ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY
March 21, 2019
8:30 a.m. – 12:10 p.m.

MEETING DATE
March 21, 2019
1600 Broadway, Suite 2500
Denver, CO 80202

MEETING PARTICIPANTS

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

B. Guests
Ted Telford, Rebecca Gillis, Jessica with Project Guard, Anthony with Project Guard, an Officer of Project Guard, Sam Bailey, Chelsea McLean, Jacob Castillo, Mike Lowe, Ed Sealover, Aldo Svaldi, Charity with Project Capture, David with Project Validate, Linda with Project Validate, Erik with Project Validate, Jessica with Project Guard, Tom with Project Guard, Chastitie with Project Guard, and Anthony with Project Guard.

C. Staff
Betsy Markey, Jeff Kraft, LeeAnn Morrill, Sean Gould, Ken Jensen, Sonya Guram, Che Sheehan, Reid Aronstein, Jill McGranahan, Michelle Hadwiger, Max Nathanson, Katie Woslager, John Kovacs, Christine Anaya, Rosy McDonough, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the February 21, 2019 meeting.

2. The Economic Development Commission approved the following projects/items: **JGITC** – Project Capture; Project Neve; Project Validate; Project Guard; **EZ** – Re-ratification of EZ Contribution Projects for 2016, 2017, and 2018; NE-Cougars Community Pool Project; **AI** – CSM FY19 Allocation Projects; CU Anshutz FY19 Allocation Projects; **RTA** - Changes to Exhibit B and Second Amendment to Resolution No. 5; **SF** – COVENTURE Accelerator; **RJS** – 2019 County Listing Approval; and Issuance of Tax Credit Certificates.

A. Meeting Called to Order
Schiff called the meeting to order.

Meeting Minutes
Clark moved approval of the meeting minutes from the January 17, 2019 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 Capture
Hadwiger presented Project Capture. Project Capture is a foreign space startup that is considering establishing its US headquarters in Colorado. The company behind Project Capture is a venture-backed startup that was founded in May 2013 in Singapore. It was started by a single individual and now consists of 65 staff spread over four countries. The mission of the company is to provide a solution for the tracking and removal of space debris in order to maintain orbital sustainability for future generations. To that end, the company is designing and building a satellite that will locate and dock with space debris and then bring it out of orbit to burn up in the Earth's atmosphere. Their first technology demonstration mission is scheduled to launch in early 2020 and will demonstrate the technology needed for finding and attaching to a piece of debris.

Recognizing the importance of the US market, and the desire of potential US clients to work with a US entity rather than a foreign company, Project Capture is establishing a US branch. The functions of the US office will include business development, market analysis, and research and development. The company anticipates being a part of government and commercial contracts, first likely as subcontractors to larger, US-based companies, and then, potentially as the lead. The company has no presence in Colorado at this time.

Staff is requesting $1,048,038 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 54 net new full-time jobs at 100% of the County's AAW the Company decides to locate, in support of this project.

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

Project Neve
Hadwiger presented Project Neve. Project Neve is a leading company in the tourism/outdoor recreation industry that is considering Colorado for the future home of a new marketing and technical support operation. The company behind Project Neve is a leading operator of a range of recreation, hospitality, real estate development, food & beverage, and retail businesses. The company is seeking to develop a marketing and technical support operation for a product the company recently introduced to the public.

The company is forecasting the need for 130-145 new employees at full capacity, and the need for approximately 15,000 to 20,000 square feet of office space to accommodate the new positions.
Project Neve has its corporate headquarters in Colorado. However, the company's CEO, CMO, and other key leadership/employees are based outside the state. The Colorado operations recently consolidated from various disparate locations into a single office space. The company recently entered into a 10-year lease at its current Colorado office.

Colorado is competing with Utah, California, Vermont, Alberta, and British Columbia for this project. The company behind Project Neve already has operations in each of the locations being considered. As primarily a marketing operation, proximity and accessibility to/from the targeted growth markets is being factored heavily into the decision making process about where to locate Project Neve.

Staff is requesting $1,746,093 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 132 net new full-time jobs at 100% of the County's AAW the Company decides to locate, in support of this project.

