

ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY
December 20, 2018
8:30 a.m. – 2:00 p.m.

MEETING DATE

December 20, 2018
1600 Broadway, Suite 2500
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Bob Cope, Jariah Walker, Robert Moore, David Neville, Jessica Erickson, Todd Project Rembrandt, Sarah Murphy, Rebecca Gillis, Diane with Project Pan, Alexis Souder, Robert with Project Pan, Steve Skirt, Elizabeth Marsh, Jon Nicholas, Christy, Ryan with Project Patio, Ted Telford, Tammy Fields, Keith Pearson, Jim McGibney, Kent Smith, Andrew Michaelson, Shannon Joern, John Cullen, Reed Rowley, Tony Acri, Jep Seman, Jane Morgan, Mark Hussen, Monica Hobbs, Sheryl Brown, Steve Skirt, Elizabeth Marsh, Jon Nicholas, and Andrew Michaelson.

C. Staff

Stephanie Copeland, Jeff Kraft, Sean Gould, Michelle Hadwiger, Wael Khalifa, Che Sheehan, Ken Jensen, LeeAnn Morrill, Jill McGranahan, Max Nathanson, Katie Woslager, Dan Lane, Margaret Hunt, Sonya Guram, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the November 15, 2018 meeting.
2. The Economic Development Commission approved the following items: **JGITC** – Project Rembrandt; Project Patio; **SF** – Project Beach; Project Pan; SCAPE Fifth-Year Funding; Estes Park First-Year Funding; Trinidad Space to Create; **RTA** – COS/CSEC Business Plan; **EZ** – SLV-SBDC; NM-Innovate!; PP-Springs Rescue Mission; SLV-Alamosa Senior Citizens Project; R10-Solar Energy International; SW-Aspen House; CC-Fremont EDC; SE-Prowers Economic Prosperity; SE-Kiowa County ED Foundation; SE-Bent County Development Foundation; SLV-San Luis Valley Great Outdoors; PP-Greccio Housing; PP-Hybl Center; SLV-Adams State University Job Training; Annual Re-Certification for Calendar Year 2019; and **AI** – CU Boulder FY19 Allocations.

A. Meeting Called to Order

Schiff called the meeting to order.

Meeting Minutes

Clark moved approval of the meeting minutes from the November 15, 2018 meeting. Franz seconded the motion. Motion passed unanimously.

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

B. Job Growth Incentive Tax Credit (JGITC): Michelle Hadwiger

Project Rembrandt

Hadwiger presented Project Rembrandt. Project Rembrandt creates custom gifts, books, and other products to facilitate moving customers' stories off of their devices and into their physical lives. The company offers hardcover and softcover photo books, Instagram friendly books, print photos and gifts, wedding photo books, kids and family photo books, and gift cards. Project Rembrandt is evaluating locations to develop a new operations center to meet both the current and forecasted increase in market demand for its products.

Staff is requesting \$1,350,578 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 117 net new full-time jobs at a 100% of County's AAW the Company decides to locate, in support of this project.

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

Project Patio

Hadwiger presented Project Patio. Project Patio is a producer and distributor of private label outdoor furniture and accessories, selling into blue chip big box retailers across the country. The company is currently gearing up for a large expansion initiative. They have put the people and tools in place to generate significant growth in the coming years, and are sufficiently capitalized to fund such efforts. Currently based in New York City, relocating to a more cost efficient and business friendly environment will benefit all aspects of the business and future prospects for expansion and growth. The company is exploring leasing opportunities and evaluating the costs and benefits of operating in Colorado.

Staff is requesting \$600,210 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 57 net new full-time jobs at a 100% of County's AAW the Company decides to locate, in support of this project.

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

C. Strategic Fund (SF and SFI): Sean Gould, Michelle Hadwiger, Kelly Manning

Strategic Fund Balance Forecast

Gould presented the SF Balance Forecast which shows a current available balance of \$3.8M, less the SF Reserve.

