

ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY
October 17, 2018
8:30 a.m. – 11:00 a.m.

MEETING DATE

October 17, 2018
100 E. Main Street
Trinidad, CO 82082

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Tim Schultz, Dana Crawford, Mayor Phil Rico, Ed Sealover, Cathy Schulte, Victor Gutierrez, Kristi Pollard, Victor Gutierrez, Conrad Swanson, Jason Batchelor, Wendy Mitchell, Rita Connerly, Jeff Lynchford, Joanne Greek, Bob Cope, Tamara Chuang, Terri Benson, Sarah Stoeber, Kevin Wilkins, Rachel Lyons, Lisa Harper, Gretchen Hollrah, Paul Andrews, Angela Lieurance, Marissa Glatter, Laurie Boyle, Kerry Daniel, Rachel Woolley, Turid Nagel-Caseboldt, Laurie Wolowitz, Christine Carr, Blair Miller and Stephanie Bakken.

C. Staff

Stephanie Copeland, Jeff Kraft, Sean Gould, Sonya Guram, Che Sheehan, Reid Aronstein, Jill McGranahan, Ken Jensen, Mariel Rodriguez-McGill, Donald Zuckerman, Margaret Hunt, Wael Khalifa, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the September 20, 2018 meeting.
2. The Economic Development Commission approved the following items: **EZ** – PP-Exponential Impact; DC-Mi Casa; JC-Jefferson County Economic Development Corp.; PP-Downtown Partnership of Colorado Springs; SLV-Monte Vista Downtown Revitalization; SLV-Health Cancer Services; SLV-Monte vista Ski-Hi Park; DC-National Western Campaign; DC-Women’s Bean Project; WC-Greeley Transitional House; DC-Sacred Heart House; JC-The Action Center; DC-Samaritan House; – **AI** - CSU- PI: Amanda Guth; CSU- PI: Jay Ham; CSU- PI: Susan James; CSU- PI: Garrett Miyake; CSU- PI: Tiezheng Tong; CSU- PI: Azer Yalin – and **OFTM**- Project Siren.

A. Meeting Called to Order

Schiff called the meeting to order and covered Housekeeping items.

Welcoming Remarks

Mayor Rico and Marshall provided welcoming remarks.

Meeting Minutes

R. Brown moved approval of the meeting minutes from the September 20, 2018 meeting. Franz seconded the motion. Motion passed unanimously.

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

B. Regional Tourism Act (RTA): Ken Jensen, Jeff Kraft

RTA Program Monitoring Update

Jensen presented the RTA Program Monitoring update. Aurora/Gaylord will present their semi-annual update at today's meeting. The Commission and staff were present at the Pueblo/PBR Topping out Ceremony. The Commission and staff will tour the Colorado Springs/C4C site after the meeting today. OEDIT is planning on combining all amendments for C4C into one resolution if timing allows. Waiting on feedback from Sports and Event Center team. OEDIT met with AF architect, Duane Boyle for clarifying questions and to understand the obligations that the AF has placed on the project. OEDIT met with project officials to discuss progress since last EDC Meeting and asked them to recommend mechanism to pay back state funding for stadium if arena does not commence and for details about availability of CC facilities and operation of Stadium Authority. OEDIT is planning on meeting with Go NoCO attorney on final resolution in the end of September. OEDIT had phone conversation with Reed Rowley and planning to meet in person with project representatives ~ end of October early November.

Staff Memo

Kraft presented a Staff Memo to Commissioners with RTA updates.

OEDIT has met with several projects over the last month and would like to provide the Commission with an update relating to those meetings. OEDIT is also seeking input relating to the outcome of several of these meetings.

AFA Architect Meeting

OEDIT staff met with Duane Boyle, the Air Force Academy architect, to get the Academy's perspective and understand potential conditions imposed by the Academy on the developer who is building the project. He confirmed that according to the RFQ requirements that any development would need to comply with the Air Forces Design Guidelines (AFDG) which based on the Academy's original design plan.

