

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

July 19, 2018
8:30 a.m. – 12:00 p.m.

MEETING DATE

July 19, 2018
1625 Broadway, Suite 2700
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, Jay Seaton, Robert Price, Rob Brown, Tara Marshall, Tom Clark, Denise Brown, Benita Duran, Chris Franz, and Karen Blumenstein.

B. Guests

Marc Bellantoni, Jeff Holwell, Ed Sealover, Rachel Lyons, Dan Griner, Gretchen Hollrah, Shail Schukar, Brad Dodson, Patrick O’Keefe, Nikki Holmlund, Jep Seman, Joann Greek, Karen Tuttle, Michelle Haynes, Terry Blair-Burton, and Laura Lewis Marchino.

C. Staff

Stephanie Copeland, Jeff Kraft, Sean Gould, Ken Jensen, Rebecca Gillis, Dan Lane, Sonya Guram, Che Sheehan, Reid Aronstein, Wael Kahlifa, Jana Persky, Katie Woslager, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the June 21, 2018 meeting.
2. The Economic Development Commission approved the following items: **EZ** – DEN, Open Door Tea Shops & Arts; REG10, Rocky Mountain Biological Laboratory; SW, Region 9 ED District of WS Colorado; CC, Florence Pioneer Museum; CC, The Farm at Buena Vista; Colorado Inventor’s Showcase: **RJS** – Prowers County; **RTA** – Denver Amendment to Exhibit B; **SF** – Operational and Administration Request.

A. Meeting Called to Order

Schiff called the meeting to order.

Meeting Minutes

Clark moved approval of the meeting minutes from the June 21, 2018. R. Brown seconded the motion. Motion passed unanimously.

M/S/P – Clark, R. Brown – Meeting Minutes approved as presented by staff.

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

Update of Approved Projects

Gillis presented project updates. Project Safari was approved on May 17, 2018 for a JGITC for the creation of up to 570 net new full time jobs. This was an expansion opportunity catalyzed by a company-wide reconsolidation strategy. The company, Conga, is headquartered in Broomfield and was looking at expanding in either Colorado, Florida, Indiana, or Washington state after several key recent acquisitions.

The company has chosen Broomfield as the expansion location and recently announced they leased 88,000 square feet of Class A space in Broomfield. OEDIT worked in collaboration with the City and County of Broomfield's Director of Economic Development, Bo Martinez, and his team on this opportunity. Martinez said he was pleased that the company has made the announcement to expand their corporate headquarters in Broomfield. He is currently working to finalize the local incentive package in the amount of \$8,293,365.

C. Enterprise Zone (EZ): Jeff Kraft

Guram presented the following Enterprise Zone Contribution Project Proposals.

EZ – Project Name	Project Type	Completion Date	Project Budget	1 yr. Projected Credits
Denver - Open Door Tea Shop & Arts Center	Operations - Job Training Program	2023	\$304,000	\$38,687
Region 10 - Rocky Mountain Biological Laboratory	Capital Campaign - Community Facility	2023	\$8,181,945	\$531,250
Southwest - Region 9 Economic Development District of SW Colorado	Operations: Economic Development Org	2023	\$300,000	\$3,750
Central Colorado - Florence Pioneer Museum	Capital Campaign: Tourist Attraction	2023	\$91,210	\$17,177
Central Colorado - The Farm at Buena Vista	Capital Campaign: Affordable Housing	2023	\$160,016	\$21,252
Denver - Colorado Inventor's Showcase	Operations: Business Assistance	2023	\$117,500	\$27,500

R. Brown asked about the Florence Pioneer Museum.

Bellantoni said, it is a tourist attraction that is expanding into the building next door. They were presented with the opportunity to have that building donated. They had been running exclusively on donations throughout the life of the organization. Becoming an EZ Contribution project was the next step to get more credibility and obtain more donations.

M/S/P – Marshall, Blumenstein – EZ Contribution Project Proposals approved as presented and recommended by staff.

**D. Rural Jump-Start (RJS): Ken Jensen
Citizen Input Follow-up**

Jensen addressed two points, including benefits in the wage calculation and the sales tax exemption for luxury vehicles. On the issue of including benefits in the New Hire determination, it is important to remember that there are two related issues, the determination of New Hire status, and the calculation of the amount of benefit for the New Hire employee. At the last EDC meeting, OEDIT proposed, and the EDC approved, a change to the way that OEDIT determines if a person has New Hire status. OEDIT now calculates wage at end of year plus benefits paid by the employer. This calculation is used to test whether the New Hire has "a salary or compensation equal to or greater than the county average annual wage" as required by the statute.