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

Project Validate
Hadwiger presented Project Validate. Project Validate is a Bay Area company that is considering establishing its second headquarters in Colorado. The company behind Project Validate is a venture-backed Bay Area company that was founded in 2014. The company provides background checks using technologically advanced methods. The company has received large amounts of venture capital from several highly respected Silicon Valley investors.

Project Validate is planning on hiring the majority of its future workforce outside of San Francisco once their current corporate headquarters hits its full capacity later this year. This expansion project, internally known as HQ2, is estimated to employ 1,400+ people over the next eight years. These jobs will be spread out across product & engineering, legal, finance, sales & marketing, customer service and applicant support. Eventually, the HQ2 is expected to be larger than the current headquarters in San Francisco.

Colorado is competing with Georgia and Texas for Project Validate. Within Colorado, the company is considering the city of Denver. Colorado is the first of these markets in which the company has applied for state incentives.

Staff is requesting $27,855,214 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 1472 net new full-time jobs at 100% of the County's AAW the Company decides to locate, in support of this project.

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

Project Guard
Hadwiger presented Project Guard. Project Guard is a US based home services company that is looking for a location to house a new IT engineering team. The company behind Project Guard is a provider of home service plans in the United States. Through a portfolio of several different brands and services, the company helps customers protect and maintain their homes from unplanned breakdowns of home systems and appliances. It accomplishes this by leveraging a high tech platform and utilizing a national network of independent, pre-qualified service professionals.

Following a series of mergers and acquisitions, the company is now looking for a strategic location to house its IT and software engineering teams that will be responsible for assigned research and development projects designed to better serve the company's base of more than 2 million customers nationwide. Colorado is competing with Washington and Texas for Project Guard. Within Colorado, the company is considering both Denver and Broomfield.

Staff is requesting $3,102,145 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 100 net new full-time jobs at 100% of the County's AAW the Company decides to locate, in support of this project.

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

Update of Previously Approved Projects
Hadwiger said there are no updates for this meeting.

Award Presentation
Bailey presented the Metropolitan Cooperation Award to OEDIT for their ongoing support and partnership.

C. Strategic Fund: Sean Gould. Rosy McDonough, Christine Anaya, Michael Lowe
SF Fund Balance Forecast
Gould provided the SF Fund Balance which shows a current available balance of $5,398,421.

McDonough, Anaya, and Lowe presented the COVENTURE Incubator, Accelerator, and Co-Working Space. COVENTURE is the next iteration of GlenX and will evolve from a business resource center to a robust business incubator and co-working space located at 201 Main Street in Carbondale, Colorado. It will serve Garfield, Pitkin and Eagle Counties through co-working, curated programming, business incubation and acceleration, access to capital and professional services.

Rural communities in western Colorado are at a crossroads of economic development. Research from OEDIT as well as Start-up Colorado point to common problems in rural areas: Lack of industry diversity, lack of smart growth and limited local leadership. These issues coupled with brain-drain and a lack of opportunity for millennials are a concern for rural Colorado. Tourism continues to grow and sustain our community, but there is unclear strategy around how to support existing businesses as well as grow new businesses. COVENTURE believes that strategy should be rooted in 'economic gardening' while building an entrepreneurial ecosystem that helps existing businesses scale. Last year, COVENTURE (operating as GlenX) had 76 members participate in the co-working space in the Third Street Center and more than 100 participants in their entrepreneurial programming. A dozen businesses participated in the Accelerator program as well as customized consulting. Of those 12 businesses, 5 received capital totaling $1.25mm that have resulted in revenue growth along with increased profit margins due to work done through the Accelerator. The 5 businesses that received capital have collectively made 47 hires, with 8 of those hires at the executive level. These early successes represent a solid 'proof-of-concept' as well as a model for responsible economic growth that will serve the Western Slope well into the future.

As COVENTURE steps into 2019, the focus will be on building strategic partnerships with local, regional and state resources. The executive team will work closely with community partners to align a common vision for economic development that is scalable and sustainable. In addition, COVENTURE will expand its curated programming through partnerships with Colorado Mtn. College (CMC), University of Denver (DU), Roaring Fork Leadership (RFL) and the SBDC to provide a destination learning center. This programming will eventually be scaled to partner communities such as Rifle, Glenwood, Aspen and Vail in partnership with the SBDC. Finally, COVENTURE will refine its professional services to include industry leaders, mentors and experts to help our businesses scale effectively.