Project Beach

Hadwiger presented Project Beach. Project Beach is an expansion project for a technology company that is headquartered in Colorado Springs. The company offers an innovative way for companies to communicate with their clients. The company's marketing products are integrated with most CRM platforms as well as Salesforce, Microsoft, Apple, Gmail and Android platforms giving their users complete tracking plus analytics, real-time alerts, and relationship scores. This project would be an expansion of the company's headquarters operations. The demand for the company's platform is growing rapidly and they are anticipating the need to nearly triple their current workforce, adding 250 plus jobs by the end of 2024.

Staff is requesting \$293,660, \$1,372 per new FTE, in a performance-based Strategic Fund incentive over a 5-year period. This incentive is contingent upon the creation of up to 214 net new full-time jobs at a minimum average annual wage of \$48,100, 100% of El Paso County's AAW, in support of this project.

M/S/P – Franz, Brown – Project Beach was approved as presented and recommended by staff.

Project Pan

R. Brown said, pursuant to Colorado Revised Statutes Section 24-6-402(3)(a)(III), I move that we go into executive session for the purpose of discussing documents that contain trade secrets and/or confidential commercial or financial information about Project Pan, which are required to be kept confidential by Colorado Revised Statutes Section 24-72-204(3)(a)(IV). Clark seconded the motion. Motion passed unanimously.

The EDC is now in Executive Session.

Clark moved the EDC enter back into Open Session. Marshall seconded the motion. Motion passed unanimously.

The EDC is now in Open Session.

Hadwiger presented Project Pan. Project Pan is an expansion project for a global healthcare company that already has a Colorado presence. Project Pan involves the creation of a new medical device product to be developed, approved by the FDA, and manufactured for eventual worldwide distribution. Owing to the company's large global footprint, Colorado is competing against Vietnam and Ireland for this project. If the project were to take place in Colorado, it would result in an expansion of the company's current facility in the state. Project Pan is a very attractive project because it will involve research and development of an entire new product line.

Staff is requesting \$664,000, \$4,000 per new FTE, in a performance-based Strategic Fund incentive over a 5-year period. This incentive is contingent upon the creation of up to 166 net new full-time jobs at a 100% of the County's AAW the project locates, in support of this project.

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

Southwest Colorado Accelerator Program for Entrepreneurs (SCAPE)

Manning presented the SCAPE request. SCAPE provides funding, education and intense mentoring to start-ups and early stage companies. SCAPE is preparing ventures to enter markets, raise capital, and increase their chances of creating jobs and being successful.

Staff is requesting approval of year-five funding (final year) in the amount of \$50,000 in support of this project.

M/S/P – D. Brown, Franz – SCAPE final year funding approved as presented and recommended by staff.

Estes Park E-Center Incubator Program

Manning presented the Estes Park E-Center Incubator request. Estes Park EDC is seeking a first year, \$50,000 Incubator Grant to support the new E-Center program. The program will provide resources to the outdoor gear and apparel industry, expand support for local businesses and support other technology

entrepreneurs in the Estes Valley region. The objective is to become a self-sustaining program that helps diversify our economy and creates year-round jobs in a traditionally seasonal, tourism-dependent resort community. We understand that we will be eligible for such a grant for up to five years, and incorporate a five-year budget projection toward sustainability. The Incubator Grant is critical to the success of Estes Park's economic development, as well as the success of entrepreneurs in this thriving industry. With support from the Larimer County SBDC and Innosphere, the program will quickly initiate best practices, and expand service to entrepreneurs and start-ups. Hiring a local program manager will enable Estes Park EDC to devote substantial resources to providing new and expanded services to entrepreneurs.

Staff is supportive of funding year 1 incubator funding. In partnership with the Larimer SBDC and Innosphere's programming, the additional resources will provide a much-needed source for recovery from the floods that presently still inhibit growth in Estes Park. Staff will monitor to ensure 2:1 match is provided per reimbursement request.

M/S/P – Clark, D. Brown – Estes Park E-Center approved as presented and recommended by staff.

