile and has been identifying companies not currently located in the state to have a presence here. A key event will be a first ever Utah Digital Media Conference to be held in the spring of 2010.

Outdoor Products and Recreation

Utah has both a national and world wide reputation as one of the premier recreation areas in the world; with the “Greatest Snow on Earth”, world famous mountain biking trails, and the best camping and hiking in the nation. Utah is also known for the strong cluster of Outdoor businesses in the state. Winter sports companies, Amer, Rossignol, and Voile, and summer sports companies, Black Diamond and Petzl, call Utah home. With new companies starting up each year and others moving here, Utah is becoming the Outdoor Industry leader in the Nation.

In 2009 the Bicycle industry in Utah started to organize into a working group of businesses. Now with a web page, mission statement, name (UBIG, Utah Bicycle Industry Group), and trade show signs declaring they are from Utah, they are moving their industry forward.



Utah Bicycle Industry Group (UBIG) sign at Madsen Cycles booth during 2009 Interbike show in Las Vegas. The formation of the association is being fostered by GOED.

Utah Code Ann. § 63-38f-1901. Military Installation Partnerships

In the 2005 General Session, the Utah State Legislature, recognized potential employment opportunities and the economic significance of federal military installations located within the state. Senate Bill 141, signed by Governor Jon Huntsman, March 17, 2005, appropriated \$5,000,000 to the Governor's Office of Economic Development to be dispersed for projects that would:

1. Enhance military value of Utah military installations
2. Preserve existing workload and employment
3. Create new employment opportunities for Utah citizens

To accomplish these goals, GOED partnered with the Utah Defense Alliance (UDA), which in turn worked with Logistics Specialties, Inc., U.S. Air Force's Hill Air Force Base and U.S. Army Dugway Proving Ground. UDA distributed \$4,500,000 to Hill Air Force Base and \$500,000 to Dugway Proving Ground for specific programs. The results, on both installations, have been very successful, and will continue to be so for years to come. The \$5,000,000 investment will ultimately result in the creation of 613 ongoing high-paying skilled and professional positions with an estimated annual payroll of \$32,775,000 to \$37,090,000.

In this the third full year of the program, the program passed the halfway point for job creation, with Hill AFB and Dugway reporting a combined total of 353 created jobs of the 613 projected. As of May 2009, 305 new hires were brought on-board at Hill Air Force Base while, Dugway Proving Ground added eight more employees, already having met its program total ram of 25 personnel bringing Dugway's total to 48.



Aerial view of Hill Air Force Base.

Centers of Excellence (COE)

During the 2007 Legislative Session the Legislature passed, and the Governor signed into law, changes to the COE statute that permitted ongoing support of grants to companies which are Licensees of technologies developed at Utah's colleges and universities. 2008-09 was the first year that focused the program's funding on Licensee Grants and allowed the State to see this implementation more clearly.

For the 2008-09 Solicitation 39 proposals were received with total funding requests exceeding \$4.5million. Of this total, 21 Licensees and one University Center were awarded funding for the 2008-09 fiscal year. Of the budget, \$1,869,250 was allocated to direct Licensee grant funding. Another \$515,750 was allocated for funding directly to universities with another \$25,000 allocated for a Business Team for the CEU University Center. The remaining \$340,000 was held back to be distributed mid-year during a "Part B" solicitation.

As noted, \$340,000 was held back from the initial solicitation to be distributed in a Part B solicitation mid-year. In April, existing Licensee Grant recipients were invited to apply for additional funds, which totaled \$500,000 when the \$340,000 was combined with "carry-in" funds. Six of the 2008-09 Licensees which had shown significant progress were awarded additional funding, with three of them receiving \$100,000, two receiving \$75,000 and the last receiving \$50,000.

All Licensees are required to provide appropriate matching funds. Of the 22 teams awarded funding, 21 signed contracts to receive their funding during the year—20 Licensees and one University Center and, of these, 15 licensees received their entire grant award during the year by providing evidence of appropriate matching funds. Three additional teams had their contracts extended to finalize their matching funds.

The purpose of the Centers of Excellence Program is to accelerate the commercialization of promising technologies that have strategic value for Utah. The end goal of the COE Program is to help drive economic development and job creation.

SUCCESS STORIES

Wastewater Compliance Systems, Inc.

Wastewater Compliance Systems, Inc. is a University of Utah spinout company that sells a patented, submersible, igloo-shaped aeration product called Poo-Gloo™ that dramatically enhances the efficiency of wastewater lagoons. Their simple, economical solution is an easy-to-install retrofit solution for lagoon operators faced with compliance, cost, and capacity issues.



Centers of Excellence (COE)

Although seemingly simple, the WCS Poo-Gloo is a disruptive and energy efficient solution to a difficult problem in small and medium size cities and towns, as well as globally in third world countries and other areas where expensive, complex, hard to maintain conventional sewage treatment plants are not feasible.



According to WCS President and CEO, Fred Jaeger, *“Our targeted wastewater lagoon clients are typically located in rural areas, where installation of our product creates a multiplier effect of job and revenue opportunities for local contractors and businesses that provide technical support, construction trades, and materials.”* The system provides an in-situ bio-film surface and circulates air vs. lifting tons of water to effectively create a balance of micro-organism colonies to fully treat wastewater. The system is economical, with competitively lower capital & operating costs and easy drop-in installation. The technology is mature as the proprietary domes are commercially available and incrementally scalable.

WCS, Inc. conducts scaled technology and product evaluations in test beds hosted at the Salt Lake Central Valley Treatment Plant and at a Davis County Treatment Plant. The tests are conducted in large tanks under controlled conditions using live municipal waste streams to evaluate product performance and to develop protocols to support WCS’ commercial field activities. As Jaeger recounts, *“Center of Excellence funding directly enabled our company to secure the requisite commercial beta sites at two Utah municipalities to demonstrate product field performance necessary to gain regulatory approval to support regional and national sales rollout.”*



WCS outsources pure R&D activities to the University of Utah via sponsored projects to investigate new scientific discoveries in lagoon wastewater treatment technology. Our U. of U. sponsored research created two new patent applications in late 2008, and will provide at least one additional patent filing in 2009. WCS also contracts with the University of Utah to provide analytical lab testing and support services for our municipal test beds and commercial field sites.

Fred Jaeger highly values the Centers of Excellence program, saying, *“Centers of Excellence funding provided the critical assistance to support our company across the classic entrepreneurial ‘Valley of Death’ where product development and marketing costs typically exceed available revenue and investment funds. Our company intends to create jobs across the entire skill set spectrum; including manufacturing, sales and administrative positions, field technicians, and PhD scientists.”*

Centers of Excellence (COE)

Thermimage, Inc.

Thermimage is a Utah Life Sciences startup taking to market the Thermaflux Scanner, licensed from the University of Utah. The initial target of Thermimage is the Non-invasive diagnosis of pediatric VUR (Vesicoureteral Reflux). This condition is caused by reflex from the bladder into the kidneys, causing frequent infections and damage. The current standard diagnostic method is catheterization of the child, who is usually very young, which is very traumatic. Many pediatricians will not even put their patients through this, instead prescribing antibiotics as a preventative, which has its own negative consequences.

The company believes that by providing a non-invasive temperature sensing system that can be deployed in hospitals, clinics and doctors offices, it will expand the current market by 40%. The Thermaflux Scanner requires the child to sit quietly in the device similar to a car seat, which gently heats the urine in the bladder and then senses if the temperature in the kidneys rises. If it does, then reflux is present. If not, there is no further diagnosis needed.

The Thermaflux system is expected to be less costly than the conventional diagnostic tool of Voiding Cystourethrogram (VCUG). The system includes rich intellectual property from both the university and ongoing work at the company, including one patent issued; nine patents and two trademarks filed. The company expects the combined market for the device and disposables market to be in the billions of dollars.

Thermimage's work offers both a compelling new business opportunity in Utah and a wonderful improvement in children's health with an improved, non-invasive diagnostic system for VUR.

According to Doug Turnquist, CEO of Thermimage, *"The support of the Centers of Excellence program has been instrumental in helping Thermimage attract outside funding to support critical R&D during a key phase of our product development. With the continued support of the COE program, Thermimage will launch our new imaging technology in 2011 and bring a significant number of high paying jobs to Utah over the next few years. The importance of the Centers of Excellence program to early stage life science companies cannot be overstated. With the added regulatory requirements and lengthy development required of most life science products, the early stage support of the Centers of Excellence program provides much needed early stage capital, which along with the required matching funds helps the company achieve early milestones prior to becoming 'marketable' to the institutional investor community."*



Business Development and Incentives

The Corporate Recruitment and Incentives program helps GOED fulfill its mission by recruiting new companies that add strategic value to Utah's economy. It also supports the retention and expansion of existing Utah companies that form the backbone of Utah's broad based economy. Together, growing existing companies and recruiting new companies creates new high paying jobs that help diversify the state economy, increase the tax base, attract and retain top-level management. An additional benefit to the State is that Utah businesses benefit when graduates of in-state universities want to remain and work in Utah improving the living standard of our communities and citizens.

GOED contracts with the Economic Development Corporation of Utah (EDCUtah) to help identify and recruit companies to the State. In addition to proactive and strategic recruitment services, EDCUtah assists companies through the relocation process, including site selection, interaction with local government entities, and data gathering. Incentive commitments are handled exclusively by GOED as the State agency charged with the stewardship of state resources. GOED and EDCUtah work in close partnership to make a company's relocation, or expansion in Utah as smooth as possible.

During the 2009 General Session, the Utah State Legislature passed HB430, which created the Renewable Energy Development Act. The purpose of this bill is to create jobs by attracting direct manufacturing and power generation facilities in the renewable energy industry through the use of post-performance refundable tax credits in a similar fashion to the EDTIF incentive program. A companion piece of legislation, SB76, was also passed to assist in the distribution of power generated by renewable energy sources.

A unique feature of Utah's corporate recruitment, expansion, and retention incentives is that funds are awarded on a post-performance basis so that companies must meet specific milestones, including generating new state tax revenue, before incentives are disbursed. This feature eliminates risk and assures a positive return on investment to the State and citizens of Utah.

GOED offers incentives in the form of post-performance refundable tax credits and cash grants. The incentive amount and duration is based on statutory guidelines and evaluation criteria including:

- Number and salary of jobs created
- Amount of new state revenue
- Long-term capital investment
- Competition with other locations, and
- Whether the company is within a "Targeted Economic Cluster"

Also during the 2009 General Session SB14 was approved which increased the Motion Picture Incentive Fund from a 15% post-performance cash grant with a cap of \$500,000 per production to a 20% Post-performance cash grant with a cap of \$500,000 per production or a 20% refundable tax credit with no per-production cap. This change in legislation will improve the State's strategic positioning and allow Utah to be more competitive with other states in the country who are aggressively courting film productions. Utah's film workforce has been developed over many years of work with the industry and the Legislature recognized the need to support continued job growth in Utah's established film industry.

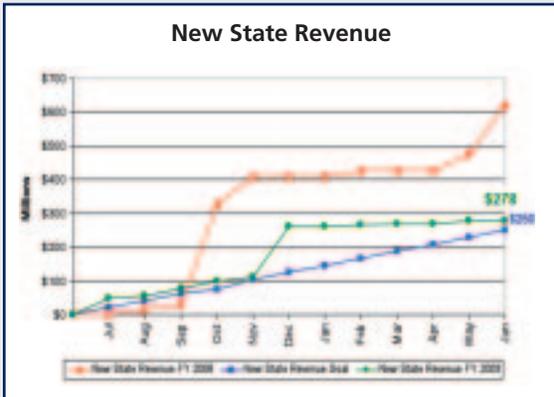
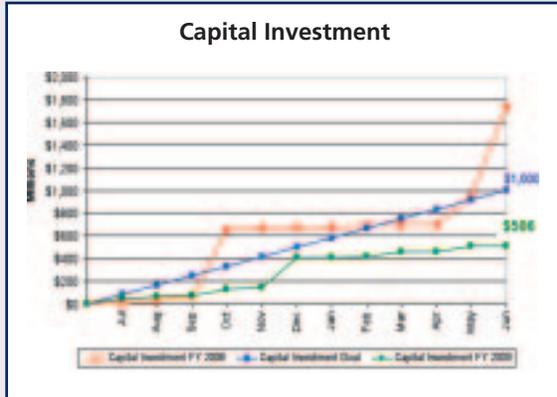
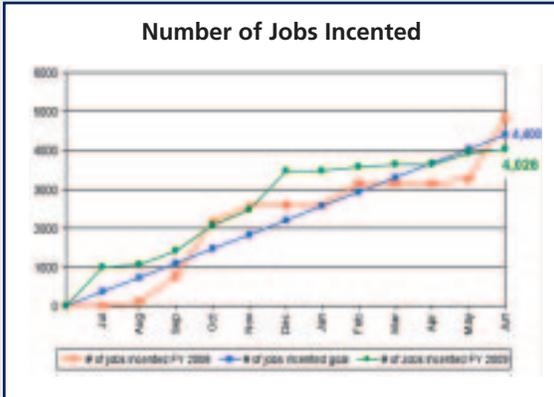
Business Development and Incentives

Incentive Programs:

