



Approved April 21, 2010

**UDA Board Meeting – March 17, 2010**

The Utah Defense Alliance Board Meeting was held on Wednesday, March 17, 2010, at 7:30 a.m. at the Weber Basin Water District Headquarters, Layton, Utah. Vice President Ron Kusina opened and conducted the meeting until President Peter Jenks arrived. On roll call, the following were found to be present and excused:

**Present**

Peter Jenks  
Ron Kusina  
Rick Mayfield  
Ken Warnick  
Pat Condon  
Louenda Downs  
Jan Zogmaister  
Colleen Johnson  
Steve Curtis  
Wilf Sommerkorn  
Kent Sulser  
John Clay  
Dave Nydam  
John Matthews  
Michael Jensen

**Visitors/Staff**

Sandy Kester  
Joan Hellstrom  
Ron Richins  
Paul Morris  
Dan Brinton  
John Peterson  
Steven Crane  
Beverley Jacobs

**Excused**

Jerry Stevenson  
Gary Harter  
Brad Dee  
Lane Beattie  
Ann Millner

Charlie Precourt  
Steve Rush  
Tage Flint  
Vickie McCall  
Don Wood  
Steve Petersen  
Dave Tanzi  
Mart Bushnell  
Ivan Flint  
Mike Bouwhuis  
Collette Mercier

**Approval of Minutes**

Mayor Steve Curtis made a motion that the minutes for the January 20, 2010, UDA Board Meeting be approved as presented. Commissioner Louenda Downs seconded the motion followed by a unanimous vote to accept the minutes.

**Audit Review**

Steve Crane, of Crane, Christensen & Ambrose, thanked the UDA Board for allowing his company to perform the FY09 UDA Audit. He stated that the audit had been delayed as his firm had also prepared the MIDA audit.

Steve thoroughly reviewed the audit reminding the group that it was an independent audit report which represented an unqualified opinion. UDA leadership is responsible for ensuring the financial management.

One thing he noted was that payment dates for the State contracts were not honored. UDA received the designated funds, but they arrived much later than the dates stated in the contract.

Board members requested additional information on office expenses and the LSI payments. A report will be sent to the Board members outlining the details to their questions.

Steve mentioned that during the audit there had been a concern because of the Barnes Bank closing. He was pleased to report that the UDA funds had been carefully monitored by the staff and had been transferred to the Bank of Utah prior to the bank closing. Ron Richins added that the funds were being diversified to prevent any possible losses in the future.

At the close of his comments, Steve stated there had been no significant findings and all transactions had been recorded in the appropriate year.

Ron Kusina made a motion that the UDA Audit be accepted with the follow up report as mentioned. Pat Condon seconded the motion followed by a unanimous vote. It was mentioned that FY09 was the first year for a July 1 to June 30 Fiscal Year reporting.

#### **MIDA Updates**

This item was moved up on the agenda.

#### **- Legislative Update**

Paul Morris explained that MIDA had drafted a bill, SB 124, that was critical to the NSA project. This bill was signed just minutes before a Resolution was presented to the MIDA Board to adopt the NSA project. Appreciation was shown to Jerry Stevenson for sponsoring the bill, to Jason Perry for assisting in getting the Governor's signature and to Governor Herbert for signing the bill so expediently.

During the legislative session, the MIDA legislation was changed. Now, when an elected official's time on the Board expires, the Governor will select a representative from one of the project areas that is not represented. This individual can be selected from any city or county officials in an area not represented and will provide a rotation of officials throughout the state.

Currently, there are a number of potential MIDA projects—Falcon Hill, NSA Data Center, Air Force hotel, and the co-generational energy project in Tooele.

Other legislative changes were noted:

- Working closely with Davis and Weber County officials, MIDA was able to change the taxation year. On MIDA projects, tax increments will now begin on January 1st for the tax year.

- When dealing with a project area, every project has to include military land. However, new legislation allows the projects to include up to 100 acres in private land with the

private owners permission. In the case of the Air Force hotel, if the military selects one particular piece of property, then MIDA will be allowed an additional 150 acres to the 100 acres. This will allow MIDA to generate a tax revenue base that will provide lower hotel rates for the military personnel

- With approval from all entities, the legislation also provides a way for MIDA to pool and use contiguous or non-contiguous lands with BLM, DoD or Utah National Guard. Everyone would have to be in agreement and the county/city would need to grant permission by adopting a resolution that all parties were in agreement.

### **Falcon Hill Update**

Building 1575, also known as the Northrop Grumman Building, was planned as the anchor tenant for the Falcon Hill project. When it came time to sign the lease, a question arose of who would be paying for the improvements and the moving costs the Air Force wanted which are estimated at \$12 M. Early on, it was implied that the Air Force could provide these funds. However, the Air Force did not plan for this in their budget, and the issue has escalated to General Hoffman. As of yet, nothing has been resolved. A meeting with the Air Force and the Developers has been scheduled and the Utah Congressional Delegation Team has also been working on this issue.

