

ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY
September 21, 2017
9:00 a.m. – 12:00 p.m.

MEETING DATE

September 21, 2017
1625 Broadway, Suite 2700
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Denise Brown, Tara Marshall, Rob Brown, Tom Clark, Jay Seaton, Benita Duran and Chris Franz.

B. Guests

Ed Sealover, Amber Steffens, Rachel Summers, Angie Bedolla, Justin Vause, John with Project Gondola, Jessica with Project Gondola, Gregg Stouffer, Tammy Botkin, Bobbi-Jo with Project Mountain View, Atif with Project Mountain View, Deane with Project Mountain View, Leigh Seeger, Amber Steffens, Laura Lewis-Marchino, Katelin Cook, Nancy Zimmer, Jose Rocha, Rachel Summers, Tiffany Phel, Michelle Haynes, Francisca Olaiz, Lindsay Hermayer, Jamie Rosenberry, and Jo-Ann Scharmann.

C. Staff

Stephanie Copeland, Jeff Kraft, Anna Ewing, Ken Jensen, Angela Mendez, Liz Cahill, Rebecca Gillis, Donald Zuckerman, Mariel Rodriguez-McGill, Taylor Tschida, Kelly Manning, Katie Woslager, Christine Hoffman, Sonya Guram, John Reece and Virginia Davis

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the August 17, August 29 and September 13, 2017 meeting summaries.
2. The Economic Development Commission approved the following items: **JGITC**-Project Mountain View; Transferable Tax Credit Program (approved factors for consideration); **SF(D)**-Staffing Request; Project UNC BizHub; Certified Small Business Communities; Co-Working Space (approved taking future applications); **EZ**-Town of Bennett Town Hall; Luttrell Barn Rehabilitation; La Veta Village; Otero Museum ; City of Montrose Trails Expansion; Open Door to Success Employment Training; United Neighborhoods; **SSBCI**-Program Management Contract; **RJS**-Archuleta County; Delta County; Dolores; Montezuma; Rio Blanco; San Juan County; and **OFTM**-Project Gondola; Project Mermaid; Project Pigskin; and Project Symphony.

A. Meeting Called to Order

Brown called the meeting to order.

New Member Introduction

Kraft introduced Reeves, a new Commissioner.

Meeting Summary

Seaton moved approval of the meeting summaries from August 17, August 29 and September 13, 2017. Marshall seconded the motion. Motion passed unanimously.

M/S/P – Seaton, Marshall – Meeting Summaries approved as presented by staff.

B. Job Growth Incentive Tax Credit (JGITC): Rebecca Gillis, Jeff Kraft

Project Mountain View

Gillis presented Project Mountain View. This is a retention and expansion opportunity. Project Mountain View is a manufacturing company that specializes in the creation of dental products and has one manufacturing location in the US, which has been based in the Greater Denver region since the 1990s. Project Mountain View's leadership is looking to expand outside of its traditional market into other pharmaceutical sectors due to an industry-wide decline in demand for dental products.

Staff is requesting a performance-based JGITC in the amount of \$1,190,570 for the creation of up to 147 net new full-time jobs at a minimum wage of \$53,313, 100% of any Colorado County's annual average wage, in support of this project.

M/S/P – Clark, Seaton – Project Mountain View was approved as presented and recommended by staff.

Update of EDC Approved Projects

Gillis introduced Steffens of Traveler's Haven, formerly Project Emerald, to announce they will be moving forward in Colorado.

Format of Financial Analysis

Kraft presented a new format to the financial analysis staff uses to present staff's analysis of company's financial viability. The Commission agreed that the new format is readable and directed staff to move forward with the provided format.

Transferrable Tax Credit Program

Kraft presented background on the Transferrable Tax Credit Program. The benefit of this program is that approved companies can sell certain income tax credits that normally are not transferable and could not be used unless the company had a state income tax liability. To be potentially eligible for transferable tax credits, a business must make a capital investment of at least \$100 million over the ten consecutive income tax years that commence immediately following the date of EDC pre-certification. Tax credit types which are covered in this program include Job Growth Incentive Tax Credit (JGITC), Enterprise Zone (EZ) investment credit, EZ new employee credit and EZ R&D credit. The business must apply for pre-certification before they make any investments in the project. OEDIT strongly recommends this be done at the time the EDC approves the JGITC and/or before enterprise zone pre-certification.

Each fiscal year, starting July 1, 2017 through the fiscal year ending June 30, 2020, the EDC can pre-certify up to \$10M in credits (total of \$30M over life of program). Amounts not allocated by the EDC do not roll over year over year. Large projects can be pre-certified across multiple fiscal years as long as the first pre-certification is before they start their investment.

EDC has discretion how to allocate pre-certifications. Factors considered will be:

- Overall economic impact to the State
- Economic need of the region/geographic equity
- Strategic impact of project (headquarters, supply chain, spill over benefits, amount of job training/apprenticeships etc.)
- Likelihood that the project will proceed
- How much time is left during a given fiscal and the likelihood of additional applications that year
- Current Context at the time of application
- Amount of Capital being invested

This program does not change the requirements of the underlying programs (JGITC and EZ), companies must still meet all requirements of those programs to earn the tax credit.

