

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

May 18, 2017
9:00 a.m. – 11:50 a.m.

MEETING DATE

May 18, 2017
1625 Broadway, Suite 2700
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, Jay Seaton, Chuck Murphy, Millete Birhanemaskel, Benita Duran, Bob Hurst, and Noel Ginsburg.

B. Guests

Tony Acri, Ed Sealover, Don Banner, Tom Snyder, Mario Trimble, Ted Freeman, Steve Nawrocki, David Anderson, Jim Munch, Lynn Clark, Louie Carleo, Ralph Williams, Meagan Koncilja, Jerry Pacheco, Stefanie Winezler, Simon Tafoya, DeAnne McCann, Terri Bensen, Michelle Haynes, Angie Bedolla, Kevin Coffey, Betty Martinez, James Koncilja, Michael Hyman, Wendy Mitchell, Skip Noe, Yuriy Gorlov, Rita Connerly and Dan Lynch.

C. Staff

Stephanie Copeland, Jeff Kraft, Rebecca Gillis, Ken Jensen, Sonya Guram, Eloise Hirsch, Angela Mendez, Dan Lane, LeeAnn Morrill, Jenifer Doane, Katie Woslager, Donald Zuckerman, Taylor Tschida, Courtney Potts and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the April 20 and May 10, 2017 meetings.
2. The Economic Development Commission approved the following items: **RTA**-Extension of Pueblo RTA; **JGITC**-Project Emerald; **AI**-Arthroventions, LLC; Astra, LLC; CO School of Mines/Dr. Tilton; CO State University/CureImmue/Dr. Guth; CO State University/Laporte Ag Therapeutics; CO State University/Dr. Gaines; Elementum 3D; GitPrime, Inc.; IM Therapeutics; Living Ink Technologies, LLC; Matrix Analytics; Medowlark Optics, Inc.; Molon Labe, LLC; Mountain Racing Products; OptiEnz Sensors, LLC; Rebound Technologies; Solo-Dex; UNC Denver/Dr. Tagg; Vartega Carbon Fiber Recycling, LLC; **EZ**-Contribution Project Policies; R10 Ouray County Courthouse; and **OFTM**-SEARious Meats.

A. Meeting Called to Order

Schiff called the meeting to order.

NEW MEMBER INTRODUCTION

Kraft introduced the two new members to the Commission, Tom Clark and Bob Hurst.

**B. Regional Tourism Act-Pueblo (RTA): Jeff Kraft
Pueblo**

Kraft provided an overview of today's discussion for this project saying Copeland will review her recommendation to EDC regarding the actions the EDC should take for this project.

Copeland reviewed in part her recommendation letter to the EDC and asked Kraft to read directly from the letter the recommendation.

Kraft read the following:

- Confirm that the EDC and OEDIT support the Pueblo Professional Bull Riders University and Heritage of Heroes RTA Project. OEDIT and the EDC encourage and support PURA to move forward with bonding the state sales tax incremental revenue. OEDIT staff is instructed to cooperate with PURA by providing, upon request, written or verbal communications to bond counsel, rating agencies or underwriters to confirm this support.
- Extend the commencement of substantial work deadline for the Pueblo RTA Project to August 18, 2017, to allow PURA to complete a bond issuance with at least \$5 million in proceeds backed by a pledge of the state sales tax increment revenue for the purpose of funding the development of the Project on or before that date.
- Reflect that in consideration of all the information contained in the Pueblo RTA Project record regarding PBR University to date and summarized above in this letter, and provided that PURA completes a bond issuance with at least \$5 million in proceeds backed by a pledge of the state sales tax increment revenue for the purpose of funding the development of the Project on or before August 18, 2017, the EDC will deem Pueblo to have commenced substantial work under the terms of Resolution No. 1, as amended, and C.R.S. § 24-46-309.
- Restrict PURA from using or pledging any state sales tax increment revenue from the Pueblo RTA award, or the proceeds from bonds backed by a pledge of the state sales tax increment revenue, to repay any principle on the March 14, 2017 promissory notes.
- Require funds from the March 14, 2017 promissory notes to be spent on the construction of the facility that will house PBR University in advance of or concurrently with proceeds from bonds backed by a pledge of state sales tax increment revenue which will also be spent to fund the Project. PURA may continue to use state sales tax revenue on administrative costs associated with the project.
- Modify the approved phasing of the Project to allow the structured parking garage to be constructed in Phase I instead of Phase III as is stated in Resolution No.1. This is necessary because under the current design of the Project, the convention center expansion and PBR University facility will be built on the convention center's existing surface parking lot. However, if the overall Project has any funding shortfalls, PURA must finish the construction of the building that will house PBR University before any other Phase I Eligible Improvements are completed including the structured parking garage which is being moved into Phase I.
- Reflect that Pueblo will enter into good faith negotiations with OEDIT and the EDC, on behalf of the State of Colorado, to repay a portion of the state sales tax increment revenue if PBR University does not become operational in 2019 as described in Pueblo's 2011 RTA Application and the February 10, 2016 Letter of Commitment from PBR to the City of Pueblo, and reflect that Pueblo has identified its city lodging tax as one potential source of such repayment funds.