Additionally, the Academy is 100% behind maintaining the visual in the design render that has been proposed by the developer and presented to the EDC. To that end, the developer has set up a design review board (DRB), which includes Air Force officials, to ensure compliance with the design standards of the Academy. If the DRB does not agree that the design satisfies the AFDG, then the issue will be escalated to the Academy Superintendent. In addition, History Colorado will review all designs proposed by the developer because the Air Force Academy Campus is a National Historic Landmark.

The Enhanced Use Lease (EUL) is still being negotiated between the developer and the Air Force and it is anticipated to be finalized within about a month. This lease is anticipated to require that the development complies with the AFDG. OEDIT will obtain a copy of this document and will distribute it to the EDC.

OEDIT does intend to take any action on this design issue unless directed by the EDC.

AFA Procurement Compliance

OEDIT has asked for a letter from the developer Blue and Silver that would confirm which entities were part of the RFP response and included in the scope and cost response to make sure there was a fully competitive process covering significant vendors like contractors and investment bankers.

UCCS

Staff provided the Commission with the letter received from Venkat Reddy, Chancellor of UCCS certifying the the final and approved schematic designs for the UCCS Sports Medicine and Performance Center.

Staff is requesting a formal vote of the Commission confirming receipt of the letter.

Franz, moved to approve formal receipt of the UCCS letter certifying the final and approved schematic designs for the UCCS Sports Medicine and Performance Center. Marshall seconded the motion. Motion passed unanimously.

M/S/P – Franz, Marshall – Receipt of UCCS Certification letter approved.

UCCS Section 5 Requirements

The following table depicts which conditions must be met “before any Dedicated Revenue may be used to pay for the Eligible Costs of the U.C.C.S. Sports Medicine and Performance Center and before any bonds may be issued”.

What has to be done?	Where to find it in the document?	Completion status
Sign a written agreement delineating the relationship and decision-making authority for the Project between itself and the Financing Entity.	Section 5(E.)	Done per June 13, 2015 document, verified by JK and approved by EDC on July 22, 2015
Sign Agreement delineating the relationship and decision-making authority for the Project Elements between the Financing Authority and the Project Element Sponsor.	Section 5(E.)	Done per June 13, 2015 document, verified by JK and approved by EDC on July 22, 2015.
Project Element Sponsor must obtain letters certifying that the Center's component clinics, institutes, and/or faculty members have ongoing professional relationships with at least ten (10) Sport's National Governing Bodies and/or not-for-profit organizations dedicated to U.S. Armed Forces Veterans recovery for providing some combination of specialized training, research, rehabilitation, or related services to elite athletes and recovering disabled Veterans.	Section 5(I.)	Done & verified by EDC as presented by JK on February 12th, 2015.
U.C.C.S. Sports Medicine and Performance Center must be designed with sufficient clinical and other space to perform the following services: human performance testing, biomechanics, medically-based fitness, physical therapy, orthopedics, continuing education, research and educational offerings. Project Element architect and an executive official at U.C.C.S. must certify in writing to the Commission that all of the design elements required by this Subsection (J) have been included in the Project Element design plans.	Section 5(J.)	Done per email sent to JK on October 5th, 2018. Needs EDC verification.
The clinical or other space must also include centers of excellence in at least three disciplines, such as prosthetic development and integration, cardiology, sports psychology, or other clinical disciplines related to sports performance and rehabilitation. Project Element architect and an executive official at U.C.C.S. must certify in writing to the Commission that all of the design elements required by this Subsection (J) have been included in the Project Element design plans.	Section 5(J.)	Done per email sent to JK on October 5th, 2018. Needs EDC verification.

Staff is requesting a formal vote that upon receipt and verification of that UCCS certification letter and satisfying all the objectives, they are now free to start spending dedicated revenue to pay for the eligible costs of the UCCS Sports Medicine and Performance Center. Staff will revise the Resolution and declare commencement which will allow them to begin spender dedicated revenue for eligible costs. However, we will still have the ability to stop funds if necessary without a clawback of what they are spending now.

M/S/P – Franz, Marshall – motion passed unanimously.

Colorado Sports and Events Center Business Plan

At the EDC's direction, OEDIT has asked the project to devise a plan to protect state investment if RTA dedicated revenue is spent on constructing the stadium before the arena commences and does not ultimately commence.