Marshall moved acceptance of these seven factors that staff will use to develop the criteria for our review.

M/S/P – Marshall, Clark – criteria approved with the two additions.

Clark suggested staff memorialize criteria for approving transferrable tax credits for the LAC.

Brown suggested it was also important to include the sponsors.

OEDIT Update

Copeland updated the Commission on the progress of OEDIT's response to the public Amazon opportunity.

C. Strategic Fund Initiative (SFI): Jeff Kraft, Kelly Manning Strategic Fund Balance Forecast

Kraft presented the Strategic Fund Balance Forecast which shows a current projected balance of \$374,056.

Staffing Request

Kraft presented an EDC staffing request noting the additional growth in EDC programs being staffed by OEDIT. Staff is requesting \$150,000 in addition to the previously approved \$450,000, noting that the future administrative request will be for \$600,000.

M/S/P – Clark, Marshall – Staffing request approved as presented and recommended by staff.

UNC BizHub

Manning presented the UNC BizHub's year-three request. The UNC BizHub will be primarily serving a regional geographical area in the northern and eastern Colorado market which enhances rural Colorado. The center will be unique in five ways. The original use of funds was for partial consulting, space and technology to include databases. Since UNC is now providing space at no-cost, this will open up new services in the region to include internships and utilizing higher education staff. There continues to be savings due to the SBDC Director leading the program. The purpose of the BizHub will be to establish long-term relationships and continue to provide value to its clients as they continue to grow. This is not typical of an incubator whose client relationship is 2-5 years due to space limitations. Goals will be set with clients and when reached they will "graduate" from the BizHub. However, if they would like to continue the relationship, the intent would be to have them remain as clients for future growth and development.

Staff is requesting year-three funding for the UNC BizHub in the amount of \$50,000 to run the incubator.

M/S/P – Seaton, Marshall – UNC BizHub Year-Three funding approved as presented and recommended by staff.

Certified Small Business Communities

Manning presented the Certified Small Business Communities year-two request. The Certified Small Business Community program is an opportunity for small communities in rural and mountain regions to compete, attract and retain small businesses. The program will provide matching funds for communities to support their local SBDC and other resources. Many communities want small business resources but are unable to acquire funds for matching grants to do so. This program will support, nurture, and help grow small communities across the state.

The communities will receive a designation of a “Certified Small Business Community” to promote a great community to “Work, Live, and Play” in Colorado.

Staff is requesting year-two funding for this program in the amount of \$100,000 to continue funding staff. OEDIT will return to ask for additional year two funds once some results from year one are available.

M/S/P – Clark, Seaton – Certified Small Business Communities Year-Two request approved as presented and recommended by staff.

Co-Working Space

Manning introduced the Co-Working Space Program. Experience from around the country and specifically in our Colorado communities has shown that entrepreneurial support programs such as a business co-working space may improve the survival rate of small rural communities. These programs can support economic vitality by providing a community or entrepreneurship environment that can result in creating new businesses with roots in the local community, who will provide innovative products and services, create jobs, and support local supplier and service providers. The goal is to help provide a community for small businesses, entrepreneurs, freelancers, and start-ups to have access to professional space and resources that will help them thrive and potentially move out of a home based business or their garage into this innovative-collaborative environment. This will also provide marketing and potential of relocation of individuals to small rural communities from individuals traveling and need space to “do business” on the road.

Staff will present a future funding request for up to \$25,000 each year not to exceed a three (3) year period with year to year consideration based on need and cost analysis and a 2:1 match in the community funds (may be in cash and in-kind contributions).

At this time, staff is requesting approval of the program.

Seaton moved expansion of the Commission’s policy to include the Co-Working Space program.

M/S/P – Seaton, Marshall – approved as presented and recommended by staff.

RTA Audit Update

Kraft provided an update of the ongoing RTA Audit process.

D. Enterprise Zone: Sonya Guram

Guram presented the following Contribution Project Proposals for approval.

EZ Project Name	Project Type	Comp. Date	1 yr. Proj.
Adams - Town of Bennett Town Hall	Community Facility	2019	\$150,000
Northwest – Luttrell Barn Rehabilitation	Community Facility	2022	\$21,875
South Central – La Veta Village	Tourist Attraction	2022	\$18,750
South Central – Otero Museum	Infrastructure	2022	\$13,125
Region 10 – Montrose Trails Expansion and Improvement	Community Facility	2022	\$250,000
Denver – Open Door to Success	Job Training	2022	\$12,500
Denver – United Neighborhoods, Center for Business	Economic Development	2022	\$156,250

M/S/P – Marshall, Duran – EZ Contribution Project Proposals approved with the additions of the full list of capital items for the Luttrell Barn Rehabilitation project.