Trinidad Space to Create

Kraft, and Hunt presented the Trinidad Space to Create project. Space to Create Colorado is the first state driven initiative for affordable housing for creative sector workers in the nation. Our mission is to develop affordable housing and work space, including commercial space, for creative industries and artisans and to position Colorado as the nation's leader in creatively led community transformation in rural communities. Space to Create will facilitate the development of nine projects in eight regions in Colorado's rural, small town and mountain communities. This effort is led by the Colorado Office of Economic Development's Colorado Creative Industries, the Colorado Department of Local Affairs, the Boettcher Foundation, Artspace and History Colorado.

The board discussed the financing gap for this project and are concerned that the request of \$100,000 from the SF will not be enough for this project. Currently the project needs the funding to close on the financing.

Kraft said, the SF is not intended to be a housing project finance tool but this project does include direct job creation impact because the housing units are designed to include artist work spaces allowing residents to create work to sell and build a business.

- OEDIT proposes \$100,000 grant from strategic fund as the last in source of funding to be billed contingent on not closing the gap from other pending sources
- Note the strategic fund is not intended to be a housing project finance tool but Space to Create does include direct job creation impact because the housing units are designed to include artist work spaces allowing residents to create work to sell and build a business.
- For comparison purposes, \$100,000 from the strategic fund in a job incentive award is the equivalent of \$5,000 per job * 20 higher wage jobs. Space to Create will include 41 units (13 live work) marketed to creatives workers and entrepreneurs.
- 10,000+ sqft for new business/commercial usage
- Use strategic funds for one of two purposes 1) to close gap if needed after other sources are exhausted or 2) increase scope to fully deliver commercial space ready for business use.
- If these two needs are met without EDC funding, funds will be returned to EDC

M/S/P – D. Brown, Duran – Space to Create approved as presented and recommended by staff. Marshall recused herself from the vote.

D. Brown proposed an amendment to the Space to Create resolution saying, under the same terms as the initial request, that we raise the amount to \$400,000 total, \$100,000 last dollar in to close on the shell and \$300,000 last dollar in to finish the retail space, and that we may be able to claw back some of the dollars. Clark seconded the motion. Motion passed unanimously. Marshall recused herself from the vote.

M/S/P – D. Brown, Clark – amended motion approved unanimously.

Colorado Microloan Program

Jensen provided the Commission with the annual report for the program. Representatives will be present at a future meeting to provide a detailed report.

D. Regional Tourism Act (RTA): Ken Jensen

RTA Program Monitoring

Jensen provided an update of the RTA program projects with Key Next Steps and Immediate Issues for EDC.

Aurora/Gaylord Monitoring

Ribbon cutting ceremony happened on December 18th.

Pueblo/PBR Monitoring

Pueblo to acknowledge Resolution No. 1-A and Second Amendment to Resolution No. 1. Confirm with PURA that RTA funds will not be used for FF&E only construction costs.

Colorado Springs/C4C Monitoring

- **UCCS**
OEDIT and Attorney General working on the modification and commencement language as part of master resolution for the City for Champions RTA project.
- **Downtown Stadium and Arena**
OEDIT awaiting response from Summit Economics regarding follow-up questions that were sent to the project relating to business plan including questions from EDC at 12/7 meeting.

NCRTA/Go NoCO Monitoring

Question from EDC to Seman to outline conditions or guard rails which would prevent element starting at today's meeting.

- **Stanley Film Center**
OEDIT staff preparing draft of revised resolution in response to conversations with Cullen. Cullen presenting at today's meeting.

Denver/NWC Monitoring

Determine if/ when commencement has occurred.

Pueblo/PBR Semi-Annual Presentation

Acri provided an update of the project. There has been no change to the overall scope of the project. We have added the Convention Center renovations totaling approximately \$500,000. Those improvements are being financed by the City of Pueblo. The Fan Zone is slated to be a PBR display area. It's also going to be a new welcome center for Pueblo. We are working on making that a state welcome center. We are about two weeks behind on this but it is still scheduled to come on-line in February. The Convention Center is tracking. We are working in finishes and we are in a good position to finish that in mid-February. The parking garage will be the last piece, slated for opening in March along with everything else. The Certificate of Occupancy for PBR will be by the end of January and mid-February for the Convention Center. The furniture, fixture and equipment that will go into PBR will be funded by the City of Pueblo and a DoLA Grant. Installation will happen in February.