OEDIT has asked the project for details on which CC facilities are included in the square footage calculation, including a map of those facilities.

OEDIT has asked what obligations CC has to ensure that NGBs and other C4C entities have priority usage for all CC facilities during designated days. This request includes a calendar of available days, a

commitment to a minimum number of days each year, how long in advance CC would hold open reservations of those days for targeted events.

The project will request from the EDC a size variance on both venues of the element. Specifically, the project would like to 1) use existing CC facilities to help meet the minimum size requirement on the indoor arena, and 2) apply the 20% variance in total square footage of the outdoor stadium. The project will also need to confirm with OEDIT that the business plan and the NNOSV analysis were performed based on the smaller square footage of the stadium (e.g. the small square footage of spectator facilities in the new design would still support concession sales and restroom operations etc.).

OEDIT reviewed the business plan internally to verify critical assumptions presented to the commission. For instance, OEDIT verified that the bond payments are correct, revenue projections seemed to be reasonable, and that attendance figures are conservative estimates.

D. Brown asked about the parking concerns raised by the surrounding community.

Sheehan did some due diligence and spent some time in Colorado Springs and reviewed a document that was robust in terms of the assumptions they are making towards what comparable venues they are basing the parking on. They are currently looking at adding capacity to parking, creating more capacity out of existing parking through evacuation and creating a means to bring people in from outside parking areas all towards the goal of not creating more parking congestion for residents in the community.

The Commission would like to see a supplemental to the business plan that specifically addresses the parking in writing.

Staff will continue to work through additional questions regarding the Business Plan and will keep the EDC apprised.

Aurora/Gaylord Update

Mitchell, Connerly, Batchelor provided a brief project update. The Project is on track with over a million room nights booked. The soft opening will be in December of 2018 and the grant opening will be in February of 2019. The first official big event will be hosted on January 17th of which the Commission will be invited.

Aurora Eligible Cost Meeting

OEDIT met with various stakeholders from the Aurora Urban Renewal Authority (AURA) to go over the Eligible Cost certification process. AURA sent over three example copies of what the certifications will be.

One issue that we are requesting EDC input on is the certification process from the CPA. Resolution No. 2 diverges from language and practice in more recent resolutions relating to an independent CPA to review eligible costs.

AURA's situation and argument is that AURA is staffed by City of Aurora personnel. They have multiple layers of CPAs in the Aurora CFO organization who can do this work and who do very similar work for normal Urban Renewal TIF financing. They see it as an unnecessary expense to hire an outside CPA. Please see some additional documents relating to this process later in this board book.

To stay consistent with precedent (Colorado Springs, Pueblo, DURA) and as a matter of responsible stewardship of state funds and to provide an independent perspective who is not accountable or answerable to the applicant or the financing entity, OEDIT recommends that Aurora is required to hire an independent CPA who is not their auditor. Aurora has agreed to hire the independent CPA.

C. Ruarl Jump-Start (RJS): Ken Jensen

Jensen presented Dude Solutions.

Dude Solutions

Dude Solutions is a software company based in North Carolina that is creating a new division to implement energy management software that will be marketed to the education and government markets. OEDIT has reviewed Dude Solutions’ application, and based on our review, OEDIT recommends approving Dude solutions for the Rural Jump-Start program.

M/S/P – Franz, Reeves – Dude Solutions approved as presented and recommended by staff.

D. Enterprise Zone (EZ): Sonya Guram

Contribution Project Proposals

Guram presented the following Enterprise Zone Contribution Project Proposals.