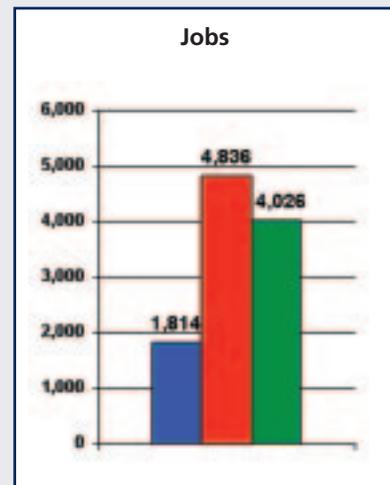
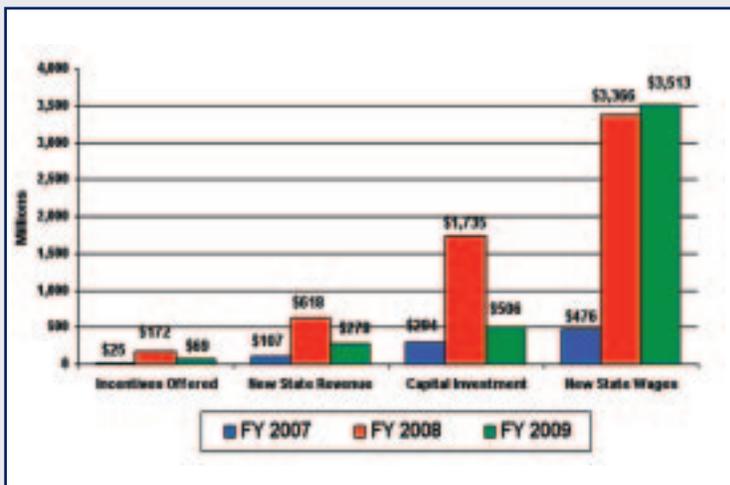
- ***Economic Development Tax Increment Financing (EDTIF)***
A post-performance refundable tax credit for up to 30% of new state revenues (includes state corporate/partnership income, sales, and withholding taxes) over the life of the project (typically 5 – 10 years).
- ***Industrial Assistance Fund (IAF)***
A post-performance cash grant for the creation of high-paying jobs in the state.
 - ***Economic Opportunities (EO)***
Up to Twenty-percent of the IAF is designated for projects furthering state economic interests.
 - ***Rural Fast Track (RFT)***
Twenty-percent of the IAF is designated for small companies in rural Utah (counties with a population less than 30,000 and average household income less than \$60,000) for expansion and the creation of new high paying jobs.
- ***Renewable Energy Development Incentive (REDI), Utah Code Ann. § 63M-1-2806.***
A post-performance refundable tax credit for up to 100% of new state revenues (includes state corporate/partnership income, sales and withholding taxes) over the life of the project (up to 20 years). No commitments have been made.
- ***Rural Broadband Service Fund***
A restricted account to be used for grants to providers for deploying broadband service in rural Utah.
- ***Recycling Zones***
These zones are created to allow state income tax credits for the purchase of equipment for the handling and/or consumption of recycled materials.
- ***Motion Picture Incentive Fund (MPIF)***
The Motion Picture Incentive Fund attracts film production with a post-performance incentive of 20% of total dollars spent in the state in the form of a cash grant or refundable tax credit.
- ***Enterprise Zones***
Under this program expanding businesses can claim income tax credits for investing in plant and depreciable machinery and equipment, creating new above average wage jobs, the rehabilitation of older facilities and other benefits.
- ***Custom Fit Training*** (administered through the local applied technology or community colleges)
Custom Fit training money is used to help companies train employees and is administered generally through state colleges and state applied technology centers.
- ***Private Activity Bond*** (administered by the Department of Community and Culture)
The Private Activity Bond is Utah's tax-exempt bonding authority creating a lower cost, long-term source of capital under the Federal Tax Act of 1986.

Business Development and Incentives

IAF* and EDTIF Incentives Offered in FY 2009.



*IAF and EDTIF Incentives Offered in FY 2007, 2008, & 2009



*Excluding Rural Fast Track.

Business Development and Incentives

Utah Code Ann. § 63M-1. IAF Projects Offered in Fiscal Year 2009

42 IAF Fund projects totaling \$3,176,824 were offered in FY 2009.

Standard IAF § 63M-1-901

*Jet Aviation**: New Non-Commercial Aircraft Maintenance, Refurbishment and Fixed Base Operation (FBO) at Ogden-Hinckley Airport

- \$294,000 standard IAF Incentive
- 15 year term
- 650 new jobs
- \$27,716,041 New State Revenue (\$15,801,689 Withholding, \$4,551,857 Corporate, \$7,362,495 Sales)
- \$6,900,000 Capital Investment
- \$420,759,000 New State Wages

Sun Products Corporation: Retain 183 jobs and add 80 additional jobs

- \$915,000 standard IAF Incentive
- 10 year term
- 80 new jobs
- \$34,022,025 New State Revenue (\$10,354,296 Withholding, \$7,264,056 Corporate, \$16,403,673 Sales)
- \$14,600,000 Capital Investment
- \$276,114,553 New State Wages

Economic Opportunity § 63M-1-909

Delta Air Lines: Startup of direct flights from Salt Lake City to Tokyo, Japan.

- \$250,000 Economic Opportunity IAF Incentive
- 16 month term
- First direct flights from Salt Lake City to Tokyo
- Estimated economic impact greater than \$90,000,000
- Estimated local job creation of at least 1,100 jobs
- Increased tourism with easier access to national parks and ski slopes for foreign visitors
- Increased travel options for Utahns

Utah Code Ann. § 63M-1-904. Rural Fast Track Program Offers

RURAL FAST TRACK OFFERS				
County	Projects	Employees	Investment	Incentive
Beaver	1	6	\$ 110,100	\$ 57,500
Juab	3		283,974	149,891
Millard	1		60,892	30,446
Sanpete	5	15	522,451	218,036
Wayne	1		57,863	28,500
Carbon	10	8	1,420,343	477,180
Emery	10	5	1,234,777	438,250
Grand	2	4	134,869	59,435
San Juan	2	0	83,500	46,000
Duchesne	3	16	6,311,160	168,500
Uintah	1	3	\$ 82,171	44,086
Grand Total	39	57	\$ 10,302,100	\$ 1,717,824

Additional project details are highlighted in this report under 'Rural Development'.

Total IAF Commitments (remaining balances of contractually obligated incentive payments):

- Standard IAF \$11,634,735 representing 31 companies
- Rural Fast Track Program commitments \$1,187,573 representing 32 companies

*Company did not accept offer.

Utah Code Ann. § 63M-1-2406 & 2407. EDTIF Projects Offered in Fiscal Year 2009

17 EDTIF projects totaling \$67,571,495 offered during FY 2009

Retention and Expansion of Existing Utah Businesses

Boart Longyear: Expansion of headquarters

- \$3,036,000 Incentive
- 10 year term
- 200 new jobs
- \$12,144,432 New State Revenue (\$8,345,079 Withholding, \$2,870,020 Corporate, \$929,333 Sales)
- \$3,000,000 Capital Investment
- \$222,535,427 New State Wages

Cephalon: Relocate contract manufacturing division

- \$1,683,200 incentive
- 10 year term
- 60 new jobs
- \$6,732,756 New State Revenue (\$1,397,529 Withholding, \$4,802,843 Corporate, \$532,384 Sales)
- \$18,000,000 Capital Investment
- \$37,267,447 New State Wages

Top Ten Reviews: Retain and expand current operations in Utah

- \$731,775 incentive
- 7 year term
- 165 new jobs
- \$3,658,878 New State Revenue (\$1,649,407 Withholding, \$1,986,084 Corporate, \$23,387 Sales)
- \$45,287,172 New State Wages

Nelson Laboratories: Expand current headquarters operations

- \$1,996,600 Incentive
- 10 Year Term
- 393 new jobs
- \$9,982,877 New State Revenue (\$5,907,703 Withholding, \$2,896,279 Corporate, \$1,178,895 Sales)
- \$13,745,000 Capital Investment
- \$157,538,750 New State Wages

The Sun Products Corporation: Retain 183 jobs and add 80 additional jobs

- \$1,598,600 Incentive
- 10 year term
- 80 new jobs
- \$34,022,025 New State Revenue (\$10,354,296 Withholding, \$7,264,056 Corporate, \$16,403,673 Sales)
- \$14,600,000 Capital Investment
- \$276,114,553 New State Wages

Keystone Aviation: Establish the new HondaJet Northwest operation in Utah

- \$1,740,300 Incentive
- 10 year term
- 72 new jobs
- \$8,701,701 New State Revenue (\$706,152 Withholding, \$772,088 Corporate, \$7,223,461 Sales)
- \$4,000,000 Capital Investment
- \$18,830,731 New State Wages

*Company did not accept offer.

Business Development and Incentives

ATK Aerospace*: Create commercial aircraft composites manufacturing facility

- \$32,732,500 Incentive
- 20 year term
- 848 new jobs
- \$109,108,187 New State Revenue (\$62,428,923 Withholding, \$36,807,315 Corporate, \$9,871,949 Sales)
- \$250,000,000 Capital Investment
- \$1,664,771,288 New State Wages

Dynamic Confections: Retain corporate headquarters and consolidate manufacturing operations

- \$823,856 Incentive
- 10.5 year term
- 110 new jobs
- \$4,119,278 New State Revenue (\$2,632,436 Withholding, \$635,555 Corporate, \$851,286 Sales)
- \$4,000,000 Capital Investment
- \$70,198,304 New State Wages

Great Salt Lake Minerals: Expand Sulfate of Potash fertilizer operation

- \$153,638 Incentive
- 10.5 year term
- 50 new jobs
- \$1,024,253 New State Revenue (\$1,024,253 Withholding)
- \$42,000,000 Capital Investment
- \$27,313,426 New State Wages

eBay: Reorganize global customer support operations and relocate 200 new full time positions

- \$1,719,800 Incentive
- 10 year term
- 200 new jobs
- \$6,879,345 New State Revenue (\$2,628,983 Withholding, \$3,068,253 Corporate, \$1,182,109 Sales)
- \$40,500,000 Capital Investment
- \$70,106,217 New State Wages

New Companies to Utah

Reckitt Benckiser: New distribution and logistics center

- \$1,901,000 incentive
- 10 year term
- 141 new jobs
- \$9,506,507 New State Revenue (\$1,848,339 Withholding, \$4,368,090 Corporate, \$3,290,078 Sales)
- \$35,000,000 Capital Investment
- \$49,289,036 New State Wages

Jet Aviation*: New non-commercial aircraft maintenance, refurbishment and fixed base operation (FBO) at Ogden-Hinckley Airport

- \$8,021,000 incentive
- 15 year term
- 650 new jobs
- \$27,716,041 New State Revenue (\$15,801,689 Withholding, \$4,551,857 Corporate, \$7,362,495 Sales)
- \$6,900,000 Capital Investment
- \$420,759,000 New State Wages

*Company did not accept offer.

Business Development and Incentives

Quality Bicycle Products: Establish distribution facility/headquarters

- \$2,172,232 incentive
- 10 year term
- 71 new jobs
- \$10,860,159 New State Revenue (\$1,253,480 Withholding, \$8,505,185 Corporate, \$1,102,494 Sales)
- \$5,700,000 Capital Investment
- \$33,426,126 New State Wages

SA International: Relocate, consolidate headquarters

- \$1,782,701 Incentive
- 10 year term
- 129 new jobs
- \$7,130,805 New State Revenue (\$2,398,613 Withholding, \$2,475,000 Corporate, \$2,257,192 Sales)
- \$370,000 Capital Investment
- \$63,963,000 New State Wages

Duncan Aviation: 320,000 square foot aircraft maintenance hanger, paint hanger and office facility

- \$6,643,293 Incentive
- 15 year term
- 657 new jobs
- \$22,144,311 New State Revenue (\$12,631,531 Withholding, \$5,825,330 Corporate, \$3,687,450 Sales)
- \$58,000,000 Capital Investment
- \$336,840,838 New State Wages

Verisys Corporation: Relocate headquarters to Utah

- \$835,000 Incentive
- 7 year term
- 100 new jobs
- \$4,177,496 New State Revenue (\$701,963 Withholding, \$3,229,629 Corporate, \$245,904 Sales)
- \$10,000,000 Capital Investment
- \$18,719,026 New State Wages

Microsoft:

- No incentive awarded for this project
- 100 new jobs

Total EDTIF Commitments (remaining balances of contractually obligated incentive payments):

- Cash grant \$112,222,875 representing 6 companies
- Tax credits \$74,810,228 representing 24 companies

Estimated Partial Rebates for Fiscal Year 2010:

- 5 projects with projected payouts totaling \$2,525,000

Estimated Tax Credits for Fiscal Year 2010:

- 20 projects with projected tax credits totaling \$4,400,000

Business Development and Incentives

Utah Code Ann. § 63M-1-2801. Renewable Energy Development Act

The Legislature recognizes that alternative energy is a high growth industry for both power generation and manufacturing of power generation equipment (such as solar panels, windmill blades, batteries, turbines, etc.) resulting in the creation of new high paying jobs and increased capital investment. The legislature also recognizes that Utah competes with other states to attract these companies and that incentives offered by competing states may result in “lost opportunities” for Utah.

The Renewable Energy Incentive (REDI) was created to make Utah “Best in Class” in recruiting both manufacturing and generation companies. HB 430 also allows for incentives to be made for nuclear power projects. The program allows for up to 100% of companies’ new state revenue (includes state corporate/partnership income, sales and withholding taxes) to be refunded in the form of a post performance tax credit for up to 20 years. This bill took effect on May 12, 2009 and multiple companies have already indicated interest in this incentive.

Utah Code Ann. § 63M-1-2305. Rural Broadband Service Fund Act

During the 2007 General Session the Rural Broadband Service Fund was established to support economic growth in rural locations by providing post performance cash grants to companies that commit to construct wire line technology for rural communities to access high speed broadband service. The fund was limited to \$1,000,000 in post performance cash grants with a 50% of project cost ceiling and a sunset date of July 1, 2010.

As of FY 2009 close, \$906,672 has been committed representing 48 projects in 14 counties across Utah. One project has been completed by Beehive Telephone Company that now provides high speed broadband service 60+ new subscribers in Grouse Creek, an unincorporated area of northwest Box Elder County.

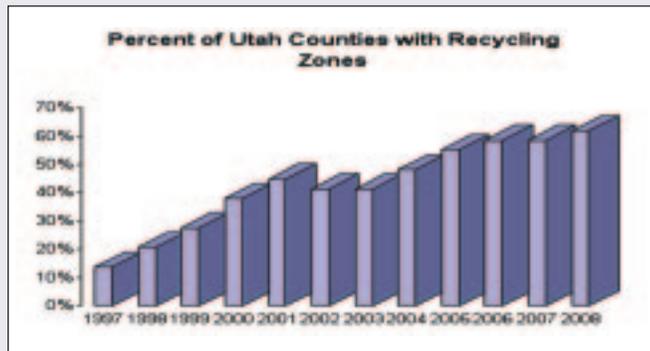
The remaining balance is currently under evaluation for project assignment.