Kraft said the RTA is ambivalent about what is eligible for reimbursement. If you get into permanently affixed fixtures, it's clear that they are but there is a little ambiguity what an eligible expense is if you start getting into equipment.

Morrill said it's a very broad definition in terms of discretion. Again, all the projects are unique.

Schiff said, since PBR is not actually paying for that equipment, does that mean it's available for use by the community members?

Acri said currently the lease is exclusive with them. URA will own that equipment and then it's leased specifically to PBR for their programming.

Acri said a PBR representative will be present and address how they plan to operate at a future meeting. The Riverwalk Expansion project will be completed by June of 2019. The City to approve resolution for Blight Study to Advance additional phases of RTA on December 26, 2018. The future phases include the boat house and aquatic center as part of the Riverwalk expansion.

Kraft said, when this project was approved the EDC scaled back the project request and focused on the PBR piece as the "unique and extraordinary" part of this project so they needed to build that. If they have any funding left over you can use it to build some of the other things like the aquatic center. There is no incremental funding associated with it.

Colorado Springs/City For Champions Update

Cope said in September we presented our formal proposal on how we are going to proceed with the Sports and Events Center. At that time, it included a comprehensive business plan that is required by the Resolution. Since then we have received varying requests for information and questions. We have since provided the information and answered those questions.

In regards to the parking for Robson Arena, the Study identifies 675 parking spaces possible in existing CC lots for vehicles. The Strategies to provide the remaining 150 spaces include, Utilization of existing downtown parking garages, Agreements with neighbor churches, schools and businesses which have significant parking facilities. Preliminary discussions indicate that 150 to 200 spaces can be made available through agreements. The Business Plan projects 32 additional non-hockey events and all but 5 are projected to attract 2,000 spectators or less. These are the events that generate the NNOSV.

Prior to the announcement of the construction of Weidner Stadium, various parking studies have analyzed parking inventory and capacity for Southwest Downtown and greater Downtown Colorado Springs.

Among the findings were, an estimated 8,000 parking spaces are available within approximately .75 miles (5 to 20-minute walk) of the stadium site on surface lots, streets and garages. The estimated supply of parking is more than adequate to satisfy parking demand. More analysis is recommended to identify optimum parking strategies.

At the request of the EDC and OEDIT staff, a Net New Out of State Visitor Analysis was conducted by Summit Economics to opine on the ability of non-adjacent venues to generate the NNOSV forecasted in the RTA Application. Among the findings was that the non-adjacent facilities reduced congestion and increased parking capacity thereby increasing the ability to generate the forecasted NNOSV.

Cope said, we clearly have a land-use review process in the City of Colorado Springs where parking and all other issues are evaluated. This is a local jurisdictional matter. We have launched a very proactive, professional, public outreach by Colorado College which will start on January 5th.

Marshall asked, based on the local land use process you referenced, is the college already zoned for the arena or do you have to go through a rezoning process.

Cope said it is zoned but the exact nature of the land use application has not been determined until it is filed.

Marshall said if it has to go through a rezoning or if you needed a special use permit to build it, then the local jurisdiction should be addressing parking aggressively.

Cope said it is definitely going to require a development plan. The development plan process is a very public process in addition to the voluntary public outreach the College has already launched. I also want to note that we have submitted final drafts of the Articles of Incorporation for the Sports Authority that is a requirement of the Resolution. There is language in the Articles that specifies the purpose of the formation of the authority is to assure compliance of the Resolution implementing and carrying out the business plan.

We request approval of the business plan contingent upon OEDIT staff's review of the Summit Economic materials.

Kraft said we feel like they have delivered a very robust business plan that hits all the key areas. The one thing we would like to do is spend a little time with the Summit Economics team and go through and map the net new out of state visitors in the business plan of the original application.

Schiff asked if staff is comfortable with an approval contingent upon further staff review.