EZ – Project Name	Project Type	Completion Date	Project Budget	1 yr. Projected Credits
Pikes Peak - Exponential Impact	Operations: Business Assistance	2023	\$508,000	\$46,875
Denver - Mi Casa: Career Development & Business Programs	Operations: Business Assistance	2023	\$1,556,550	\$18,750
Jefferson - Jefferson County Economic Development Corporation	Operations: Economic Development Organization	2023	\$1,080,000	\$116,250
Pikes Peak - Downtown Partnership of Colorado Springs	Operations: Economic Development Organization	2023	\$399,191	\$12,249
San Luis Valley - Monte Vista Downtown Revitalization 2019-2023	Capital Campaign: Infrastructure	2023	\$40,000	\$5,000
San Luis Valley Health Cancer Services 2019-2023	Capital Campaign: Community Facility	2023	\$1,880,510	\$25,625
San Luis Valley - Monte Vista Ski-Hi Park 2019-2023	Capital Campaign: Community Facility	2023	\$2,500,000	\$6,250
Denver - National Western Capital Campaign	Capital Campaign: Tourist Attraction	2023	\$100,000,000	\$750,000
Denver - Women's Bean Project: Employment Training	Operations: Job Training Program	2023	\$2,378,265	\$18,750
Weld - Greeley Transitional House	Operations: Homeless Support	2023	\$460,000	\$22,125
Denver - Sacred Heart House: Homeless Services	Operations: Homeless Support	2023	\$458,123	\$20,000
Jefferson - The Action Center	Operations: Homeless Support	2023	\$517,898	\$31,250
Denver - Samaritan House: Homeless Services	Operations: Homeless Support	2023	\$3,114,236	\$176,109

Guram said that all of these proposals went through peer review and were supported. Since the EDC has requested that staff indicate when one of the projects is leveraging another EDC program, I wanted to highlight that The National Western project is also an RTA project.

Guram presented the following Enterprise Zone Contribution Project for discussion.

EZ – Project Name	Project Type	Completion Date	Project Budget	1 yr. Projected Credits
Denver - Inner City Health Center: Healthcare Services	Operations: Healthcare	2023	\$4,279,431	\$101,875

Denver's Inner City Health provides healthcare to the medically underserved, primarily from the Elyria Swansea EZ neighborhood. Denver's Office of Economic Development has a currently active contribution project with this organization (since 1997) and believes that the services provided by ICH are critical in providing a healthy workforce. Additionally, many medical professionals serve training rotations at this facility. Current EDC policies were crafted to allow support of healthcare operations where healthcare access is an issue in the community such that it is hindering economic development. Our intent was to

support rural communities to build capacity where services were lacking. This facility is a qualified provider under the State's Health Provider Shortage Area designation, but the metro area is not broadly short of healthcare providers. Staff and some EZ administrators believe that this project veers outside of our focus in economic development.

Kraft said staff has previously discussed this type of project with the EDC and with EZ administrators and what we've said is that we would be more willing to support a healthcare operation in a rural area where it was the only healthcare in a substantial radius because you wouldn't be able to keep a substantial workforce in place. This way it would be more strongly tied to economic development.

Copeland said Denver has a significant amount of healthcare providers. The issue with Elyria Swansea and other areas in the state is that, is access to that is not inclusive because of either costs or other factors. The reason that you would do this is that the economic resiliency of this neighborhood would not be inclusive if you didn't do this. This neighborhood will prosper over time given its location and desirability, it's whether or not the local community will come along with it. This particular program would provide more potential for inclusive participation in that prosperity. That is not to say that is what our role is here or what the statute was intended to be.

Schiff said what Copeland just described, was is this the intent of the statute and our role and it's not entirely clear to me that it is.

Copeland said, if we want to set precedent. I understand why this need exists and I believe it is a good precedent to set when we are thinking about economic prosperity it is inclusive as it possibly can be.

Greek said this health center is extremely important to the surrounding neighborhood and to the residence. The tax credit that would be available to their donors is a huge component to their revenue sources. Having the ability to enhance their fund raising with that tax component is important. We have also been informed that we can allow the professional services donated by retired physicians and nurses as an in-kind tax credit.

Schiff asked if this is the right program for addressing this king of inclusive access need.

Copeland said she didn't know of another, using state funding around an investment where that would exist.

Schiff pointed out that this is the same group that denied the inclusion of Rocky Mountain PBS because they were on the wrong side of the street. We have a responsibility to the tax payers and I think we have to be thoughtful about setting a precedent.

Price asked if this is project is in an enterprise zone.

Kraft said yes. It is fully in an enterprise zone and an opportunity zone.