Rural Broadband Projects:		
County	Projects	Incentive
Beaver	1	\$9,500
Cache	1	\$22,500
Carbon	2	\$214,941
Iron	2	\$23,000
Juab	2	\$22,500
Morgan	1	\$34,000
Sevier	2	\$38,000
Summit	3	\$30,000
Tooele	2	\$24,500
Utah	13	\$185,650
Wasatch	8	\$118,050
Washington	1	\$28,709
Weber	9	\$131,000
Total Completed Projects		
County	Projects	50% Cost
Box Elder	1	\$24,322
Grand Total	48	\$906,672

Utah Code Ann. § 63M-1-1103. Recycling Market Development Zone Act

Recycling Market Development Zone Program (RMDZ) allows communities to realize not only the economic benefits of recycling, but other benefits which include saving natural resources and landfill space, reducing energy costs, and preventing pollution. Currently recycling zones are in 20 of Utah's 29 counties.

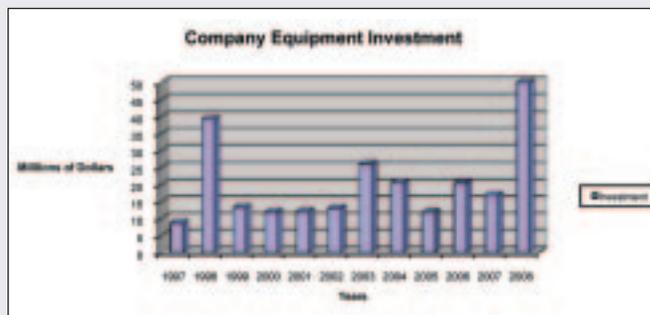
Maintaining recycling programs is enhanced by the establishment of local markets for recyclable material which leads to increased business and economic activity. Incentives offered by the RMDZ program continue to make a difference in capital investment and job creation in Utah. For example, Nucor Inc. which operates a steel mill in Plymouth, has recently invested many millions in a steel building manufacturing plant in Brigham City, called Nucor Building Systems. RMDZ played a major part of this location decision.



In 2008, the 19 reporting businesses are holding collectively steady in job growth and have reported a total invested \$50M in equipment. By comparison, industry investments were \$11.8 million in 2005 and \$20.3M in 2006 and 16.9M in 2007. The main state incentive is a non-refundable income tax credit of 5% on the investment in eligible machinery and equipment.

Program Goals

Objectives of the program are to promote economic development related to the recycling and manufacturing industries. A major goal for this program is to encourage the use of recycled commodities in manufactured goods. The viability of many of Utah's recycled commodities depends on local use.



*Equipment Investments for 2008 are estimated.

Some examples of companies that use recycled feedstock:

1. Mountain Fiber, Hyrum (use recycled paper to manufacture insulation)
2. Vulcraft, Brigham City (use recycled steel to manufacture building materials)
3. Heritage Glass, Smithfield (use recycled glass to manufacture floorings)
4. Temkin International, Payson (use recycled plastics for decorated gift wrappings)
5. Dalton Brothers, Circleville (use wood waste to manufacture soil additives)
6. Pacific States Cast Iron Pipe Company, Utah County (turns recycled steel into pipes)

Business Development and Incentives

Nelson Laboratories: A Utah Incentive Success Story

Nelson Laboratories is expanding! This new expansion will facilitate the retrofit of Nelson Laboratories existing building which will be converted into two floors of dedicated laboratory space. According to Jeffery Nelson, President/CEO of Nelson Laboratories, Inc. “This new space will allow us to greatly expand our operations and will increase the efficiency of our asset utilization in our existing building. We are excited to continue to partner with some of the best companies in the world to provide the highest standard in laboratory testing.”

This new addition will include three stories and 50,000 sq ft. The space is divided into one floor of laboratory space and two floors of office administrative space. The first floor will include facilities for IT, Human Resources, and general staff functions (e.g., an exercise facility, children’s room, medical room and large lunch room/staff gathering room). The second floor will house laboratory functions that are less infrastructure intensive such as the pharmaceuticals, microbiology, particulate, and biocompatibility testing laboratories. The third floor is dedicated to administrative functions including sales, client services, accounting, regulatory, etc. The facility is designed to be energy efficient and is equipped with a state of the art three phase HVAC system that will provide ongoing cost efficiencies for the owner operators. In addition, the design incorporates natural light, collaborative work spaces, and natural landscapes. The facility is currently being built in partnership with Big D Construction, Babcock design, Joe Linton Architecture, and US Bank.



Business Resource Centers: Entrepreneurial Development

Utah's State Legislature provided for the establishment of Business Resource Centers (BRC) through the Utah Business Resource Centers Act. BRC's are established by the Governor's Office of Economic Development (GOED) in partnership with state public institutions of higher education. They provide private sector businesses with one-stop technical assistance, as well as, access to statewide resources and programs. Each center accommodates the local character of the communities they serve with partners from federal, state, local, and public or private business service providers.

The goal of a BRC is to assist Utah companies with services that will allow new and existing businesses to grow. There are numerous business service providers funded at the federal, state and local levels, and they are very valuable and helpful to businesses across the state, however, not all businesses are aware of their existence or how to access the assistance. BRC's provide coordination of these services from business support, education, tracking of clients, access to sources of funding, training, technical expertise, talent, to networking for new and existing businesses. Each BRC services a self-defined local area, but have the ability to reach across the entire State to ensure needs of client businesses are met.

Each of the Business Resource Centers are partnered with various service providers at the local level to enable the BRC to efficiently and effectively help Utah businesses to grow. Some of the local partners include:

- Small Business Development Center
- Procurement Technical Assistance Center- government contracting assistance
- Manufacturing Extension Partnership
- USTAR Outreach Center
- Custom Fit-job training incentives
- Early Run Ventures-focus on starting & growing businesses
- Stimulating the Expansion of Entrepreneurial Development (SEED)
- SCORE-business mentoring
- Grow Utah Ventures-early stage venture capital consulting
- Local college business resources
- Chambers of Commerce
- Local economic development organizations, and other local area service providers.



Currently, there are three BRC's in the State; in Davis County, in Utah County, and in Iron County in southern Utah. Four other independent resource centers are located in Cache, Salt Lake, and Washington Counties.

Utah Code Ann. § 63M-1-2704. Utah Business Resource Centers Act

GOED generated a Request For Proposal (RFP) and nine submissions were received from institutions across the State desiring to participate in the Business Resource Centers (BRC) Program. After an evaluation process GOED was able to partner with three institutions: Southern Utah University in Cedar City; Utah Valley University in Orem; and, Davis Applied Technology College in Kaysville. Contracts were signed with each institution in FY2009. Over 1,200 people have sought assistance at one of the three BRCs in the first six months of operation. Each center and GOED are collecting metrics. GOED established the BRC Advisory Board in accordance with the BRC Act and the board has met quarterly.

Film Commission

The Utah Film Commission markets the entire state as a location for film, television and commercial production by promoting the use of local professionals, support services and Utah locations. The film commission is a client driven program, which serves international, out-of-state and in-state production companies along with Utah support services and crew.

Utah Code Ann. § 63M-1-1805

MOTION PICTURE INCENTIVE FUND

The purpose of the Motion Picture Incentive Fund (MPIF) is to encourage the use of Utah as a destination for the production of motion pictures, television series, and made-for-television movies. The State of Utah provides financial incentives to the film industry so that the state is capable of competing successfully with other states and countries that offer film production incentives. The MPIF allows the state to foster a strong local motion picture industry that will contribute substantially to improving the state's economy.

The MPIF functions as a tax credit or cash rebate for approved productions and operates on a post performance basis on expenditures that are made in the state.

State Approved Rebate Percentages

- Tax Credit – 20% on dollars left in the state with no per project cap
- Cash Rebate – 20% on dollars left in the state up to \$500,000 per project
- Cash Rebate – 15% on dollars left in the state up to \$30,000 per project

Dollars Left in the State Requirements

- Minimum \$1 million spend for the 20% incentive
- Minimum \$200,000 spend for the 15% incentive

Funds Allocated for Tax Credit

- Fiscal Years 2010 - 2011: \$15,587,400

Funds Allocated for Cash Rebate

- Fiscal Year 2010: \$2,206,300
- Fiscal Year 2011: \$2,206,300



"Frozen," on location, Snowbasin Ski Resort.

Fiscal Year 2009 MPIF Report

For FY 2009 the MPIF operated with a 15% cash rebate with per project cap of \$500,000. The only exception was "High School Musical 3: Senior Year," which was given a special appropriation by the Utah State Legislature due to its high economic impact and job creation.

PRODUCTIONS	JOB	DAYS	INCENTIVE AMOUNT	ECONOMIC IMPACT
S Darko	70	30	\$270,160.00	\$1,801,063.93
The Assignment	85	26	\$450,000.00	\$3,000,000.00
High School Musical 3	200	40	\$2,000,000.00	\$13,333,333.33
HSM Reality	30	34	\$265,491.00	\$1,769,940.00
Snowmen	65	30	\$345,568.00	\$2,303,784.07
Frozen	60	26	\$214,540.00	\$1,430,268.53
My Girlfriend's Boyfriend	45	24	\$239,393.00	\$1,196,965.00
Area 51	60	18	\$215,271.00	\$1,435,140.00
TOTALS	615	228	\$4,000,422.00	\$26,270,495.00

Disney

The addition of the tax credit, increase to 20% and the removal of the per project cap (tax credit only) enabled the Utah Film Commission to recruit the large budget Disney/Pixar production, “John Carter of Mars,” as well as the Disney Channel’s “High School Musical 4.”

These two productions will spend a combined total of \$33,733,255 in the state over a period of seven months, creating 581 jobs.

“GENTLEMEN BRONCOS”

The creators of “Napoleon Dynamite” and “Nacho Libre”, Jared and Jerusha Hess began principal photography on their next feature film, “Gentlemen Broncos” in March 2008. Filming took place in Salt Lake City, Antelope Island, and Provo over 50 days that created 115 jobs and had an economic impact of \$9 million for the state.

Directed by Jared Hess, “Gentlemen Broncos” stars, Michael Angarano, Jemaine Clement, Jennifer Coolidge, Sam Rockwell and Mike White. The movie will open to a limited release in the fall of 2009 with a nationwide release to follow.

FISCAL YEAR 2009 TOTALS

Features/Independents/Cable Features

Total Projects: **12**
Total Production Days: **211**
Economic Impact: **\$11,720,000**

Television

Total Projects: **19**
Total Production Days: **93**
Economic Impact: **\$2,125,500**

Commercials / Videos / Industrial / Documentary / Shorts / Stills

Total Projects: **89**
Total Production Days: **249**
Economic Impact: **\$6,029,696**

Other Related Film Activities

Sundance Film Festival: **\$92,100,000**

Overview

Total Projects: **126**
Total Production Days: **553**
Total Economic Impact: **\$109,979,746**



“Waiting for Forever,” on location Salt Lake City, Utah.



“Gentlemen Broncos,” on location Salt Lake City, Utah.

FILM AND TELEVISION SHOWS SHOT IN UTAH FISCAL YEAR 2009

Film

- Frozen – Snowbasin Ski Resort
- Snowmen – Park City
- Waiting for Forever – Ogden, Salt Lake City and Echo
- 301: The Legend of Awesomest Maximus – Antelope Island, Great Salt Lake
- Scout Camp – Payson
- Dear Jane... Dear John – Utah County
- Father in Israel – Salt Lake City

- Minor Details – Utah County
- My Girlfriend’s Boyfriend – Salt Lake City
- The Mine – Cedar Fort, Heber City and Ophir
- This is the Place – Provo

Television

- FOX’s: American Idol – Salt Lake City
- MTV’s: Bully Beat Down – Salt Lake City

- MTV’s: Nitro Circus – Northern Utah
- History Channel: UFO Hunters – Tooele County
- E! Entertainment: Denise Richards Show: It’s Complicated – Park City
- Spike TV: “Jesse James is a Dead Man – Bonneville Salt Flats
- TLC: Adventure Man: Bonneville Salt Flats

International Trade and Diplomacy

The mission of the International Trade & Diplomacy Office (ITDO) is threefold:

- Aid in the increase of international trade through a range of programs and advisory services.
- Support Utah businesses as an educational resource.
- Leverage diplomatic contacts to better position Utah and its companies around the world.

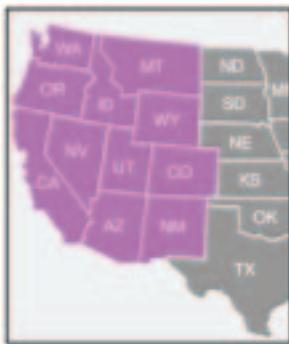
Job Creation

In 2006, Business Roundtable estimated that international trade supported 259,724 jobs in Utah's economy. From 2005 to 2008 Utah's GDP grew by almost 13%. Exports¹ for the same period grew by 71%. Exports of goods and services in 2008 accounted for 16.2% of Utah's gross domestic product (GDP).² Exports help fuel Utah's job creation, especially for small and medium-sized enterprises (SMEs). A total of 2,236 companies exported goods from Utah locations in 2006. Of those companies 85 percent were SMEs.³ Over 14.8% of all Utah manufacturing workers depend on exports for their jobs.⁴ As export figures grow, companies continue to expand and increase staff in order to manageably sustain business development.

Regional Comparison

The Western U.S. regional comparison highlights international trade data for Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Utah commodity exports were significantly higher than the national average; 71.21% versus 43.51%. Utah ranked third for commodity export growth for the same period among the Western United States region behind Montana and Washington.



Utah ranked fifth among Western states for total exports behind California, Washington, Arizona and Oregon.