On the issue of luxury vehicles and the sales tax exemption, there are two points to consider. First, the Rural Jump-Start statute requires that all property eligible for the sale and use tax refund be used exclusively in the Rural Jump-Start zone. From the statute: "Each new business is eligible for a refund for all sales and use taxes imposed under parts 1 and 2 of article 26 of this title on the purchase of all tangible personal property acquired by the new business and used exclusively within the rural jump-start zone."

Furthermore, Rural Jump-Start businesses report the estimated value of benefits on the annual report, and the reports do not indicate that the use of this benefit has been excessive.

Prowers County

Jensen presented the Prowers County request. Prowers County has submitted an application to form a Rural Jump-Start zone. This zone would include all of the unincorporated county, plus the towns of Lamar and Granada.

This application was submitted by Lamar Community College and is supported by Prowers Economic Prosperity, the local economic developer. The application does not include a pipeline of potential companies, and there are no companies currently planned for the program.

Staff is requesting approval of Prowers County for inclusion in the Rural Jump-Start program.

M/S/P – R. Brown, Clark – Prowers County approved as presented and recommended by staff.

**E. Regional Tourism Act (RTA): Ken Jensen
Program Update**

Ken provided a program/project update.

Pueblo/PBR

Staff is working to finalize the written amendment to Resolution No. 1 for commencement certification. Staff is also working with PURA to get data on small business, minority, women, veteran contractors.

Colorado Springs/City For Champions

Staff is working with project representatives and the attorney general on the amendment to Resolution No. 3 to UCCS/CSURA to allow for commencement plus commencement certification. OEDIT is meeting with AFA Officials in July to understand the program in detail.

NCRTA/Go NoCO

Staff is working with Go NoCO stakeholders on a final resolution.

RTA Final Audit

Jensen provided the board with the final audit response and letter and notified the board that the hearing is scheduled for Tuesday, August 14th at 10:45 in the Legislative Services building.

Denver/NWC

Jensen introduced the Denver contingent.

Hollrah presented the request for approval of changes to requirements under Exhibit B to the Amended Resolution No. 5 pursuant to Amended Resolution Section 5.B.

The National Western Center Partners are requesting proposed changes for the design outlined in Exhibit B to Amended Resolution No. 5 to the Commission for approval. On November 16, 2017, the NWC partners presented to the Commission possible modifications to the requirements of Exhibit B.

The proposed changes are a result of additional site planning and evaluation activities in 2017. The proposed changes will not impact the functionality of any component of the project and will accommodate construction timing and provide for increased visitor safety and efficiency.

The new NWC Site Plan consolidates the previously separate rail corridors, which had required a longer elevated walkway, into a single rail corridor spanned by a proposed pedestrian bridge. We therefore request the Commission approve removal and replacement of the description with the following: Provides at-grade East/West access between National Western Drive, the Livestock Center and Equestrian Center and an elevated pedestrian crossing to the new Rail Station at 49th Avenue and Brighton Boulevard. Complete

design for future-phase additional elevated walkway segments and ensure actual project construction allows for the possibility of future elevated walkway development.

We request the Commission approve a name change to “Parking Garage.” Due to environmental and site efficiency concerns, we request approval to relocate this component from the previously identified site to a location under the Equestrian Barn and Paddocks. This relocation reduces environmental costs and provides increased site efficiency. The relocated facility will retain equivalent functionality while providing improved access for site visitors and exhibitors.

We request the Commission approve removal of the word, “Permanent” in Horse Stalls description from Exhibit B. Allowing moveable stalls will increase flexibility in providing multiple uses and stall layouts for the Horse Barn. The total planned capacity satisfies the intent of the Exhibit B requirement by providing 827 stalls with a 10’ aisle width as contemplated during early programming for the facility. However, some events may require fewer stalls and prefer wider 12’ aisles for circulation purposes. As such, an alternative layout accommodated by moveable stalls provides up to 757 12’ x 12’ horse stalls with 12’ aisles. Additionally, the use of moveable pens will maximize flexible use of the building.

Duran moved approval directing staff to work with legal counsel to codify the proposed changes into an amendment to Resolution No. 5. Franz seconded the motion. Motion passed unanimously.

M/S/P – Duran, Franz – Denver/NWC amendment approved as presented and recommended by staff.

NCTRA/Go NoCO

Kraft presented a letter in response to a questions from the Commission in regards to land ownership and control for each of the proposed NCRTA project elements.

The Stanley Film Center project element is located on the grounds of the Stanley Hotel in the Town of Estes Park, Colorado. This site location is owned and controlled by the Grand Heritage Hotel Group managed by John W. Cullen IV.

The Peligrande Resort and Windsor Conference Center project element is located in the Town of Windsor adjacent to the Pelican Lakes Golf Course in Water Valley. This site location is owned and controlled by Water Valley Land Company and Martin Lind.