Price said he does know that Denver Health has federally qualified health care centers where they do serve under-served populations. As a general statement, you can't have economic development without good health care. There are a lot of gaps in health care throughout Colorado. I would encourage the Commissioners to have a very open mind on this issue. Let's see what we can do to pull people up so they can have productive jobs and be a contributor to our economic development efforts.

Duran asked, doesn't Clínica Tepeyac have a center of an expanded facility that they are going to build in Elyria Swansea.

Greek said they do have a capital campaign they are planning.

Guram said we do often draw a line with what we will do for brick and mortar capital campaigns versus what we'll do operational. The lines that we've drawn around operations, we have tried to keep a clear line between what is economic development clearly related to job creation, retention and business expansion versus what are essential services and important but that pull us away from economic development and into social services.

Marshall said we are not determining whether it's needed, we are determining the but-for, without this, economic development can't happen. The reason we had that discussion between rural versus urban is without healthcare in rural it might be impossible. The question is in this area is it going to be impossible for economic development to happen without this.

Copeland said this is different than the rural communities. The rural communities are not inevitably going to become big centers of commerce. This particular area will no matter what we do. That's just natural growth. The question is not if it will impede is whether or not the residents of that community will participate.

Marshall asked staff, if we approve this and create this precedent do you feel that we are opening this up or can we still make that decision on a case by case basis.

D. Brown said, before staff answers, we agreed to a peer review process and that process kicked this one out as being questionable and I think we have to take that seriously. Also, we are establishing a precedent here and we're opening a loop hole that we tried to close when the policies were redone a few years ago and I think that message that we would be sending to the Administrators is, that loop hole is wide open again and we're going to have a similar issue on a regular basis when the intent was to not fund urban health facilities.

Guram said the EZ map provided is an example of the more objective data we used from CDPHE. We did move to using something that said yes, this community has need and in those rural areas it was really based on population, distance from access and the services.

Copeland said this is not around whether or not anyone in this community can go and find healthcare. They do not have access to it given income and socio economic issues in the area. I would strongly argue that I am okay with setting a precedent around this type of contribution because we have ignored the fact that economic development often comes at the expense of a continued divide on participation. If we are trying to create a more holistic, and again I argue that we should be, opportunity and economic development for populations within the market, we should be providing a more equal platform for these communities. This area will prosper. This is not catalytic for the area, it's catalytic for the residents of the area.

Schiff said we have heard arguments for both sides and asked if there is a motion to approve this project.

Price moved approval of the project. Duran seconded the motion.

Franz, R. Brown, Marshall, Reeves, D. Brown, Seaton voted to oppose the project

M/S/D – This project died due to lack of support.

Schiff called for a motion to approve the balance of the proposals.

EZ – Project Name	Project Type	Completion Date	Project Budget	1 yr. Projected Credits
Pikes Peak - Exponential Impact	Operations: Business Assistance	2023	\$508,000	\$46,875
Denver - Mi Casa: Career Development & Business Programs	Operations: Business Assistance	2023	\$1,556,550	\$18,750
Jefferson - Jefferson County Economic Development Corporation	Operations: Economic Development Organization	2023	\$1,080,000	\$116,250
Pikes Peak - Downtown Partnership of Colorado Springs	Operations: Economic Development Organization	2023	\$399,191	\$12,249
San Luis Valley - Monte Vista Downtown Revitalization 2019-2023	Capital Campaign: Infrastructure	2023	\$40,000	\$5,000
San Luis Valley Health Cancer Services 2019-2023	Capital Campaign: Community Facility	2023	\$1,880,510	\$25,625
San Luis Valley - Monte Vista Ski-Hi Park 2019-2023	Capital Campaign: Community Facility	2023	\$2,500,000	\$6,250
Denver - National Western Capital Campaign	Capital Campaign: Tourist Attraction	2023	\$100,000,000	\$750,000
Denver - Women's Bean Project: Employment Training	Operations: Job Training Program	2023	\$2,378,265	\$18,750
Weld - Greeley Transitional House	Operations: Homeless Support	2023	\$460,000	\$22,125
Denver - Sacred Heart House: Homeless Services	Operations: Homeless Support	2023	\$458,123	\$20,000
Jefferson - The Action Center	Operations: Homeless Support	2023	\$517,898	\$31,250
Denver - Samaritan House: Homeless Services	Operations: Homeless Support	2023	\$3,114,236	\$176,109

M/S/P - Marshall, R. Brown – approved as presented and recommended by staff.