Kraft said he is comfortable with an approval subject to additional technical review by staff.

Franz moved approval of the Business Plan subject to staff tying out with Summit Economics on the net new out of state visitors and any other technicalities. Marshall seconded the motion.

Schiff opened this up to public comment saying we had a long meeting recently where we had several members of the public come in to talk about the parking for this project. We have a packed agenda today so I am going to ask that if you are here to talk about parking, please limit your remarks to new information

that you did not share with us in the past or that hasn't otherwise been provided. Public comment will be limited to two minutes per individual as we reserve the right to limit public comment.

The following people provided public comment: Jane Morgan, Mark Hussen, Monica Hobbs, Sheryl Brown.

The public comment again centered around the parking plan for the Sports and Events Center.

Schiff said, just to be clear, we do take very seriously the fact that you came up here from Colorado Springs now twice to talk to us and express your concerns. However, there is a limitation to the scope of what we are doing here and we are not here to mediate what happens in your neighborhood. We are here to comply with our obligations under the statute. Cope has explained that there will be land use hearings and perhaps that is where you can express your concerns. I just don't know that there is much we can do for you. But, I want you to know that we hear you.

D. Brown asked Cope to make a public commitment that there won't be any short cuts through the City process when you get to the parking and land use issues.

Cope said he can make that commitment. We cannot by-pass any land use regulations. It is not possible to short-cut that process.

M/S/P – Franz, Marshall - Business Plan approved subject to staff tying out with Summit Economics on the net new out of state visitors and any other technicalities.

NCRTA/Go NoCO

Seman provided a list of obstacles to finalizing the Resolution.

Staff and the EDC has not seen this list prior to this meeting so no discussion will take place at this time regarding the provided list. The hope is that in the next thirty days to come back with a Resolution that both sides can agree on. We are close.

Stanley Film Center

Cullen said we have worked diligently with staff and we have made substantial progress and the team was creative and helpful in getting things done.

Mousseau with MOA Architecture who gave an update of the design of the Film Center.

D. Brown asked, to what extent were film educators, archivists, producers, involved in the programming of these spaces.

Cullen said, Gilmore can't be here today but he will be able to announcement two major global partnerships in regards to the design at a future meeting. He does have a history with UCLA Archives, and Sundance and Tribeca.

Mousseau said, we have worked with them to program the archival functions, the audio and visual studios.

D. Brown asked, what kind of methodology will we use to separate out functions so that the RTA benefit goes to the right spaces.

Copeland said, there is a structural change we are working on with the film center which essentially creates less of a burden on the Commission to manage the appropriation of funds over time with a periodic but dedicated review process where funding can be turned off at any time. That process will become more clear when the structure is proposed.

Kraft said, this proposed building is larger and more expensive and has more functions than originally proposed and the RTA funding at net present value is a small portion of that. We will make sure that the reimbursements go to the parts of the building that are associated with the film project.

RTA Q3 2018 Reports

Staff provided the Commission with the Q3 2018 project reports.

E. Enterprise Zone (EZ): Sonya Guram

EZ Contribution Proposals

Guram presented the following EZ Contribution Proposals for approval.