The Whitewater Adventure Park project element is to be located in the City of Loveland near the Budweiser Events Center. According to the RTA award, this project element is required by the EDC to be located adjacent to the Indoor Water Park of the Rockies. Although the purchase option has expired, substantial development parcels remain available.

The Indoor Water Park of the Rockies project element is to also be located in the City of Loveland near the Budweiser Events Center. According to the RTA award, this project may not move forward until the Whitewater Adventure Park has completed its financing. This project element is required by the EDC to be located adjacent to the Indoor Water Park of the Rockies. Although the purchase option has expired, substantial development parcels remain available.

Kraft and Seman provided a NCRTA/Go NoCO project update.

Whitewater Adventure Park- the NCRTA is continuing discussions with potential investment partners who are analyzing development of financing plan for this project element.

Indoor Water Park Resort of the Rockies-the NCRTA developer partner remains willing and able to initiate construction, but per the OEOIT guardrails this project element is contingent upon successful financing plan for the Whitewater Adventure Park. Thus, for the time being there is no progress to report.

Peligrande Resort and Windsor Conference Center-the NCRTA developer partner, Martin Lind and Water Valley, continues to express interest in this project element. However, at this time the developer partner is prioritizing other development projects and development activities.

Stanley Film Center-the NCRTA developer partner, Grand Heritage Resorts and the Stanley Hotel, recently completed a major capital improvement project. With the completion of the The Pavilion on the hotel grounds -more than 8,000 square feet of wedding, event and banquet space - the development team is refocusing its attention on the development of the Stanley Film Center.

Blumenstein asked if there are any environmental clearances needed for the Whitewater Park.

Seman said no. It's a straight forward construction project. We did get questions through the application process about the water and where it would come from. That's all been arranged through Loveland and Northern which is the water supplier up there. In the scheme of things, it doesn't run that much water, most of which is recycled with the exception of evaporative loss. There are no water rights involved in this it's just a strict purchase agreement for water.

Kraft said that staff has met with NCRTA/Go NoCO representatives and have mapped out a plan to finalize the amendment to Resolution No. 4, outlining some of the issues and possible solutions. There will be updates as staff moves forward with negotiations.

F. Strategic Fund (SF): Jeff Kraft, Sean Gould

Market-based Sourcing Update

Gould presented a brief update of Market-based Sourcing. Last month the Commission tasked staff to start working with DOR on a process and procedure for analyzing the impact for market-based sourcing on state revenue. OEDIT and DOR met and are in agreement that if there is no drop in revenue in the period outlined in HB 18-1185, then there is no analysis needed. If there is a drop, we are going to outline the challenges of doing such analysis and the different variables that must be taken into consideration before doing that analysis. We are working on putting together a joint memo/file and will update the Commission as we move through the process.

SF Balance Forecast

Gould presented the SF Balance Forecast which shows a current available balance of \$2,130,448.

Operational Funding and Administrative Request

Kraft presented the Operational Funding and Administration request for funding.

Copeland also said that staff will be coming back to request more Operational dollars for short-term Opportunity Zone funding.

Staff is requesting approval from EDC for \$600,000 in operational funds for FY 18-19 from Strategic Fund appropriation of \$5,000,000 (same request as last year).

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

SF Strategic Review

The Commission and staff discussed the current SF Policy.

Staff proposed a Policy Recommendation for the Incentive and Initiatives. Staff proposes a target split with a loose target of sixty-percent for incentives and forty-percent for initiatives. The actual use will deviate based on the opportunities. Initiatives should be heavily weighted toward rural Colorado.

With the SF Reserve, staff is proposing a target range of \$8M to \$10M saying this amount will fluctuate to keep the available balance at or above zero. Repaying the Reserve with monthly interest and encumbering unused funds and expired contracts. If the Reserve is at or below \$4M, use up to \$2M from new appropriations to pay back the Reserve. If the Reserve is exhausted, the goal would be to re-build to target range over multiple years.

The Commission summarized by saying the SF is not just powder to use to attract new businesses but that they are open to anything creative that staff brings forward.

G. Other:

Transferrable Tax Credit

Jensen provided an updated to the TTC program. OEDIT has issued a TTC precertification to Project 5000 for \$1 million, dated June 21, 2018. Combined with the precertification to Project 5000 for \$9 million, dated November 16, 2017, Project 5000 has received a total of \$10 million in TTC precertification in fiscal year 2017-18. This figure represents the entire amount available to allocate in fiscal year 2017-18.

EDC Budget

Gould provided a budget update which currently shows a balance of \$2.1M in available funds.

AI Budget

Woslager provided a budget update which currently shows a balance of \$4.4M in available funds.

Next EDC Meeting

The next meeting will be on August 8, 2018.

With all items discussed, the meeting was adjourned.