E. Advance Industries (AI): Katie Woslager
AI Budget

Woslager presented the AI budget which shows a current balance of \$4,001,611 in remaining available funds. Staff is still working on a more digestible budget format and will continue to refine the budget working with Gould.

CSU Allocation Projects

Woslager presented the following CSU Allocation Projects for approval.

Company	Amount Requested and Match
Colorado State University- PI: Amanda Guth Energy, Natural Resources/Cleantech Information Technology	\$90,000 State Funding \$50,000 Match- CSU Institutional Funds
Colorado State University- PI: Jay Ham Electronics Energy, Natural Resources/Cleantech	\$90,000 State Funding \$30,000 Match- CSU Institutional Funds
Colorado State University- PI: Susan James Bioscience	\$37,500 State Funding \$12,500 Match –CSU Institutional Funds
Colorado State University- PI: Garrett Miyake Advanced Manufacturing Energy, Natural Resources/Cleantech	\$60,000 State Funding \$20,001 Match- CSU Institutional Funds
Colorado State University- PI: Tiezheng Tong Advanced Manufacturing Energy, Natural Resources and Cleantech	\$75,000 State Funding \$25,000 Match- CSU Institutional Funding
Colorado State University- PI: Azer Yalin Energy, Natural Resources/Cleantech Technology & Information	\$75,000 State Funding \$25,000 Match- CSU Institutional Funding

M/S/P – Franz, Marshall – AI Projects approved as presented and recommended by staff.

F. Office of Film, Television and Media (OFTM): Mariel Rodriguez-McGill, Donald Zuckerman

Budget

McGill presented the OFTM Budget which shows a current available balance of \$300,346.96 should today's project be approved.

Project Updates

Soul Custody wrapped production and they are currently in post-production. Alien has completed their fine cut of the film. This is not the final piece but they have submitted to Sundance and they are waiting to hear back. Power of Place are still in production. Great American Food Truck has wrapped production and the pilot episode is premiering this Thursday. Freak Power just wrapped production in September.

Project Siren

McGill presented Project Siren. Idol Minds received a film incentive in FY2017-18 to complete phase one of "Project Siren." As a result, Idol Minds successfully pitched the initial pre-production of a new interactive game. Their last project was met with international acclaim, with the project nominated for and winning many awards. The objective of this request is to spur videogame production in the state and support local content creation workforce, which includes opportunities for writers, composers, animators, special effects and more. Additionally, Idol Minds has a track record of creating popular videogame content distributed to an international audience.

Idol Minds and OFTM negotiated a rebate of \$300,000 for this project. If funding was available, Idol Minds would be eligible for a full 20% rebate of \$597,000. Per the applicant's estimations, the OFTM is anticipating a total of \$2,985,000 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$5,074,500.

Staff is requesting approval of Project Siren.

M/S/P - Duran, Price – Project Siren approved as presented and recommended by staff.

G. Colorado Creative Industries (CCI): Margaret Hunt

Hunt presented the CCI program. This presentation is for informational purposes as a program housed under the OEDIT umbrella.

H. Other: Jeff Kraft, Ken Jensen, Sean Gould, Carrie Schiff

Opportunity Zones Initiative (OZ)

Kraft said the Opportunity Zone Initiative request will be solidified over the next month and will be brought to the Commission at a future date.

Transferrable Tax Credit (TTC)

Jensen presented an update on the TTC program. OEDIT sent the signed \$3 million precertification to VF Corporation. Project 5000 intends to present a project status update at the November EDC meeting, with a possible request for an additional pre-certification.

OEDIT is currently handling several projects that might qualify for the Transferable Tax Credit program.

EDC Budget

Gould provided the EDC Budget which shows \$4,112,266 of remaining funds available for future projects.

Next EDC Meeting

The next meeting will be on November 15, 2018.

With all items discussed, the meeting was adjourned.