2008 At a Glance

Overall Export Growth ('05-'08):	71.2%
Utah GDP Growth ('05-'08):	12.7%
Significant Country Growth ('05-'08):	
• China	145.9%
• India	816.9%
• Canada	49.9%
• Mexico	86.8%
Jobs Supported by	
International Trade (2006):	259,724
Trade Delegation Visits:	36
Diplomatic Visits:	45
Companies Assisted:	317
Educational Seminars:	33
Seminar Attendees:	852
Trade Missions:	6
• Chile (Aug 2008)	
• Japan (Sep 2008)	
• Malaysia (Sep 2008)	
• Mexico (Sep 2008)	
• Brazil (Dec 2008)	
• Israel (May 2009)	

Region % 2005-2008

Montana	94.46%
Washington	76.23%
Utah	71.21%
Wyoming	61.19%
Oregon	56.06%
Nevada	55.26%
Idaho	52.38%
US	43.51%
Arizona	32.08%
California	24.08%
Colorado	13.21%
New Mexico	9.3%

¹ Combined goods and estimated services

² U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, http://www.bea.gov/newsreleases/regional/gdp_state/gsp_newsrelease.htm

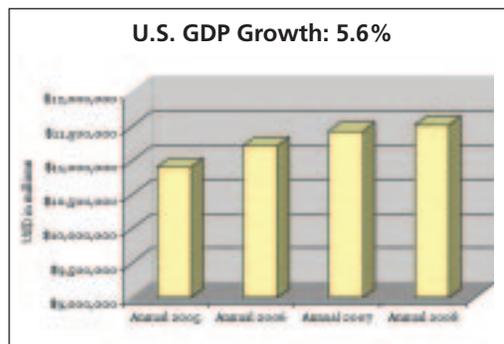
³ U.S. Commercial Service, Utah Export Assistance Center, Export Facts and Statistics, <http://www.buyusa.gov/utah/exportfactsandstatistics.html>

⁴ U.S. Commercial Service, Utah Export Assistance Center, Export Facts and Statistics, <http://www.buyusa.gov/utah/exportfactsandstatistics.html>

International Trade and Diplomacy

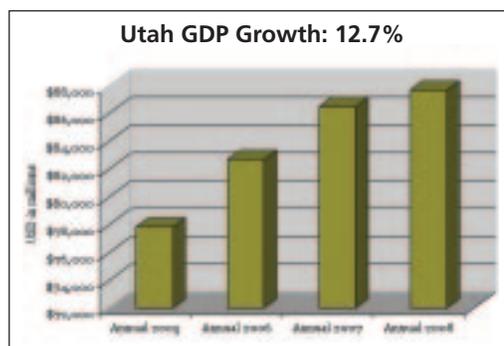
Utah Gross Domestic Product

Gross Domestic Product, better known as GDP, is the output of goods and services produced in a specific region. The Bureau of Economic Analysis tracks GDP on a national and state level. GDP for the United States has had steady growth since 2005, increasing by 5.6%. Utah has seen significant growth during that same period increasing by 12.7%. In 2005, Utah exports accounted for 10.9% of Utah's GDP. This percentage grew to 16.2% of state produced goods in 2008.

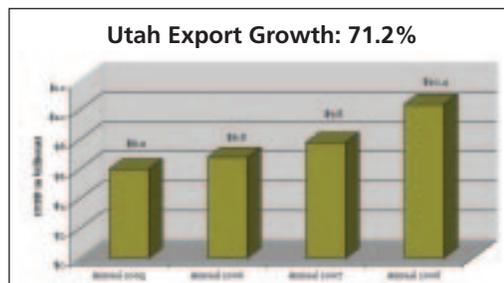


International Trade

Utah is home to many entrepreneurs. These and countless other businesses survive and grow by expanding into international markets. Much of this international trade comes in the form of exports. At the end of 2008 Utah companies exported over \$10.38 billion in goods.

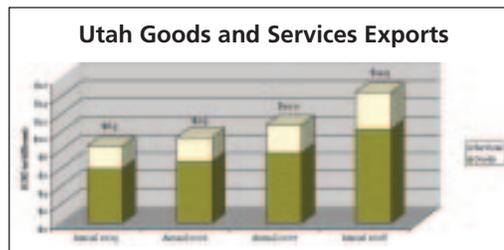


Precious metals, primarily gold, once again topped the export list for goods in 2008 at \$4.3 billion (41% of Utah's total export goods). Electronic integrated circuits and memory devices were in the second spot with \$1.4 billion in exports. Utah was the fourth leading state to export in this category in 2008. The third spot belonged to chemicals and mined ores, with total exports of \$5.5 billion. With almost \$5 billion, medical equipment was Utah's fourth largest export commodity. Aerospace manufacturing was Utah's fifth largest export was just over \$400 million.



Services

Accurately tracking service exports at the state level is impracticable. Federal level data are available and published by the U.S. Census Bureau, U.S. Bureau of Economic Analysis, and U.S. Department of Commerce. International service exports are recorded from the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and other U.S. territories and possessions.⁵ Service areas include travel, passenger fares, other transportation, royalties and license fees, other private services, transfers under U.S. military sales contracts, direct defense expenditures, and U.S. government miscellaneous services.⁶



For the period 2007 to the present U.S. service exports represented a consistent trend as a percentage of goods exported. The percentage ranged from 40-50%. A 33-month average of service exports for the same period was 44.3%. The estimates for service exports used for Utah are based on a conservative 40% of goods exported. For 2008, Utah service exports are estimated to be \$4.154 billion. Both commodity and estimated service exports for the state totaled \$14.542 billion. Increasingly, services will make up a larger portion of total exports.

5 U.S. Census Bureau – U.S. Bureau of Economic Analysis NEWS, June 10, 2009, Information on Goods and Services, A-4

6 U.S. Census Bureau – U.S. Bureau of Economic Analysis NEWS, June 10, 2009, Information on Goods and Services, A-4 – A-5

Procurement Technical Assistance Centers (PTAC)

Helping Utah companies secure military and government contracts.

PTAC provides assistance to small and mid-sized Utah companies in obtaining government contracts—be they federal, state, or local. Results for FY 2009 indicate that PTAC helped Utah small businesses obtain more than \$204M in contracts creating / retaining 4080 jobs—at \$50,000/job. The return on investment is significant, since the average cost of each new or retained job is only \$300 to \$400 per job. PTAC’s budget of \$730K is provided by matching funds from the Department of Defense and the State of Utah. There is no more efficient use of funding, as applied to job creation, than the work of PTAC’s efforts for the Governor’s Office of Economic Development (GOED.)



PTAC Counselors provide one-on-one and group instruction that helps clients identify contracting opportunities, which can create growth of market share and revenues, for them. The government is an excellent customer because it generally purchases in large quantities and pays its bills on time.

PTAC is an important part of GOED with nine offices throughout the state, from Logan to St. George.

There are specific keys available from your PTAC office as follows:

- Bid match software to find bid opportunities
- One-on-one counseling
- Workshops and Conferences
- Registration Assistance (Duns, CCR, ORCA)
- Networking facilitation
- Contracting Partnerships
 - Prime / Sub
 - Mentor / Protégé
 - Teaming Agreements
 - 8(a) / Hub Zone Opportunities
- Bid Proposals (response to an RFP)
- Product Specifications / Standards
- Procurement Histories / Pricing Data
- GSA Assistance

Success Story

Advanced Detail

Advanced Detail is a PTAC client whom PTAC assisted in winning a \$1.2 million multi-year contract with Salt Lake City Corp. to detail the city’s vehicle fleet.

PTAC, through its Bid Match system, assisted Advanced Detail in finding this local government bid that it won. PTAC recognized Advanced Detail by hosting a lunch and awarded them a GOED Certificate of Excellence.



Karen Mecham, Allison Rock, Dave Hill, Dee Hill and Jeremy Stover of Advanced Detail proudly display their Certificate of Excellence awarded to them by GOED.

Procurement Technical Assistance Centers (PTAC)

Boeing Outreach:

PTAC held an Outreach effort for The Boeing Company—a very large federal prime contractor. Boeing was awarded a 7-year multi-billion dollar contract to replace the wings on all of the Airforce’s A-10 “Wart-Hog” jet aircraft, used for close-in support of ground troops in combat. After two days of briefings, one-on-one interviews between a Boeing representative and small business owners, and a number of on-site plant tours, PTAC received word that six to twelve Utah small businesses will participate in this very large contract—as subcontractors.



From Small Business Conferences for Prime Contractors to the major annual Procurement Symposium, PTAC provides many training and contact opportunities throughout the year.



According to PTAC State Director, Fred Lange, outreach meetings structured in a similar way as the Boeing event have been scheduled on the average of one every other month—with companies including Northrup Grumman, Booz Allen Hamilton, BAE Systems, General Dynamics, Lockheed, Jacobs Carter & Burgess, to mention a few.

Chuck Spence, Deputy Director of the Statewide PTAC Program, initiated a Teaming Agreement between two PTAC clients, E-CORP, and Intermountain Rigging and Heavy Hauling (IRH), Salt Lake City, to team on the Hill Air Force Base 309th Equipment Support Solicitation. IRH fills a niche that E-Corp needs, because IRH’s revenues exceed the \$6.5 million threshold for this solicitation, IRH is unable to bid as a prime. Therefore, PTAC introduced IRH to E-CORP and a Teaming Agreement was reached, along with non-disclosure agreements.

The third annual Procurement Symposium held in 2008 at SouthTowne Expo Center, Sandy, saw more than 450 attendees learn how to sell to the Government and Military, and heard a motivating and encouraging keynote speech from Governor Huntsman.

This year, in October, PTAC has scheduled its fourth annual Procurement Symposium, and will be treated to Keynote addresses by the new Governor, Gary Herbert, and the newly assigned Hill AFB Air Logistics Center Commander, Major General Busch. This event is being moved to the Davis Conference Center for this fourth year.

Rural Development

The Rural Development Program Mission is to unite and support Utah's rural communities in economic development. This is accomplished through direct involvement and through economic development partners.

Rural Partners

The Rural Office through the Governors Rural Partnership Board, with representation from business, industry, and local government throughout the state raises awareness about rural development needs, defines economic barriers and brings these issues to light with the Governor, Utah Legislature and other state and federal agencies. The top issues in 2009 are business infrastructure and business resource centers. To view the entire report, go online to <http://goed.business.gov/programs/rural-development/GPRB>.

USU Extension has partnered with GOED in many seminars, workshops and coordinated programs. Quarterly, the Rural Office hosts a statewide internet webcast. Topics have centered around Utah's manufacturing sector, Utah's Own Program, the federal stimulus programs, Senator Bennett's federal update, and renewable energy.

The Rural Office continues to support the statewide network of local economic development professionals, rural communities and counties and the Center for Rural Life which organizes the Annual Rural Summit. Other partners are also mentioned later on in this report.

Utah Petroleum Association and the State Energy Office partner with the Rural Office regarding energy issues. All types of energy development, traditional and renewable are the cornerstone of the State of Utah and will be for it and the nation in the future. A new GOED program, Renewable Energy Development Incentives (REDI) work closely with the rural office and all its partners.

Business and Economic Development Assistance

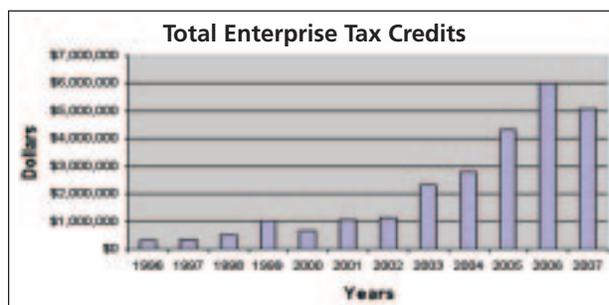
The Rural Office continues to focus on business development and manages several legislative mandated programs that provide local assistance to business listed below. They work with other entities for a comprehensive business assistance program. These include local revolving loan funds, Small Business Development Centers, SBA business programs, USDA, Utah Science and Research, certified development companies, Custom Fit training and Utah's Manufacturing Extension Partnership.

Utah Code Ann. § 63M-1-403. Enterprise Zones

Enterprise Zones were reauthorized for 10 years during the 2009 Legislative Session. These locally planned zones allow expanding businesses nonrefundable income tax credits for investing in plant and depreciable equipment, creating new above average wage jobs, the rehabilitation of older facilities and providing health insurance. In 2007 just over \$5M of tax credits were given and it is estimated to equal over 60 million of business investment in the rural Utah.



Paiute Trailer, Richfield Utah, an example of the many rural Utah companies who produce high quality products.



Companies can also receive refundable state tax credits with Enterprise Zone's "Target Business Tax Credits, but are not available in all Enterprise Zone eligible counties. The county eligibility is based on the previous years' unemployment rate. Each year the state awards a maximum of \$300K to competing companies based on their projected investment and payroll. The companies awarded the targeted business tax credits will receive tax credits in each of the next three years if the company reaches their projected targets of investment and payroll.

In 2009, GOED awarded the credits to Filter Service Company, Electrical Contractors, San Rafael Veterinary Clinic, Neilson Cement, and Palletta Trucking all of Price and Badlands Fabrication and Machine of Helper. For 2008 only two of the five companies awarded the targeted business tax credits received the credits by reaching their business expansion projections. These were Pure CO2 of East Carbon and Bruno Engineering of Price.

For detail information on individual enterprise zone locations please visit <http://business.utahgov/programs/businessdevelopment/enterprisezone>.

Rural Development Grants are available to communities to facilitate economic development projects and are generally used to match other funds. The maximum amount per grant is \$10K. Grants are awarded as they are received and are based on available funding. Two projects were funded during the 2008-09 fiscal year.

- Business Entrepreneurship Training – Kanab
- Main Street Development – Fillmore

Industrial Assistance Fund's Fast Track incentives are available to non retail business in eligible rural counties. Grants are awarded to growing businesses and can be up to 50% of the investment and a maximum of \$50K. (See chart for eligible counties) Eligible companies must have been in business for a least 2 years and have at least 2 employees. Incentives are to assist with new infrastructure investments and costs of new employees.



Utah counties eligible for the enterprise zone tax credits, Rural Development Grants and Rural Fast Track Grants.

Utah Code Ann. § 63M-1-2006. Business Development for Disadvantaged Rural Communities

This program was only funded in FY 2005 at \$250,000. No subsequent funding has been appropriated by the Legislature for this program.

SUCCESS STORIES:

Emery County: Red Cliffs Mining located in Emery Town mines minerals for the nutrition industry. Total company investment of 136K in new machinery will allow value added mineral processing.

Carbon County: Echo Industries started in 1987 is a mine supply and electrical cable business serving Utah, Colorado, Nevada and Wyoming. They will increase their capabilities by investing \$110K in new building and equipment and will start manufacturing miner belts and harnesses.

Sanpete County: Christensen Arms of Fayette manufactures custom hunting rifles with carbon barrels, graphite stocks, and titanium muzzle brakes. They will invest \$70K to design, produce and print a hunting publication and develop equipment to manufacture a new 50 Caliber hunting rifle. Two new jobs will be created.