EZ – Project Name	Project Type	Completion Date	Project Budget	1 yr. Projected Credits
SLV - Small Business Development Center 2019-2023	Operations: Business Assistance	2023	\$128,350	\$2,500
NM - Innovate! Longmont	Operations: Business Assistance	2023	\$75,000	\$16,875
Pikes Peak - Springs Rescue Mission/Campus Expansion(P2)	Capital Campaign: Community Facility	2020	\$4,700,000	\$625,000
SLV - Alamosa Senior Citizens Project 2019-2023	Capital Campaign: Community Facility	2023	\$101,250	\$1,250
Region 10 - Solar Energy International	Capital Campaign: Community Facility	2023	\$1,000,000	\$117,500
SW - A Safe Place in Pagosa, Inc - Aspen House	Capital Campaign: Community Facility	2023	\$600,000	\$55,000
CC - Fremont Economic Development Corporation	Operations: ED Organization	2023	\$132,500	\$18,910
SE - Prowers Economic Prosperity	Operations: ED Organization	2023	\$50,000	\$12,500
SE - Kiowa County Economic Development Foundation (KCEDF)	Operations: ED Organization	2023	\$10,000	\$2,500
SE - Bent County Development Foundation	Operations: ED Organization	2023	\$10,000	\$2,500
SLV - San Luis Valley Great Outdoors 2019-2023	Capital Campaign: Infrastructure	2023	\$82,000	\$2,500
Pikes Peak -Greccio Housing: Workforce Housing	Capital Campaign: Workforce Housing	2023	\$1,904,000	\$12,500
Pikes Peak - William J. Hybl Sports Medicine and Performance Center	Capital Campaign: Tourist Attraction	2023	\$61,425,000	\$150,000
SLV - Adams State University Job Training	Operations: Job Training	2023	\$192,910	\$13,938

M/S/P – Duran, Marshall – EZ Contribution Proposals approved as presented and recommended by staff. R. Brown recused himself from the Fremont County Economic Development Corporation request.

EZ Contribution Projects Annual Re-Certification for CY 2019

Guram requests that the EDC re-certify or approve 391 currently active or approved EZ Contribution projects for eligible status in 2019. The statutes governing Enterprise Zone Contribution Projects require annual review and approval, also known as re-certification.

This group of projects for re-certification includes 73 that were presented to and approved by the EDC in 2018. Of the 73, 30 became active on the EDC approval date, while 43 will become active on 1/1/2019 (these are new projects that continue collaboration with organizations with whom there is a currently active project that ends on 12/31/2018).

M/S/P – D. Brown, R. Brown - EZ Contribution Projects Annual Re-Certification for CY 2019 approved as presented and recommended by staff.

F. Advanced Industry (AI): Katie Woslager

AI Budget

Woslager presented the AI budget which shows a balance of \$22,887,286 in unencumbered funds.

CU Boulder FY19 Allocation Requests

Woslager presented the following AI Allocations for final approval.

CU Boulder FY19 Allocation Requests

Company	Amount Requested
University of Colorado - Boulder PI: Anushree Chatterjee Bioscience	\$93,750 State Funding \$31,250 Match- CU Institutional Funds
University of Colorado - Boulder PI: Svenja Knappe Bioscience/Advanced Manufacturing/Electronics	\$53,093 State Funding \$17,698 Match- CU Institutional Funds
University of Colorado - Boulder PI: Timothy Morrissey Advanced Manufacturing/Electronics	\$93,750 State Funding \$31,250 Match- CU Institutional Funds
University of Colorado - Boulder PI: Corey Neu Bioscience	\$93,750 State Funding \$31,250 Match- CU Institutional Funds
University of Colorado - Boulder PI: Ding Xue Bioscience	\$93,750 State Funding \$31,250 Match- CU Institutional Funds
University of Colorado - Boulder PI: Jeffrey Thayer Infrastructure Engineering	\$93,750 State Funding \$31,250 Match- CU Institutional Funds
University of Colorado - Boulder PI: Mark Hernandez Infrastructure Engineering	\$88,252 State Funding \$29,417 Match- CU Institutional Funds

M/S/P – Franz, D. Brown– All AI Applications/Proposals approved as presented and recommended by staff.

G. Other

Transferrable Tax Credit (TTC): Ken Jensen

Jensen provided an update saying, OEDIT is working with Project Cardinal (VF Corporation) to get a detailed schedule of investments that comprise their Strategic Capital Investment.

OEDIT is working with the Department of Revenue on a Private Letter Ruling for Project 5000.

OEDIT is currently handling several projects that might qualify for the Transferable Tax Credit program. In addition, OEDIT has been contacted by site selectors who are in the very early stages of engaging with the State who have asked about TTC.

EDC Budget: Sean Gould

Gould provided the EDC Budget which currently shows an available balance of \$3.5M for future projects.

Next EDC Meeting

January 17, 2019.

With all items discussed, the meeting was adjourned.