Duran moved the Commission modify its approval of the Project and direct the staff to expeditiously codify the seven conditions outlined by staff in the form of a Resolution for approval and adoption by the EDC.

Ginsburg seconded the motion. Motion passed unanimously.

The Commission thanked the Pueblo delegation for their collaboration on this project.

The Pueblo Delegation thanked the Commission and staff for the work and collaboration on this project.

M/S/P – Duran, Ginsburg – OEDIT Director Recommendation approved as presented and recommended by staff.

C. Job Growth Incentive Tax Credit (JGITC): Rebecca Gillis

Project Emerald

Gillis presented Project Emerald. Project Emerald is an existing Colorado company which is a tech-enabled, full-service corporate housing firm. The company manages all aspects of the short-term housing process for customers and assisted more than 20,000 traveling professionals with locating a lodging solution in 2016. Project Emerald has outgrown its existing office space and is currently evaluating alternative locations to move and grow its headquarters operation.

Staff is requesting the approval of a performance-based JGITC in the amount of \$2,143,071 for the creation of up to 172 net new full-time jobs at a minimum average annual wage of \$64,597, 100% of Denver County’s average annual wage, in support of this project.

M/S/P – Duran, Hurst – Project Emerald was approved as presented and recommended by staff.

Update of Previously Approved Projects

Staff had no public updates of previously approved projects.

D. Advanced Industries (AI): Katie Woslager

AI Budget

Woslager presented the AI Budget which shows balance of \$1,582,381 in available funds.

AI Projects

Woslager presented a total of eighteen Advanced Industries projects for approval totaling \$2,992,079.

<u>Company/HE/Dr.</u>	<u>Industry</u>	<u>Funding Request</u>
Arthroventions, LLC	Bioscience	\$50,000
Astra, LLC	Infrastructure Engineering	\$250,000
CO School of Mines/Dr. Tilton	Energy, Natural Resources/Cleantech	\$150,000
CO State University/CureImmue/Dr. Guth	Bioscience	\$150,000
CO State University/Laporte Ag Therapeutics	Bioscience	\$150,000
CO State University/Dr. Gaines	Bioscience	\$18,750
Elementum 3D	Advanced Manufacturing	\$250,000
GitPrime, Inc.	Technology and Information	\$250,000
IM Therapeutics	Bioscience	\$53,111
Living Ink Technologies, LLC	Energy, Natural Resources/Cleantech	\$75,000
Matrix Analytics	Technology and Information	\$250,000
Medowlark Optics, Inc.	Electronics	\$151,124
Molon Labe, LLC	Aerospace	\$100,000
Mountain Racing Products	Advanced Manufacturing	\$168,000
OptiEnz Sensors, LLC	Energy, Natural Resources/Cleantech	\$100,000
Rebound Technologies	Energy, Natural Resources/Cleantech/Advanced Manufacturing	\$326,009
Solo-Dex	Bioscience	\$250,000
UNC Denver/Dr. Tagg	Electronics	\$18,435
Vartega Carbon Fiber Recycling, LLC	Advanced Manufacturing	\$250,000

M/S/P – Ginsburg, Duran – AI projects approved as presented and recommended by staff.

E. Enterprise Zone (EZ): Sonya Guram

EZ Contribution Policies

Guaram presented draft Contribution Policies for approval. The policies cover the following categories, Income Tax Credit (Direct Benefit to Contributor Deducted from Donation), Project tax credit limitation, Donations/Minimum, Fees Charged to Organizations by the EZ Administrator, EZ Project Designation, Project Location, Project Term, Project Monitoring & Annual Review/Recertification, Project Structure, and Project Types & Categories.

The board reviewed and discussed the Policies.

M/S/P – Duran, Ginsburg – Contribution Policies approved as presented and recommended by staff.

Contribution Projects

Guaram presented the following EZ Contribution Projects.