South Sanpete Pack will invest over \$100K to add a meat curing facility to their custom meat processing plant in Gunnison. This will require the hiring of 1 new employee.

State Science Advisor

The State Science Advisor (SSA), appointed by the Governor, provides advice and counsel on science and technology issues to the Governor, state legislature and other state agencies. The Science Advisor serves on a broad range of boards and commissions pursuant to the oversight of key scientific initiatives, research efforts, federal and state mandates and on-going programs devoted to science and technology issues. The Science Advisor has specific responsibility to supervise or participate in the following key areas:

Advisory Council on Science and Technology (SAC)

The SSA and SAC review significant advances in science and technology and advise and make recommendations to the Governor, state legislature and governmental agencies on the use of science and technology to foster scientific literacy and to strengthen the state's economy, educational system and quality of life. The SSA serves as an ex-officio member of the SAC and provides staff support for all SAC activities and initiatives. This year the SAC solicited and reviewed 32 nominations for the Governor's Medal for Science and Technology. The dinner was held at the Huntsman Cancer Institute in December with over 200 attendees. Chris Waddell, a world-renowned Gold Medal ParaOlympian in downhill skiing was the emcee, with Jason Perry the former Executive Director of the Governor's Office of Economic Development presenting the awards to the eight awardees. The Governor's Medal is a symbol of recognition for those individuals who have provided distinguished service in the fields of science and technology. The Governor's Medal recognizes outstanding achievement in the following areas: academia, industry, government and education. The SAC is also serving as the Executive Committee for the WIRED initiative that is helping to create a talent "pipeline" for the Utah Life Science community.

Utah Applied Science, Technology and Engineering Camps (ASTEC)

The SSA supports a state-wide science camp initiative that provides opportunities for students to become involved in hands-on science, technology and engineering activities.

This year the ASTEC program supported nine camps, with over 200 participants projected for the camps. Participants are represented from the entire state of Utah, including Southern Utah, Logan and Utah County. The ASTEC program not only provides fun and innovative Science, Technology, Engineering and Math (STEM) opportunities for students, but for Utah educators as well. The intended outcome of the camps is to encourage students to pursue STEM education and career pathways! The camps occur within academic institutions, but are also awarded to groups such as City of South Salt Lake, which is offering a Crime Science Investigation (CSI) camp to at risk middle school students at Granite Peak Middle School. The grant will serve 40 students and collaborate with two other ASTEC awardees to share curriculum materials, laboratory space and teaching experience.



Young children learn that science is great fun!

Financial support for ASTEC was a result of legislative funding (\$40,000) and the awards were given as a result of a competitive application process.

Workforce Innovations in Regional Economic Development (WIRED)

The Governor's Office of Economic Development (GOED) received a US Department of Labor grant for \$5.1 MM through the Workforce Innovations in Regional Economic Development (WIRED) program. This 3-year grant focuses on supporting the Utah Life Science industry by building strong partnerships through



A Highland High School football player concentrates on his Biotechnology lab work in the Face of Fitness program.

government agencies, higher and public education institutions, life science industries and community and philanthropic entities. There are eleven partners, including higher and public education, government, community/philanthropic and industry whom will work together to create outreach and recruitment activities, as well as education and training programs that support the Life Science industry in Utah. An example of an activity is the partnership between Utah Valley University (UVU) and Salt Lake Community College (SLCC) to create the first 4-year degree in Biotechnology. The new Utah Valley University Biotechnology baccalaureate degree program currently has 105 majors enrolled.....in its first year of operation. The

WIRED initiative is supporting innovative projects such as the BioInnovation Gateway (BiG) which is a training incubator for students to gain credible industry-based internship opportunities in a unique business incubator environment. Finally, the WIRED initiative supports exciting programs such as the Face of Fitness that uses the dynamic world of sports, fitness and nutrition to teach STEM concepts to students. The program had its debut at Highland High School where the football team spent ten weeks participating in a credit-based lab course that focused on lab experiences that emphasize the engineering represented in football safety equipment and the science of nutrition and physiology as it relates to sports and fitness.



The Highland High School football team learns that sports, science and engineering have a lot in common.

Utah Office of Tourism

Tourism continues to be one of the bright spots in Utah's economy. The Utah Office of Tourism (UOT) brands and promotes Utah's great experiences for visitors and citizens in a way that enhances our quality of life. Since the state launched its new "Life Elevated" brand in April of 2006, visitation to Utah has continued to increase. Last year, more than 20 million visitors were attracted to Utah's five national parks, more than 43 state parks, 13 world-class ski resorts, recreation areas, historical sites, and other major attractions. That's a 1% increase over the previous year. Utah lawmakers appropriated \$11 million dollars for FY 09 for out-of-state advertising and cooperative marketing. UOT implemented a winter ad campaign, a non-winter ad campaign, and a campaign to promote both Utah and new non-stop Delta flights between Paris to Salt Lake City and also Tokyo to Salt Lake City. New television, online, and print ads were created for each campaign. Funds were also used to hire a domestic PR firm to help generate articles about the state throughout the nation. Major accomplishments included an extended reach of our message, an improved perception and awareness of what Utah has to offer potential visitors, and monies saved due to lower advertising rates. International tourism plays a key role in Utah's economy. Some local tourism offices in southern Utah estimate that 70% of their transient room tax collections come from international visitors.



Delicate Arch, Arches National Park.

Utah Code Ann. § 63M-1-1404

Highlights

- The Utah Office of Tourism's Summer 2008 advertising campaign helped to generate \$571 million in traveler spending and \$45.4 million in state and local tax revenue, generating a return on investment (ROI) on state and local tax revenue of \$11.24 for every dollar spent on the ad campaign.
- The Utah Office of Tourism's Winter 2008 advertising campaign helped to generate \$399 million in traveler spending and \$31.7 million in state and local tax revenue, generating a return on investment (ROI) on state and local tax revenue of \$14 for every dollar spent on the ad campaign.
- UOT partnered with Delta to promote the launch of the Tokyo-SLC flight (though seasonally suspended, Delta expects to be back in market in May 2010)

Tourism Marketing and Performance Fund (TMPF)

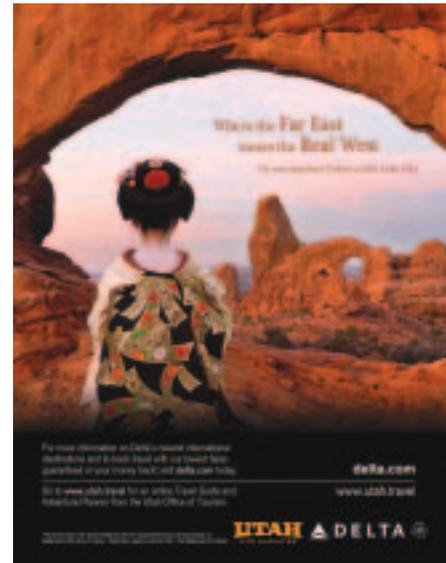
FY 2008-2009*

Original Appropriation \$11.7 million

• Co-Op Marketing	\$2,337,600
• Sports Commission	\$1,168,800
• Total Advertising	\$7,281,600
– Non-Winter	\$4,368,960
– Winter	\$2,184,480
– Special Ops	\$728,160
– Delta	\$300,000

*The 2009 legislative session resulted in an \$800,000 reduction in the total TMPF.

- A new PR firm, Lou Hammond and Associates (LH), was hired to promote the state domestically. A monthly news release was sent to the media and more than 100 hot tip leads from various media outlets generated coverage. LH arranged for UOT representatives to meet with over 40 journalists in the last year, with a total reach of 59.2 million who read their publications. Media from more than 20 publications visited Utah, as a result of the domestic PR efforts.
- An interactive adventure planner is a new feature added to the Utah.travel Web site. The Utah Travel Guide is now available online.
- In 2008, nearly 88,800 copies of the Utah Travel Guide were sent to travelers in the last fiscal year.
- The 2009 Utah Scenic Calendar received the Rodney A. Anderson –Best of National Calendar Award – from the Calendar Marketing Association. It was also awarded seven Gold Awards and one Silver Award in the National and World sections of the annual competition.
- Utah received more than \$327,700 in National Scenic Byway grant awards. Six requests received full awards and two requests were partially funded.



Delta Air Lines ad to promote non-stop flight from Salt Lake City to Tokyo.



Print ad highlighting The Greatest Snow on Earth®.

Cooperative Marketing Program

The mission of the Utah Cooperative Marketing Program is to leverage state and partner funding to attract out-of-state visitors and increase tourism expenditures. Using a 50-50 match of public and private marketing monies, tourism partners are able to double out-of-state marketing efforts. Destination marketing organizations and non-profit entities in existence for one year or more are eligible to apply.

FY 2008-2009

- Received 60 applications totaling \$2.8 million
- UOT Board funded 51 applications for \$2.3 million

Travel Trade Program

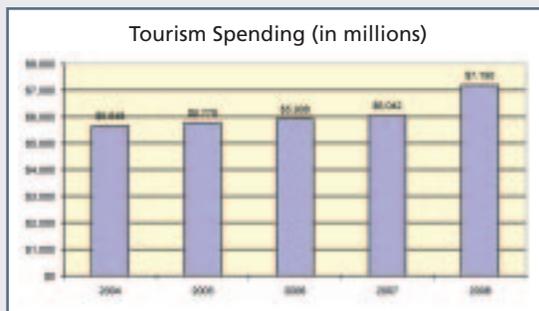
The Travel Trade Program's objectives include growing/enhancing domestic and international published Utah travel products and branding Utah to worldwide audiences as an exciting year-round travel destination. Program components include media/trade FAM tours, collateral development, press releases, trade shows, sales missions, and promotional events. Currently, UOT has international contracts with offices in the UK, France, Germany, and Japan.

Media and Trade FAM Tours – July 2008 to June 2009 • FY 2008 – 2009

- 97 Media and Trade FAMs
- 312 Qualified Participants
- Total Media Value: \$19+ million
 - Utah’s representatives’ efforts included publishing regular e-newsletters. A German Web site was created: www.goutah.de.
 - UOT coordinated the state’s representation at the following international and domestic travel trade shows: Go West Summit – International, Albuquerque; ITB – Berlin; French Sales Mission; Discover America Media Marketplace – Germany; World Travel Market – London; Paris Sales Mission; UK Sales Mission; CITM – Shanghai, China; ITB – Asia; NTA – US, Pittsburgh; Pow Wow – International, Miami; Addison Travel Shows – Canada; JATA – Tokyo; Discover America Media Marketplace – Japan; Los Angeles Japanese Workshop; Korean Sales Mission; and Sunset Celebration Weekend, Menlo Park..

Tourism by the Numbers

- County Transient Room Tax Revenue (TRT): \$35,941,275
- National Park visits: 5.6 million
- National Monument Visits: 3.1 million
- State Park Visits: 4.5 million
- 3.9 million skier days
- Passengers landing at Salt Lake International Airport: 20.7 million
- Utah.travel visits: 151,128
- Welcome Center visits: 412,158
- Travel Guides 2008 Calendar Year — Online 10,234 — Requests 88,794



Utah Code Ann. § 63-M-1-2504

As part of Utah's approach to health system reform, the State of Utah has developed and is implementing the internet based Utah Health Exchange (UHE). The Exchange as an internet-based information portal will connect consumers to the information they need to make an informed health insurance purchase choice, and in many cases, allow them to execute that choice electronically through the site at the same time.



Why do we need an Exchange?

One of the cornerstones of Utah's approach to health system reform is to move our health care system toward a consumer-based system, where individuals are responsible for their health, health care, and health care financing. A major step in that direction is the development of a workable defined contribution system.

The Utah Health Exchange is a critical component in moving towards a consumer-based system. As a market leader in health insurance choice the UHE is offering employers the opportunity to now offer a "defined contribution", or dollar amount of pretax dollars set aside for the purchase of an employee selected health plan from a menu of various plans and prices. Now rather than an employer only being able to offer a "defined benefit" or an employer selected plan with a fixed cost for everyone the employer can offer the "defined contribution."

For example, in order for a defined contribution system to function efficiently, consumers need a single shopping point where they can evaluate their options and execute an informed purchasing decision. For a consumer-based market to succeed, brokers, agents, employers, and individuals must have access to reliable information to allow consumers to make side-by-side comparisons of their various insurance plan options.

On August 19, 2009 the Utah Health Exchange (exchange.utah.gov) opened for employer enrollment with a wave of strong interest from small employers in Utah. The Utah Health Exchange is an internet-based information portal with three core functions: 1) provide consumers with helpful information about their health care and health care financing, 2) provide a mechanism for consumers to compare and choose a health insurance policy that meets their needs, and 3) provide a standardized electronic application and enrollment system.

Limited Launch. Unlimited Possibilities. The Exchange was opened initially to a limited number of small employers (2-50 lives) on a first-come, first-served basis. After less than two weeks, the Exchange had enrolled 136 employer groups, with an average size of 17.2, and a total of 2333 employees. After the initial enrollment, which will offer coverage effective January 1st 2010, the Exchange plans to reopen in the Spring of 2010 for additional small employers. Large employers (over 50 lives) may enter the market in January 2012.

Unprecedented Partnerships. Utah's approach was particularly innovative in that, rather than creating a new, single entity to perform all of the different administrative functions, the state engaged in forging "unprecedented partnerships" by contracting with various private vendors to provide necessary component parts that together constitute a "virtual" health insurance market-the Utah Health Exchange.

Defined Contribution Arrangements. The Exchange offers a web-based shopping mechanism to accommodate an employer-based defined contribution health insurance system. In short, employers can set a fixed health insurance contribution for employees and the employee can use that employer funding along with pretax payroll-deducted personal contributions to shop online for any plan design from any carrier offered in the new Exchange market.

(continued on next page)

Utah Health Exchange

Increased Portability. As more employers choose to offer health benefits on a defined contribution basis via the Exchange, increasing numbers of workers will be able to take their coverage with them from job to job. Increased portability means greater continuity of care and a reduction in the number of uninsured.

Premium Aggregation. One feature completely unique to the Utah Health Exchange will allow for premium aggregation from multiple sources (for example, premiums from multiple employers for an individual, from multiple employers for different family members, or from state premium assistance programs) for a single policy. This feature represents a significant gain in efficiency.