In the meantime, the Developers are scrambling to find another potential anchor tenant. They want companies to move into their new projected buildings, but in these economically hard times, many are struggling.

MIDA does not want to put more State money into the project until the buildings are started.

### **- Air Force Hotel**

Proposals for the Air Force Hotel were reviewed by the Air Force and Wadman last week. The proposals have been ranked from highest to lowest. It is anticipated that the final selection will be made and announced in the next couple of weeks.

### **- Camp Williams Utah Data Center**

Last week, the NSA signed an agreement with MIDA to have MIDA provide the offsite utility improvements. The improvements will include the water, the sewer, the electrical and the storm drains. These assignments will be given through Technical Task Orders (TTO) and will come from the Maryland Procurement Office. MIDA has reviewed the first TTO. MIDA will have seventy-four (74) days to do the Master Planning for all utilities. This is a great project for MIDA and the State.

**- Update F-35 Basing**

Appreciation was shown to all who assisted in getting support letters for the F-35 Basing. With the wide variety of entities and individuals who submitted letters, it was the general consensus that it adequately showed strong community support for the F-35 Basing.

It is anticipated that the basic summary will be completed in late summer or early in the fall. The next step will be the public hearings. At that point, supporters will need to attend the hearings, make comments and show their support. The earliest planes could be available is 2013 to 2016. The Air Force is currently dealing with delays. The paper reported that the price of the F-35's has doubled. Kent Sulser distributed a letter showing Davis and Weber County support for the Base and the F-35's.

The draw down on the 388<sup>th</sup> Wing is being watched very closely. The first draw down is scheduled for August or September. In order to stay on active duty, Utah needs to keep two full squadrons. As far as anyone knows, plans are not complete. The Utah Congressional Delegation will continue engaging with General Fraser seeking his support in squadron retention. Losing these squadrons means losing jobs and national security.

John Matthews mentioned that when they participated in the SWDA Conference, they found that the Marines at Yuma and Luke had already begun construction on buildings for the F-35. At the next UDA Board Meeting, we will start coordinating and discussing what has been done and what strategies we will need for the future.

**- Space Budget Proposal**

The Obama Administration has turned the NASA budget upside down. With its announcement that it will be cancelling such things as the constellation program, the Ares and the rocket lift this will impact Utah and ATK. With just ATK, Utah will lose over 3,000 jobs. This shows that the administration did not set clear objectives and since NASA's budget increased, there really was not a problem with funding as had been publicized.

The basic problem is that the President wants to reprioritize and align NASA with his overall agenda which will result in the US starting over with a less safe system. Bottom line, there is not a plan. Letters are being coordinated from a number of states to address this problem. The Utah Congressional Delegation meets weekly and their Staffers are meeting daily to deal with this issue.

Not only will this make a huge impact on NASA and ATK, but it will also impact job losses across the nation in the aerospace industry. Right now, NASA supports the Department of Defense and our national defense system. This could make the US very vulnerable.

Peter will distribute press releases concerning this issue. It is imperative that the Administration listen and recognize this is a serious matter that they should not just be ignored.

There is a Space Summit in Florida on April 15. Hopefully there will be an opportunity to lay out more specific information for the teams within the House and Senate. This is a very serious matter as it could mean the loss of jobs, preserving intelligence and defending our country.

Joan Hellstrom stated that everyone would be amazed with what the delegation is doing on behalf on state of Utah. The Utah Delegation is constantly facing issues and making decisions daily on our behalf. It is because they know the history and how it impacts lives that they are able to engage in making the important decisions they are making, and their decisions do make a huge difference. She complimented the delegates and their staff stating that they are all doing what they think is best for all citizens.

### **Procurement Funding**

The Legislature appropriated \$1 M for the Procurement Outreach Program for FY11. The contract is actually with GOED who contracts with UDA, and UDA contracts with LSI. As LSI and UDA members approached legislators about the Procurement Outreach Program, they did not receive one negative comment and all saw value in the program as an economic development tool. At one point, word had been received that there would be no money, but at the last minute funds were appropriated.

The funds are a pass through with UDA receiving a stipend for administrative services. The amount UDA will receive for the next fiscal year will be negotiated with LSI.

### **Other Business**

The Army Depot will be asked to do a presentation at the next UDA Board meeting to update the group on the wind turbine project.

At the next Board meeting, updates will also be given on the F-35 and the Space Budget. If anyone has other agenda items, please call Beverley.

### **Next Meeting**

The next UDA Board Meeting will be held on Wednesday, April 21, 2010, at 7:30 a.m.

Commissioner Louenda Down made a motion to adjourn. Ken Warnick seconded the motion followed by a unanimous vote to adjourn at 9:00 a.m.