E. State Small Business Initiative (SSBCI): John Reece

Reece presented the SSBCI request. The SSBCI, under the U.S. Treasury, was funded with \$1.5 billion and created to strengthen state programs that support lending to small businesses and small manufacturers. In 2011, OEDIT and CHFA started the application process for an allocation of SSBCI program funds. The

EDC within the OEDIT approved the application and accepted the SSBCI allocated funds on behalf of the State of Colorado. In early 2012 the State of Colorado was awarded \$17,233,489. Following the award OEDIT/EDC contracted with CHFA for a term of 5 years to administer the program, with OEDIT having oversight as the contact with the U.S. Treasury. In 2016 the State received an additional \$77,948 allocation from deallocated funds from other states, for a final total of \$17,311,437. The Collateral Support program provides the lender a cash deposit as additional collateral for a business loan when the business cannot meet the lender's collateral requirements.

The federal requirements on the \$17,311,437 received by the State expired on March 31, 2017. EDC/OEDIT and CHFA extended the original contract and continued the Collateral Support program for a 6-month period which expires September 30, 2017. Therefore in accordance with the current contract and the extension between CEDC/OEDIT and CHFA, section 5 of the original contract, OEDIT would request to extend the current contract for an additional three years to enable CHFA to continue administering the program.

OEDIT requests that the EDC approve payment to CHFA for the services provided from program funds which shall be in the amount of \$32,500 quarterly or \$130,000 annually for a 3-year cumulative total of \$390,000.

M/S/P – Seaton, Marshall – SSBCI Request approved as presented and recommended by staff.

F. Rural Jump-Start (RJS): Ken Jensen

Jensen presented the following communities to be included in the RJS program. Archuleta, Delta, Dolores, Montezuma, Rio Blanco and San Juan counties are requesting to create RJS Zones.

All of these counties are eligible to form Rural Jump-Start zones per the 2017 county review. The town of Silverton in San Juan County does not assess the business personal property tax, but has passed a resolution of participation. None of these counties has a company that is ready to apply to the Rural Jump-Start program at this time.

Staff is requesting approval of these communities to be included in the RJS program.

M/S/P – Seaton, Clark – Listed Communities approved as presented and recommended by staff.

G. Office of Film, Television and Media (COFTM): Donald Zuckerman, Mariel Rodriguez-McGill Budget

Rodriguez-McGill presented the COFTM Budget which show a current balance of \$348,695 if the projects presented today are approved.

Project Gondola

Rodriguez-McGill introduced John to present Project Gondola. High Noon, LLC is in the process of pitching a new series to the nationally broadcast HGTV channel. The company plans to film two pilot episodes in Colorado. The pilot episodes will be shot reality-style. Further identification would jeopardize the confidentiality of the project.

The objective of this request is to spur film production in the state and support local filmmakers to be contracted by High Noon Entertainment. If the pilot episodes are successful, there is the potential for long-term opportunities for Colorado crew. Additionally, this production will support economic activity in areas outside of the Denver metro area, specifically Eagle and Pitkin Counties.

The estimated qualified local expenditure of the application would result in a rebate of \$57,041.

Staff recommends approval of this project at a minimum local expenditure of \$100,000.

M/S/P – Clark, Marshall – Project Gondola approved as presented and recommended by staff.

Project Pigskin

Rodriguez-McGill introduced John to present Project Pigskin. High Noon, LLC is creating a new Facebook Live Show which will be presented as a weekly talk show and would be filmed on location in Colorado. Further identification would jeopardize the confidentiality of the project.

The estimated qualified local expenditures of the application would result in a rebate of \$250,276.

Staff recommends approval of this project at a minimum local expenditure of \$100,000.

M/S/P – Marshall, Clark – Project Gondola approved as presented and recommended by staff.

Project Mermaid

Rodriguez-McGill introduced Jeff Litchfield to present Project Mermaid. Idol Minds, LLC is pitching a new interactive game. Modeled after small towns like Telluride, Durango and Leadville, the town and location are important players in the story and game. The objective of this request is to spur videogame production in the state and support the growing industry.

The estimated qualified local expenditures of the application would result in a rebate of \$450,000.

Staff recommends approval of this project at a minimum local expenditure of \$250,000.

M/S/P – Clark, Marshall – Project Gondola approved as presented and recommended by staff.

Project Symphony

Rodriguez-McGill introduced Gregg Stouffer and Tammy Botkin to present Project Symphony. Stouffer Productions is proposing a feature film which will be shot in its entirety in Colorado with a majority Colorado workforce made up of mostly female and diverse crew. Further identification would jeopardize the confidentiality of the project.

The objective to incentivizing this film is to support local filmmaking in addition to supporting the growth of local independent filmmakers. Additionally this production is dedicate to hiring predominately female and underrepresented groups to cast and crew the film. By identifying 88% local, Colorado crew, and encouraging local film hires, this film will in turn act as a catalyst for the local workforce.

The estimated qualified local expenditures of the application would result in a rebate of \$165,108.

Staff recommends approval of this project at a minimum local expenditure of \$100,000.

M/S/P – Seaton, Clark – Project Gondola approved as presented and recommended by staff.

COFTM Strategic Plan

Copeland noted to the Commission the COFTM Strategic Plan that was presented to the Legislative Audit Committee.

H. Next Meeting

The next meeting will be on October 26, 2017 in Montrose.

With all items discussed, the meeting was adjourned.