Quality and Value. By statute, all plans offered through the Exchange must meet federal standards for employer-sponsored coverage; thus, participating employers and their workers can be confident the insurance they choose will be quality coverage from responsible carriers. Furthermore, it is expected the element of consumer choice in this market will put downward pressure on prices and while simultaneously putting upward pressure on quality. This combination constitutes the most effective means whereby consumers may maximize value in their health coverage.

Pete Suazo Utah Athletic Commission

The Pete Suazo Utah Athletic Commission (PSUAC) was established under the Utah Professional Athletic Commission Act 63C-11 which became law in July 2001. The five-member Commission, appointed by the Governor and Legislature, regulates professional boxing and other amateur and professional unarmed combat sports including boxing, kickboxing and mixed martial arts. Promoters, managers, contestants, seconds, referees and judges are licensed under the Act and subsequent statute revisions and rules. Fees are intended to cover cost of protecting the health and welfare of contestants and regulating events within the State.

The commission is named after the late Utah State Senator Eliud “Pete” Suazo. Pete Suazo was an advocate for youth and minorities in the state and a boxing enthusiast. More information about Senator Suazo’s life can be found in the article *“La Voz de los Otros”: An Overview of the Life and Career of Eliud “Pete” Suazo, Utah’s First Hispanic State Senator, 1951-2001*, written by Jorge Iber and published in the Spring 2008 *Utah Historical Quarterly*.

The PSUAC regulates and oversees about 70 unarmed combat events per year. Attendance at these events varies from about 100 spectators to over 5,000 spectators attending large events. With the dramatic increase in popularity of mixed martial arts, the commission is seeing an increase in number of promoters, events, contestants and other licensees. Over the past two years, we are seeing many more events in communities outside the Wasatch Front.

During the past year, Mark Burnett Productions has filmed two seasons of its popular “Bully Beat Down” reality television show that is broadcast on the MTV cable network and provided support to local film production businesses in Utah.



Partners



Utah Governor's Office of
Economic Development

UTAH
LIFE ELEVATED

Economic Development Corporation of Utah

Economic Development Corporation of Utah (EDCUtah) is an investor-based public/private partnership working with government and private industry to serve as a catalyst for quality job growth and increased capital investment. EDCUtah assists in-state companies to grow and recruits out-of-state companies to expand and relocate in Utah. EDCUtah accomplishes its mission by being the comprehensive source for economic data, key public and private contacts, and help through the expansion or relocation process.



The Governor's Office of Economic Development (GOED) has contracted with EDCUtah to handle the state's business recruitment efforts. Today, a strong partnership has been created with significant coordination and success in recruiting businesses to Utah. This partnership now links state government with local government and the private sector in a unified approach to business recruitment.

Companies Continue to Find Utah as a Great Place for Business

Recently many companies have found success by relocating or expanding in Utah. eBay, Nelson Labs and Firstwind are prime examples of the quality of companies that are expanding in Utah.

eBay Inc., a leader in global Internet commerce, has chosen South Jordan to build its first next generation data center. The facility will generate 50 new jobs at 150% of the Salt Lake County annual median wage and will be a capital investment of over \$334 million.

Firstwind, an independent North American wind energy company focused exclusively on the development, ownership and operation of wind energy projects, has chosen to build a \$400 million wind farm in Milford. The first phase of the project is the first wind energy facility permitted under the BLM's Wind Energy Programmatic Environmental Impact Statement (EIS) for the Western U.S. States.



Firstwind erects a wind turbine at its \$400 million wind farm in Milford, Utah.



Reckitt Benckiser's new 600,000-square-foot logistics and custom manufacturing center in Tooele County, Utah.

Nelson Laboratories, Inc., a key supplier of laboratory testing, has chosen to retain and expand its Taylorsville manufacturing facilities. This win means the retention of 350 jobs and the hiring of an additional 350 employees at 125% of the Salt Lake County average.

EDCUtah worked in partnership with GOED; Salt Lake County; Beaver County; the communities of South Jordan, Milford, and Taylorsville; and local business communities and government entities to provide information, incentives, power, transportation access, and assistance to these companies as they came to their final expansion decisions. Many individuals from the community and private business sector came to the table to assist and show support for the projects and to the companies. It was truly a partnership effort.

Economic Development Corporation of Utah

Results

EDCUtah's involvement in expansion and relocation projects generally includes many elements such as gathering and consolidating critical economic data, preparing sophisticated economic analyses, organizing and hosting meetings and site visits, connecting clients with key government and private sector individuals and departments, facilitating discussions and negotiations, and helping clients through the entire relocation/expansion process.



During the 2008-2009 fiscal year, EDCUtah assisted the following companies that subsequently announced their intentions to expand or relocate in Utah.

- Cephalon, Inc.
- Boart Longyear
- FreeMotion Fitness
- Duncan Aviation
- Nelson Laboratories, Inc.
- UPC Wind Management, LLC
- SA International
- Jet Aviation
- Hexcel
- Delta 7 Sports
- Sun Products/Huish Detergents, Inc.
- eBay
- Global Parts Network, LLC
- J.W. Pepper
- TopTen REVIEWS, Inc.
- Specialized Bicycle Components
- GE Financial
- Reckitt Benckiser
- Great Salt Lake Mineral Corporation
- Verisys Corporation
- Microsoft
- U.S. Army
- University of Southern Nevada

The following metrics are a result of the efforts of EDCUtah during the 2008-2009 fiscal year:

- 23 companies relocated, expanded, retained.
- 4,082 new jobs committed.
- 1,093 jobs retained (from companies that had been considering leaving the state).
- 4,478,401 square feet of real estate absorbed.
- \$1.4 billion of new capital investment in Utah.



May 9, 2009, Reckitt Benckiser logistics and custom manufacturing center ground breaking, Tooele County, Utah.

Utah Fund of Funds

The Utah Fund of Funds (Utah FoF) is a major economic development program created by the Utah Legislature to provide the state's entrepreneurs with access to a broad array of quality funding sources. With an initial charter of \$100 million approved in 2003, the fund invests in quality venture capital/private equity firms, which in turn explore investments in promising Utah entrepreneurial growth companies. In the 2008 session, the state legislature augmented the program with an additional \$200 million.



As of July 2009, more than 500 funds had applied to the Program, from which 26 high-quality venture capital/private equity firms had been selected as portfolio firms, including seven from Utah. Partners at out of state firms commit to spend a predetermined amount of days in Utah, helping that fund build a strong network of Utah business leaders, entrepreneurs and companies.

Select Company Highlights

Allocure-

Allocure Inc., a Salt Lake City biotechnology company developing a stem cell therapy for severe kidney injuries, has received \$14.5 million from two venture capital companies. "Allocure has not only established itself as a leader in developing cell therapies to treat kidney patients, they have also built an attractive and sound business models addressing this growing and unmet medical need," said Lutz Giebel managing partner of SV Life sciences.

Allocure was introduced to SV life Sciences by Jeremy Neilson, managing director of Utah Fund of Funds, an economic development program established by the legislature in 2003 to help business attract investments from out-of-state venture capital firms that typically overlook Utah in favor of better known technology regions. The Fund of Funds invests in venture capital funds willing to bankroll new Utah Technology and medical science business. (Salt lake Tribune 07/10/2008 "Allocure relieved \$14.5 M backing: Utah's Fund of Funds introduces stem cell company to investors)

Top Ten Reviews-

TopTenREVIEWS, a Utah based technology company, announced its plans to expand its online review site and increase its workforce. Through an introduction made by Utah's Fund of Funds, a state economic development program, the company received \$6 million from venture capital firms Highway 12 Ventures and Village Ventures. TopTenREVIEWS.com is a comprehensive review site providing consumers with side-by-side product and pricing comparisons to help them research, shop and purchase technology and entertainment products and services (NEWS @PEHUB 07-02-2008 TopTenReviews Raises \$6 Million).

Success

Thus far in the program, Utah FoF portfolio firms have completed 823 in-depth reviews of Utah companies and selected 31 to receive funding. Over \$179 million has been invested in these companies, and the portfolio firms have helped them raise an additional \$449 million through further syndication. Most importantly, these 31 companies have created a total of 2007 jobs, with an annual average salary of approximately \$63,000—far above the Utah average wage.

Utah's information technology and biosciences sectors have enjoyed significant growth and heightened interest with the help of the program's impact on both early-stage and growth-stage companies. In addition to providing enhanced access to a greater number and diversity of funding sources, Utah FoF works directly to match the state's entrepreneurs and growth companies with appropriate VC/private equity firms and business mentors.

Utah Science Technology and Research Initiative

The Utah Science Technology and Research initiative (USTAR) is a long-term, state-funded investment to strengthen Utah's "knowledge economy" and generate high-paying jobs. Funded in March 2006 by the State Legislature, USTAR is based on three program areas. The first area funds strategic investments at the University of Utah and Utah State University to recruit world-class researchers.



The second area is to build state-of-the-art interdisciplinary facilities at these institutions for the innovation teams. The third program area involves teams that work with companies and entrepreneurs across Utah to promote technology commercialization.

Research Teams

More than two dozen leading researchers from around the country have been recruited to Utah since USTAR's inception, and recruitment continues. Strategic innovation focus areas include:

- Energy – Conventional and Alternative
- Biopharma/Biodevice
- Medical Imaging and Brain Medicine
- Imaging Technology and Digital Media
- Nanotechnology

For fiscal years 2007-2009 combined, the state's investment in USTAR research teams totaled \$33.7 million. Based on that investment, these teams—according to preliminary estimates—have won more than \$74.3 million in federal and industry grants, leveraging state funds on more than a two-for-one basis.



With its focus on algae-based biofuels, USU's Energy Lab is at the forefront of the nation's quest for alternative energy sources.

Some research highlights include:

- U of U USTAR researchers Brian McPherson, Marc Porter, Hamid Ghandehari, and Ling Zang have started companies in the energy, nanomedicine, and environmental monitoring markets.
- A researcher at the U of U's Brain Institute, USTAR's Julie Korenberg published groundbreaking studies of Down and Williams syndromes in *Nature*, *Proceedings of the National Academy of Sciences*, and the *American Journal of Medical Genetics*.
- USU's USTAR researcher Jeff Muhs testified before Congress in May 2009 and published a comprehensive report on *Algae Biofuels and Carbon Recycling*. Muhs is collaborating with USU's Energy Dynamics Lab to produce an algae-based system that will reduce phosphate in the City of Logan's wastewater treatment lagoons and produce biofuels for city vehicles.
- USU's USTAR-funded Center for Advanced Nutrition, under the direction of David York, launched a human trial to study the effects of phytosterols on cholesterol, looking for breakthroughs in dietary treatment of cardiovascular disease.*

Utah Science Technology and Research Initiative

- Guido Gerig and the U of U's Neuroimage Analysis team are putting Utah at the forefront internationally in the field of neurodevelopment, with technology leading to earlier detection and more effective treatment of Alzheimer's, Autism, MS, depression, and other debilitating conditions. To date, USTAR has invested \$1.5 million in this effort, and the team has secured more than \$8.1 million in federal funding.
- New teams are forming in Alternative Energy, Digital Media, and other high-growth markets.



Research Buildings

USTAR funding supports construction of state-of-the-art interdisciplinary research and innovation facilities at the U of U and USU. Each will provide research teams with strategic core facilities to advance innovation and commercialization in their respective focus areas. These facilities are designed to be “industry magnets” for innovation collaboration.

USTAR was instrumental in launching the BioInnovations Gateway, a novel new approach to workforce development and business incubation in the burgeoning Life Sciences industry.

Groundbreaking for the 110,000 square foot USU building took place in October 2008, and the facility is projected to open in 2011. (You can track progress at <http://webcam.usu.edu/ustar>.) At the U of U, groundbreaking for the 200,000 square foot facility took place in April 2009 with the opening slated for 2012.

Technology Outreach Program

USTAR's Technology Outreach Innovation Program is the engine to drive commercialization activities. Technology Outreach teams work with entrepreneurs, emerging and established businesses, academic researchers, and other innovation economy stakeholders across the state. Experienced team members are based at Weber State University, Utah Valley University, USU – Uintah Basin, Dixie State College and Southern Utah University.



USTAR researchers at the University of Utah are using medical imaging and other innovations to tackle the big problems of Alzheimer's, Autism, MS, Down Syndrome and more.

The regional offices provide material support to more than 60 clients per quarter. Services range from analyzing new markets, improving business plans, and helping to develop and prototype new products. USTAR Technology Outreach has coached more than a dozen start-up clients on their presentations to private investors, helping these clients win more than \$20 million in equity investment.

Utah Science Technology and Research Initiative

USTAR Technology Outreach was instrumental in Granite School District's obtaining a federal WIRED grant to open in fall 2009 the BioInnovations Gateway (BiG), an incubator specializing in Utah's Life Science industry. BiG provides lab and office space for up to seven start-up companies to develop products and work with secondary and post-secondary students. This innovative approach to workforce development and business incubation is seen as an emerging national model.

RESEARCH PERFORMANCE MEASURES

Category	June 30, 2008 (Cumulative)	Sept. 30, 2009 (Cumulative)	Trend
Faculty hiring activity	15 senior faculty hired	25 senior faculty hired	+
State investment in USTAR research to date	\$14.8 mm	\$33.7 mm	+
External research grants awarded	\$11.85 mm	\$74.3 mm*	+
External research grants pending	\$106.3 mm	\$152.1 mm*	+
Patents filed or issued	4	8	+
Companies started in Utah	1	4*	+
Companies brought to Utah	2	2	=

* Preliminary figures, subject to revision pending additional university data.

With critical support from Salt Lake Community College, GOED and others, USTAR Technology Outreach spearheaded the creation of the SBIR-STTR Assistance Center to help small business statewide capture a larger share of federal research dollars. USTAR continues to support the Center which, to date, has assisted more than 67 companies and entrepreneurs in seeking more than \$5 million in early stage, federally funded capital.

In an effort to bring innovative new technologies to market from Utah's public colleges and universities, USTAR has launched the Technology Commercialization Grant (TCG) program. With a typical award size of \$30,000, TCG grants are assisting faculty at regional institutions (and associated local companies) to prototype, test, assess markets, and commercialize new products and services in high-growth markets.