EZ – Project Name	Project Type	Completion Date	1 yr. Projected Credits
Region 10-Ourray County Courthouse Renovation	Capital - Community Facility	2022	\$100,000

M/S/P – Duran, Hurst – Contribution Project approved as presented and recommended by staff.

F. Legislative Update: Eloise Hirsch

Hirsch provided a brief update of SB17-280 Expanding the Repeal date for the EDC and HB17-1365 Temporary Authority for the EDC to allow certain businesses to treat specific existing income tax credits differently.

G. Regional Tourism Act (RTA): Jeff Krat

Aurora Semi-Annual Update

Kraft introduced Wendy Mitchell who turned things over to Hyman.

Hyman introduced the Aurora contingent. We have already booked 455,344 room nights. Eighty-four percent of those room reservations are from organizations and groups that have never been to Colorado before. This is new business to the state. Construction is on schedule and we are looking forward to an opening in the fourth quarter of 2018. Right now the buildings total nearly two million square feet. We have a 1,501 room resort hotel. We are up to the fourteenth floor with our concrete pours. We’ve done the topping of the convention center. We are going to do the topping out of the hotel on August 23rd.

Kraft reminded the board that Aurora had no base-year revenue and because of that, they don’t get paid until the hotel goes opens. They are using their revenue stream to improve the internal rate of return to the developer over time. It is a unique and pure award.

Colorado Springs

Kraft presented a few questions for clarification from the Colorado Springs project.

1. Does the independent engineer need to certify soft costs pursuant to Section 8.C. of the Resolution that are not “construction-related” costs, such as the USOM’s costs of financing for the bridge loan? USOM understands that the financing costs have to be certified by an EFA pursuant to Section 8.F. of the Resolution and they are talking with North Slope about that. OEDIT response on this question is for interest costs in particular even though some people might legitimately consider this a soft construction cost the EDC and OEDIT are comfortable just having the CPA certify those costs and not the engineer as long as the EFA certifies subject to Section 8.F. We don't see value in having the engineer certify those costs Note you should probably also have your bond counsel review this to make sure it’s not considered a bond under the terms of the resolution which requires a few other steps.

2. The second request was to confirm that the bond trustee's construction consultant would be an acceptable party to certify the invoices of the design engineer for the USOM, which is also acting as the independent engineer for purposes of providing the certifications under Section 8.C. of the Resolution as permitted by the Resolution. We are working with the trustee to make sure they are ok with it, but wanted to confirm that the EDC would also be satisfied with it. This question arises because otherwise the design engineer would be certifying its own design costs as the independent engineer, so we are looking for an appropriate and cost-effective third party to provide the certification as we had discussed. OEDIT response on this question is the design/independent engineer should not certify their own costs but would be comfortable having the bond trustee's construction consultant certify the invoices of the design engineer as long as they have expertise in these types of costs.

The EDC confirmed staff's response to the Colorado Springs project.

H. Office of Film, Television and Media (OFTM): Courtney Potts and Donald Zuckerman

OFTM Budget

Potts presented the OFTM Budget which shows an available balance of \$26,622 if the project presented today is approved.

Plebian Pictures/SEARious Meats

Potts presented SEARious Meats. Plebian Pictures was formed by Mathew Gonzalez in 2011 and specializes in unscripted programming.

Plebian Pictures aims to produce the pilot, SEARious Meats, to be shot exclusively in Colorado in the summer of 2017. SEARious Meats follows Denver chef and restaurateur, Justin Brunson, as he travels the country in search of its finest meat purveyors. Chef Brunson currently owns five restaurants in Denver area. For this pilot episode, the production will focus exclusively in Denver where his culinary career took flight. Distribution is being commissioned through The Cooking Channel's parent company Scripps Networks Interactive (SNI).

The project has a total preliminary Colorado budget of \$187,759. The estimated qualified local expenditures of the application would result in a rebate of \$37,551.

M/S/P – Duran, Hurst – SEARious Meats approved as presented and recommended by staff.

I. Strategic Fund Initiative: Jeff Kraft

Kraft provided a brief update saying ORec is pursuing a Strategic Initiative and there was some discussion of that at the March meeting and there have been some one-on-one conversations with board members and staff as well. We are continuing to work on the project and before anything is finalized it will be brought back to the EDC for final review and approval.

J. Budget: (Jeff Kraft)

Kraft presented the budget which currently shows a sub-balance of \$9,507,257.

K. Meeting Summary

M/S/P – Duran, Hurst – Meeting Summaries from the April 18th and May 12th meetings approved as presented and recommended by staff.

L. Next Meeting

Schiff said the next EDC meeting will be June 15, 2017.

With all items discussed, the meeting was adjourned.