USTAR's building projects at USU (above) and the U. of U. are proceeding on time and in budget.

For more information, visit www.innovationutah.com or follow USTAR at <http://twitter.com/innovationutah>.

Utah Sports Commission

Utah continues to distinguish itself as a leader in the world of sports marketing, event attraction, sport development and sports related tourism. Assisted by the creation and growth of the Utah Sports Commission, and members of TEAM UTAH (consisting of all public and private entities within Utah working in partnership with the Utah Sports Commission to improve the state through sports), Utah is using sports as a key economic platform to grow its economy and enhance the state's domestic and international image. In order to be competitive in the sports marketplace, Utah has been and is identifying and recruiting key sports, tourism and other related rights holders in order to develop and capitalize on these assets and positively influence Utah's economy.



2009 Supercross at Rice-Eccles Stadium was seen nationally on CBS and the Speed Channel.

Through the 2008-2009 fiscal year, the Sports Commission partnered in 52 world-class sporting events across the state and leveraged those events where advertising or sports tourism activities could be executed. A total of \$1.6 million in funding was provided to sports events resulting in an estimated \$137 million in direct economic impact to the State of Utah with an average return on investment of \$67 for every \$1 invested in sport related activities. A number of these events hosted also had a major national and or international television component to them, and in aggregate generated an estimated \$30 million in media value to the state.

The Utah Sports Commission looks forward to another benchmark year in 2009-2010 in helping to contribute to the state's annual \$4.5 to \$6 billion dollar sports industry by attracting events that grow its core competencies including winter sports, action/adventure sports, golf, motor sports, Olympic legacy sports and by partnering with constituents both within and outside the state of Utah.

2008-2009 Major Highlights

EVENTS:

- Partnered in 52 sporting events across the state generating approximately \$137 million in economic impact to Utah
- Partnered with 15 nationally or internationally televised events that provided Utah with approximately \$30 million in media value
- Brought Monster AMA Supercross back to Utah after a 5-year absence which brought an estimated \$9 million in economic impact and \$1 million in media value to the state
- Extended contract with Dew Tour for 2009 season. The 2008 Dew Tour event set the largest attendance record and provided approximately \$13 million in economic impact and \$7 million in media value to Utah
- Landed the Winter Dew Tour making Utah the only location to host a major summer and winter multi-sport action sports event
- Utah continued to play host to the Utah Championship bringing an estimated \$4 million in economic impact to Utah and 20 hours of GOLF CHANNEL coverage which is the cornerstone of Utah's Destination Golf program. Tournament's website was re-designed

- Brought Red Bull Rampage back to southwest Utah, which is the largest mountain biking competition staged with national and international television, including NBC and brought approximately \$2-3 million in economic impact to Utah
- Partnered with St. George to bring Ironman to Utah for 5 years, which will bring an estimated \$8 million in economic impact and \$1.5 million in media value each year
- Partnering with U.S.S.A. to host Olympic qualifying snowboard event at Park City Mountain Resort
- Relocated XTERRA USA National Championship from Reno/Tahoe to Utah which will provide approximately \$3-4 million in economic impact and \$1 million in media value to Utah. The event is the largest off-road triathlon of its kind
- Partnered with MLS and Rio Tinto Stadium to bring the MLS All-Star game to Utah bringing an estimated \$3 million in economic impact and \$2 in media value
- Partnered with MMSP and sponsored the FIM World Superbike Championship with a projected economic impact of \$15 million and \$17 million in media value
- Negotiated to secure the return of the 2009 Summer Dew Tour and the 2010 Monster Energy AMA Supercross events
- Hosted the 2009 National Golden Gloves Championships, bringing in over 300 boxers from around the country for a week of competition
- Hosted USA Jr. Olympic Boys Volleyball, one of the country's largest volleyball events bringing approximately 35,000 out of state visitors to Utah and \$35 million in economic impact



The 2009 Golden Gloves National Championships featured the nation's best amateur boxers.

PRESS & BRANDING:

- Attended and sponsored Sport Accord, the largest Olympic and related international sports organization conference in the world
- Utah Sports Commission and Utah: The State of Sports was featured in a Sunday edition of the New York Times, which discussed Utah's growth into a leader of the action and adventure sports industry
- Continued to evolve and build Utah's Destination Golf program which included a major website re-design
- Major sponsor of "TEAMS" the largest annual sports-event hosting convention in the country

INTERNAL OPERATIONS:

- Completed major external performance review audit on organization with favorable results
- Launched organization's electronic "Scoreboard Newsletter"

Utah Sports Commission

UTAH SPORTS COMMISSION & TEAM UTAH – Impact on the State of Utah 2008-2009

\$137 MILLION
APPROXIMATE DIRECT ECONOMIC
IMPACT TO UTAH

\$241 MILLION
APPROXIMATE TOTAL ECONOMIC
IMPACT
TO UTAH

\$67 : \$1 Direct
\$120 : \$1 Total
AVERAGE RETURN ON INVESTMENT
FROM EVENTS HOSTED VS. STATE
DOLLARS RECEIVED

\$1.4 MILLION
NON-STATE FUNDS AND VALUE IN
KIND SERVICES RAISED

52
NUMBER OF UTAH SPORTS
COMMISSION PARTNERED EVENTS

36
EVENTS WHICH HAVE RECEIVED
FUNDING/GRANTS

13
CITIES IMPACTED THROUGHOUT
UTAH

OVER 100
TOTAL NUMBER OF EVENT INQUIRIES
2008-2009

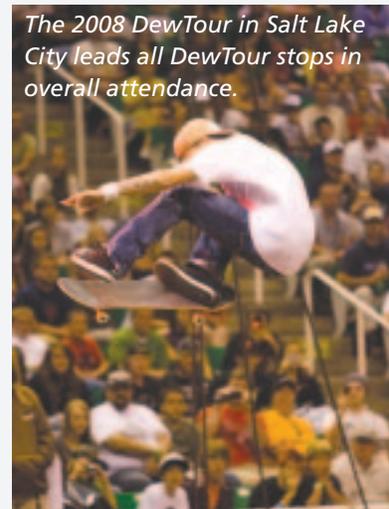
\$30 MILLION
VALUE OF MEDIA EXPOSURE FOR
SPORTS HELD IN OR ASSOCIATED
WITH UTAH

\$2.3 MILLION
MARKETING, ADVERTISING,
FUNDING & TOURISM RELATED
RESOURCES USED IN THE PROMO-
TION OF UTAH AND THE ATTRAC-
TION OF SPORTING EVENTS

500
APPROXIMATE VOLUNTEERS
PROVIDED TO EVENTS FROM 2002
LEGACY DATABASE

20 HOURS
TV COVERAGE OF UTAH'S ONLY
PGA TOUR SANCTIONED EVENT TO
PROMOTE DESTINATION GOLF,
TOURISM & SPORT DEVELOPMENT
ESTIMATED ECONOMIC IMPACT &
COMBINED MEDIA VALUE OF \$3-4
MILLION

*The 2008 DewTour in Salt Lake
City leads all DewTour stops in
overall attendance.*



UTAH SPORTS COMMISSION & TEAM UTAH – Impact on the State of Utah 2000-2014

\$ 950 MILLION
APPROXIMATE DIRECT ECONOMIC
IMPACT TO UTAH

\$1.8 BILLION
APPROXIMATE TOTAL ECONOMIC
IMPACT WITH GOBP MULTIPLIER
(1.75) TO UTAH

\$67 : \$1 Direct
\$127 : \$1 Total
AVERAGE RETURN ON INVESTMENT
FROM EVENTS HOSTED VS. STATE
DOLLARS RECEIVED

\$8.6 MILLION
NON-STATE FUNDS AND VALUE IN
KIND SERVICES RAISED

337
NUMBER OF UTAH SPORTS
COMMISSION PARTNERED
EVENTS

203
EVENTS WHICH HAVE RECEIVED
FUNDING/GRANTS

24
CITIES IMPACTED
THROUGHOUT UTAH

OVER 950
TOTAL NUMBER OF EVENT INQUIRIES
2008-2009



*The FIM Superbike USA Round at
Miller Motor Sports Park, was seen by
more than 180 million viewers world-
wide, surpassing average viewership of
the Superbowl.*

\$136 MILLION
VALUE OF MEDIA EXPOSURE FOR
SPORTS HELD IN OR ASSOCIATED
WITH UTAH

\$8.2 MILLION
MARKETING, ADVERTISING,
FUNDING & TOURISM RELATED
RESOURCES USED IN THE PROMO-
TION OF UTAH AND THE ATTRAC-
TION OF SPORTING EVENTS

10,000
APPROXIMATE VOLUNTEERS
PROVIDED TO EVENTS FROM 2002
LEGACY DATABASE

80 HOURS
TV COVERAGE OF UTAH'S ONLY
PGA TOUR SANCTIONED EVENT TO
PROMOTE DESTINATION GOLF,
TOURISM & SPORT DEVELOPMENT
ESTIMATED ECONOMIC IMPACT &
COMBINED MEDIA VALUE OF \$3-4
MILLION PER EVENT

Small Business Development Centers (SBDC)



The Utah Small Business Development Center (SBDC) strives to strengthen Utah's economic fabric and quality of life by facilitating the success and prosperity of small business endeavors. The Utah SBDC network consists of business consultants, trainers, educators and support staff operating statewide from Utah's state colleges and universities. The Utah host for the SBDC program is Salt Lake Community College, with regional host institutions at Southern Utah University (Cedar City), College of Eastern Utah (Price and Blanding), Davis ATC, Dixie State College, Snow College (Ephraim and Richfield), Utah State University (Logan and Vernal), Utah Valley University, and Weber State University. Other key stakeholders include the State of Utah Governor's Office of Economic Development and the US Small Business Administration.



Key goals include providing significant in depth assistance to entrepreneur clients (including pre-startup), that help the client increase sales, profits and jobs, and long-term sustainable business practices. This is accomplished through in-depth training, one-to-one free counseling and constantly working with clients to find other resources that can help.

Two recent success stories reflect the depth of service and impact available to over 2,300 counseling clients per year across the state.

Applied Composite Technology Aerospace

ACTA is an SBA HUB Zone small business. As an AS9100 registered company, ACTA is a producer of hand lay-up, autoclave cured composite aircraft and rotorcraft parts that further enhance the survivability of the nation's warfighters. These parts support the manufacturing of both the H-1 helicopters and the V-22 tilt rotors produced by Bell Helicopter for the U.S. Marines.

In July of 2007, ACTA entered into the Department of Defense's Mentor-Protégé Program (MPP) with Bell Helicopter as the Mentor. Six months later, upon needing additional assistance, ACTA became a client of the Utah Small Business Development Center (SBDC) at Snow College. At Bell Helicopter's request, the SBDC agreed to serve as a Mentor-Protégé program partner and committed significant time and resources to helping ACTA meet numerous objectives outlined in their developmental plan. The magnitude of required assistance necessitated the SBDC's orchestration of various resource providers and experts.



A U.S. V-22 Osprey tilt rotor aircraft flies a test mission.

Mark Holmes, MBA – SBDC regional director and SBA's 2002 Minority Small Business Advocate of the Year. Gary Harter – Managing Director for the Utah Governor's Office of Economic Development's Business Creation Team. Dr. William Pratt, PhD in Mechanical Engineering – Director of USTAR's Southern Utah Technology Outreach program. David K. Sorensen – Executive Director of Utah's Manufacturing Extension Partnership (MEP). Dr. Quinn G. McKay, D.B.A from Harvard – Vice President of Strategic Development for STAR consulting.

Small Business Development Centers (SBDC)

According to Andy Hill, ACTA General Manager, *“One of the most important items was the creation of a solid core team. This really was the foundation that was needed to begin to push the program forward and begin to make progress.”*

During the past 6 months ACTA has utilized that core team and worked hard to achieve several important objectives and has realized valuable business growth.

These objectives included meeting various training needs for key managers and employees. The synergistic benefits of Snow College’s SBDC office partnering closely with the state’s Custom Fit Training program enhanced the training offered to ACTA. For example, key managers and employees, including ACTA’s CEO, its president and also the general manager, participated in FranklinCoveys “7 Habits for Small Business Managers” training program as offered by the Snow College SBDC with support from Custom Fit Training.

Another key objective was selection of a new Enterprise Resource Planning (ERP) system. Through Snow College the SBDC provided significant technical assistance to help the company meet this need quickly. According to Hill, *“research and work to find and implement a new ERP system ... will help to drive and manage our growth in the future.”* Beverly King, SBDC director from Weber State, worked with Snow College’s SBDC to provide technical assistance to ACTA in producing the financial projection portion of their strategic plan. Additionally, the SBDC will provide assistance to ensure the company’s accounting system is compliant with the Defense Contract Management Agency’s (DCMA) standards.

While many pre-venture and small start-up companies have been helped by the assistance of Utah SBDCs, ACTA’s story illustrates how even highly-educated, seasoned owners of successful companies can benefit a great deal from assistance. According to Louis Marks, MPP advisor to Bell Helicopter, the SBDC has *“provided experienced and talented developmental assistance.”*

In such a rural area, ACTA employs approximately 65 people with great jobs, a fact attested to by their exceptionally low employee turnover rate of approximately 1%. They are a family friendly, community minded company that is making a significant contribution to the economy of central Utah.

Northside Large Animal Clinic

Moving into his new facility in West Haven in June of 2009 was a huge milestone for Dr. David L. Moss and his Northside Large Animal Clinic veterinary practice employees. Dr. Moss has been working with the Weber State University Small Business Development Center since 1998 in order to realize this dream. It took a lot of hard work and patience to make the actual day happen.

Back in 1997, Dr. Moss was working for Associated Veterinarians in Roy. The owners were at retirement age and began grooming Dr. Moss to purchase the practice. Over a period of two years, the practice was analyzed, business plans prepared, purchase agreements written and payment schedules negotiated. Finally, after two years of preparation, Dr. Moss determined that this was not the practice that he wanted and moved on to employment with South Valley Large Animal Clinic in order to gain additional experience.

Small Business Development Centers (SBDC)

After three years with South Valley, Dr. Moss was once again faced with a decision to buy into their practice or move on. He chose to come back to the Northern Utah area where he lived. Initially, he worked out of his truck making farm calls to the many clients who worked with him over the years. Soon he rented a temporary facility in West Weber County.



Dr. Moss, his assistant, Dr. Palmer, and staff, stand proudly in front of the new veterinary clinic constructed in 2009. Dr. Moss has operated a large animal practice in the area for years, and will now expand into small animal services.

Working out of this site for several years, Dr. Moss was able to grow his practice tremendously. At this point, he knew he needed to move to a more suitable facility.

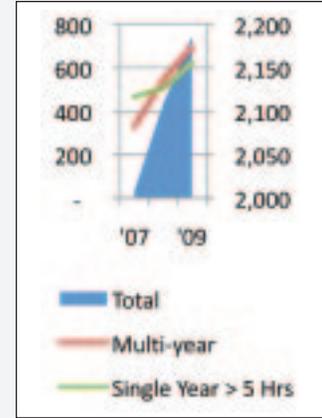
He located five acres of property a few miles to the south and had a facil-

ity designed that would expand his practice to include small animals. He once again went through the process of analyzing the potential of the practice, developing a business plan, developing purchase agreements and negotiating financing. Thanks to Bank of Utah and the Utah CDC, a 504 loan was approved. In the meantime, the rented facility was no longer available, so Dr. Moss and his staff spent months operating the practice out of a temporary office trailer and the horse barns.

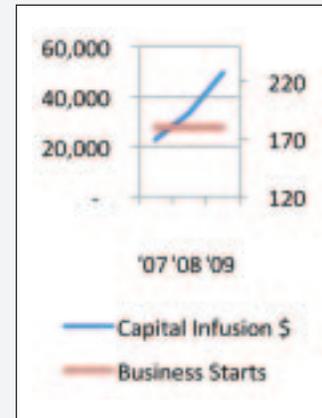
During these years, Dr. Moss added one more veterinarian, a veterinarian assistant, office staff and barn staff to his practice. As the small animal practice builds, he anticipates adding at least one more veterinarian. Revenues have now steadied in the large animal practice and calls for the small animal services have been consistent.

The new facility will offer a full range of services for both large and small animals including surgery, boarding and breeding services. Care has been taken to accommodate the needs of the community and the clientele. The practice has established loyal clients from the northern Utah region. Many of the clients feel that they have a stake in this practice, watching it grow and become a picture of excellence over the years and celebrate this milestone with Dr. Moss.

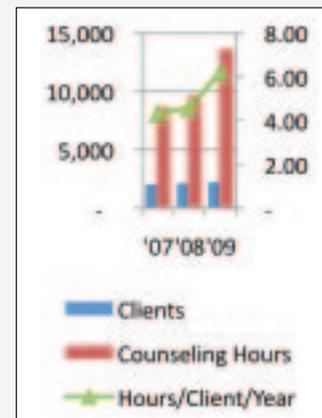
Clients seen by the SBDC
(including single and multi-year)



SBDC Client Annual Capital Infusion (\$000) and Business Starts



SBDC Counseling Hours total and average by Year



Manufacturing Extension Partnership (MEP)

The MEP of Utah is a non-profit organization that provides assistance to manufacturers throughout the state with services to improve productivity, expand capacity, enhance growth and increase profitability. It assesses the individual needs of a manufacturer, identifies the roadblocks to success, opportunities for improvement and growth, and helps the company to leverage private/public resources and to access a consistent set of services to maximize their potential and grow their business.



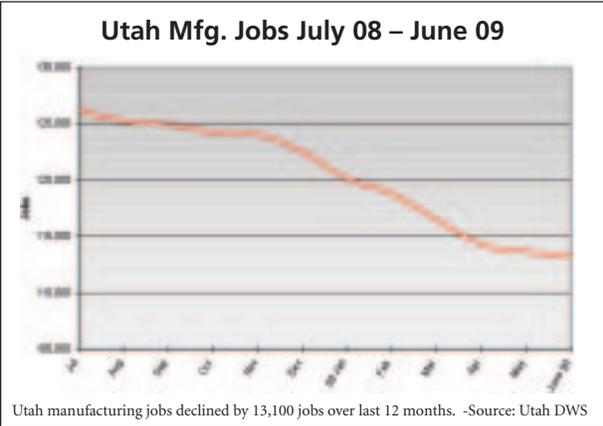
The MEP is the nation’s champion of manufacturing. MEP Centers are located throughout the U.S. and are affiliates of the National Institute of Standards, U.S. Department of Commerce. Chartered to assist small and medium-sized manufacturers (those employing less than 500 workers), the MEP potential service base includes 99% of the 3,800 manufacturers in Utah. MEP has limited resources and less than 7% of the manufacturers have access to MEP in any given year, and 2% engage in significant projects. However, those that are assisted by MEP report significant results.

A study of the economic impact of MEP of Utah prepared by Utah State University shows that MEP served 494 total companies in 2008. Major projects assisted 72 companies reporting measurable benefits. The USU study concluded MEP’s impact on the economy in 2008 to be:

- Additional Wages – \$122.5M
- Additional Jobs – 2,992
- Additional Industrial Output – \$659.4M
- Additional Indirect Business Taxes – \$14.7M

The nature of manufacturing in Utah is diverse, entrepreneurial, and falls under the classification of “small business”—30 employees is the average for a Utah manufacturer. Yet these small companies have large impacts on the state’s economy. Manufacturing provides significant employment with an industry payroll over \$5.6 billion—the largest industry payroll in the state—which is \$1.8 billion larger than the next industry sector.

As the national and the state economies declined in 2008, so did year-to-year manufacturing employment in Utah for the first time since 2003.



Manufacturing Extension Partnership (MEP)

Further analysis raises other areas of concern. Each of the following shows a small, but steady decline:

- Utah's manufacturing payroll as a percentage of total state covered payroll
- The percentage of the average manufacturing wage rate above the average state salaried wage for all employment sectors
- Utah's manufacturing employment as a percentage of total state covered employment
- The number of manufacturing firms is decreasing as a percentage of total firms.



Large ore ladles from Kennecott Copper are refurbished by Mountain States Steel worker in Lindon, Utah. MSS started in 1949 and is a category III structural steel fabricator.

MEP's mission is to work with existing Utah manufacturers to improve their performance, growth and profitability. The goal is to increase the sustainability of the state's existing manufacturing base, and to strengthen it. As new manufacturers move into the state, MEP includes them in their service base and offers the same performance and growth services to them. GOED utilizes MEP to promote the economic strength of manufacturing by its inclusion in state, regional, local seminars and conferences, as well as one-on-one referrals to companies seeking assistance.



Workers at Casper's Ice Cream prepare famous FatBoy® ice cream sandwiches for shipping. Started in 1929, Casper's Ice Cream, Inc. is still operating in Richmond, Utah. Casper's grandsons are currently managing the company to ensure that the original delicious recipe is tasted throughout the world.

MEP's greatest impact is at the enterprise level, where it can work with company owners, managers and workers to assess needs and prepare a plan to meet company-specific issues. MEP services go beyond the "lean initiatives" of eliminating waste in production areas of a company. They look holistically at company goals and objectives; aligning these with a strategic plan for increased productivity, growth and profitability.

Manufacturing Extension Partnership (MEP)

Over 125 responses to an MEP survey of Utah manufacturers during the first quarter of 2008 showed the following:

1. Rate the impact the current REGIONAL economic climate has on your business (check one):

	NUMBER OF RESPONSE(S)	RESPONSE RATIO
None	17	13.7%
Moderate	65	52.4%
Severe	35	28.2%
Business-Ending	4	3.2%
No Responses	3	2%
Total	124	100%

2. Business Challenges/Problems

From the following list, please check each problem/challenge that applies to your business:

	NUMBER OF RESPONSE(S)	RESPONSE RATIO
Decrease in Sales	90	31.3%
Cash Flow	67	23.3%
Credit Availability	37	12.8%
Workforce (retention, training etc.)	25	8.7%
Production Capacity	24	8.3%
Product Quality	9	3.1%
Production Lead Time	14	4.8%
Growth (too much, too fast)	8	2.7%
Other (please specify below)	13	4.5%
Total	287	100%

3. Regarding employees/jobs, has your company:

	NUMBER OF RESPONSE(S)	RESPONSE RATIO
Reduced your workforce	58	47.9%
Hired more employees	19	15.7%
Retained same level of workforce	44	36.3%
Total	121	100%



Operators at Pinnacle Production & Manufacturing encode a computer operated (CNC) mill at their facility in Duchesne, UT. Customers as diverse as aerospace and mining rely on the high quality output of Pinnacle workers.

MEP services address company functions across the enterprise, from the front office to the shipping dock. MEP Centers across the country are helping U.S. manufacturers grow and compete globally by applying proven principles to both the bottom line as well as the top line. This makes MEP in Utah more relevant than ever, as Utah manufacturers need to not only cut costs and improve performance, but to define their markets and produce products that differentiate themselves to their consumers, increasing their competitiveness among competitors. MEP is strategically positioned to work with GOED in the state’s economic development initiatives.

GOED and MEP as partners have not lost sight of the overall importance of manufacturing to the state—its large employee base, livable wages, tax contributions, creation of secondary jobs and a major role in producing most of Utah’s exported goods. MEP will continue to be a resource to the small and medium-sized manufacturers throughout the state and help the entrepreneurial spirit of Utah companies succeed in an ever-changing economy. In both market upturns and downturns, manufacturers face the challenge of differentiating themselves and determining how to bring what is different to the market in a more efficient, cost-effective way. As Sue Johnson, President of Futura Industries stated, “... We could not have made anywhere near the progress we have without MEP’s help and guidance. We are very appreciative to the State of Utah for their support of this program.”

The Utah Defense Alliance is proud to be able to continue to partner with GOED in the support of the Defense and Homeland Security Cluster in general and of the country's military missions, organizations and installations in particular.



The Utah Defense Alliance (UDA) began in the early 1990's as a group of volunteer citizens and businesses who came together to ensure the long-term viability of Hill Air Force Base, especially during the military's Base Closure And Realignment (BRAC) processes. Their hard work, vision and planning resulted in Hill Air Force Base, not only remaining open, but thriving, while other communities across the nation dealt with the impacts of military installations closing or significantly downsizing.

In early 2006, UDA broadened its efforts to look at all military activities across the entire State, including U.S. Army Dugway Proving Ground, Tooele Army Depot, Deseret Chemical Depot, and National Guard and Reserve organizations. UDA remains a volunteer board, comprised of board members from local businesses, defense and aerospace industries, concerned citizens, academia, and local, state and federal government, all committed to advocating for the military installations and growing the defense industry in Utah.

The overall mission of UDA is to strengthen and support all appropriate governmental and private enterprises in their accomplishment of national defense objectives and expand investment and employment opportunities in defense and aerospace related industries. To that end, UDA has had a busy year.

During FY2009, UDA engaged in two contracts with GOED. The first was for UDA Operations. The objectives of this contract were to support UDA's overall mission and goals and provide staff support to the Military Installation Development Authority (MIDA). MIDA, created by the State Legislature in 2007, was created to encourage the proper redevelopment of aging and deteriorating infrastructure on any military installation in the State, particularly at Hill Air Force Base (HAFB) through viable Enhanced Use Leasing (EUL) projects. Specifically, MIDA is working to further solidify HAFB as a world class military installation and making Falcon Hill Development, a 550-acre parcel of land along I-15, a world class business park targeting aerospace, composites and defense industries. This past year UDA/MIDA engaged with numerous officials representing local and State government, Hill Air Force Base, Headquarters Department of the Air Force and the private developer for the property to set the conditions for a successful project. UDA continued to advocate for continued mission growth at Hill Air Force Base engaging with numerous Air Force officials.



F-16 fighter jets train over Hill Air Force Base.

The second contract was to continue to provide Procurement Services in support of GOED's Procurement Technical Assistance Center. The objectives of this seven hundred and fifty thousand dollar contract is to improve the awareness and success rate of Utah businesses in competing for federal, state and

Utah Defense Alliance



F-35 Joint Strike Fighter jet.

help oversee this contract, UDA formed a Procurement Services Sub-committee that meets quarterly to review results and program performance. This past year, the Procurement Team helped Utah companies win \$240 million in contracts resulting in 4,080 jobs retained or created.

local government contracts. UDA (and its sub-contractor Logistics Specialty, Inc., Layton) is under contract with helping Utah businesses prepare bids, be aware of upcoming federal requirements, introducing small contractors with large contractors and seeking out worldwide opportunities. Throughout the year, numerous companies have been provided a myriad of assistance as identified by PTAC, resulting in increased success at winning government contracts and growing companies. To

The World Trade Center Utah guides Utah companies into profitable international markets. Together with our key international partner, GOED, we have helped expand businesses into the worldwide network based on Utah's unique cultural, educational, economic, and foreign language capabilities.



World Trade Center Utah is an ideal catalyst for increased—and profitable—international trade.

2008/2009 was an extraordinary year including:

- Hosting over 20 international business development events linking Utah companies with global opportunities
- Sponsoring over 40 international diplomacy events involving ambassadors and senior ranking economic development officials from all continents
- Received the WTCA Award for Center of Excellence: achieved service quality standards for: trade information, trade education services, business services and trade technology innovations

WTCU offers a three-step Signature Service that streamlines assistance to Utah companies:

1. Assess

In the past year, the WTCU offered in-depth assessment services to 150+ companies in seven industry clusters. Interested company representatives can begin by contacting the WTCU directly or completing our newly developed on-line form. After the assessment interview, WTCU offers advice, educational seminars, and networking opportunities to assist the client with their international expansion.

2. Educate

The WTCU and GOED, along with our strategic partners—U.S. Commercial Service, and the Salt Lake Chamber—co-hosted a wide range of educational events such as:

- Global Trade Logistics
- Importing the Right Way
- Doing Business Seminars on Peru, Israel, Germany, Canada, Southeast Asia, and China

3. Connect

The World Trade Center Utah co-sponsored (with our international partners) over 250 events this past year, where Utah firms and individuals made connections with relevant resources for international business. In addition to facilitating all of these connections, we have developed a valuable database with well over 2,000 business contacts.

Global Utah

Our weekly email newsletter includes the essential International Calendar and key articles on international business. To subscribe to *Global Utah*, visit our website at www.WTCUT.com.



Guy Tozzoli, President of World Trade Centers Association, welcomes Lew Cramer, WTCU President & CEO at Annual General Assembly.