Staff is requesting approval of Year-1 funding in the amount of $50,000 in support of this project.

M/S/P – Duran, Marshall – COVENTURE Year-1 funding approved as presented and recommended by staff. Note all future years of funding will require additional requests to and approvals by the Commission.

D. Enterprise Zone (EZ): Sonya Guram

Commercial Vehicle Investment Tax Credit (CVITC)

Guram said, annually the EZ program receives an allocation of State income tax credits which may be awarded for the CVITC. This tax credit differs from the other tax credits awarded to taxpayers conducting business within an EZ in that it is awarded under a first-come-first-served process, and it requires both an initial application and a follow-up application to officially certify the tax credit after the eligible property has been predominately housed and based at the taxpayer's business facility within an enterprise zone for the twelve-month period following the purchase of qualified property (new commercial vehicles and associated parts).

Staff obtains the annual allocation from The Colorado Department of Revenue early each calendar year. Staff tracks and transmits to the State Treasurer and the DOR by January 30th each year a statement of the amount of tax credits certified. The annual allocation has not been fully utilized since the credit was made available in 2012 – unused credit capacity rolls into the next calendar year. Almost $900,000 is available in CVITC tax credits for calendar year 2019.

No action needs to be taken on this item.

Re-Ratification of EZ Contribution Project Lists for 2016, 2017, and 2018

OEDIT staff and the Larimer County Enterprise Zone Administrator request that the Commission re-ratify the lists of eligible Contribution Projects for 2016, 2017, and 2018 to include the Fort Collins Downtown Development Authority (DDA). With your re-ratification of these contribution project lists, we can honor contribution tax credits that were certified for this project over these three calendar years (2016 – 2018).

OEDIT staff has consulted with the DOR Policy and Taxpayer Services staff, and the DOR has no issue with accepting the tax credit certificates if the Commission will re-ratify the eligible project lists to include the DDA Project for those years in which contributions were made and certified. The project lists presented to the Commission in these past years have been amended to include the Fort Collins Downtown Development Authority project, and are available for your review.

The Zone Administrator is currently working with this organization on a new application for EZ Contribution Project status; the DDA is aware that they do not have project status in 2019 until a new project receives the Commission's approval.

M/S/P – Franz, Seaton – Re-ratification approved as presented and recommended by staff.

Contribution Project Proposal

Guram presented the following EZ Contribution Project Proposal for approval.

EZ – Project Name	Project Type	Completion Date	Project Budget	1 yr. Projected Credits
NE-Cougars Community Pool Project	Capital Campaign: Community Facility	2023	$2,500,000	$2,000,000

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

E. Advanced Industries (AI): Katie Woslager

Woslager presented the following AI projects for final approval.

Colorado School of Mines Allocation Requests

AI Sector	TTO – Project Name	Principal Investigator	Funding Request	Matching Funds
Bioscience	Colorado School of Mines- Biofilm metabolic tracking with nanosensors to test clinical antibiotic susceptibility	Kevin Cash	26,250	$8,750 CSM Institutional Funds
Advanced Manufacturing/ Electronics	Colorado School of Mines- Aberration correction for atom probe tomography	Brain Gorman	$26,250	$8,750 CSM Institutional Funds
Bioscience	Colorado School of Mines- Flexible, self-healing zwitterionic cryogels for sustained drug delivery for wound healing	Melissa Krebs	$26,250	$8,750 CSM Institutional Funds
Bioscience	Colorado School of Mines- Human matrix metalloprotease	Susanta Sarkar	$8,227	$28,775 CSM Institutional Funds

CU Anschutz Allocation Request

AI Sector	TTO – Project Name	Principal Investigator	Funding Request	Matching Funds
Bioscience	University of Colorado- Strategic, regulatory, financial and organizational planning for IND enabling studies	Ulli Bayer, PhD	$80,012	$26,643 CU Innovations Institutional Funds
Bioscience	University of Colorado- Targeting the Six-1-Eya Complex to Inhibit Metastasis	Heide Ford, PhD	$80,012	$26,643 CU Innovations Institutional Funds
Bioscience	University of Colorado- Drugs that Reverse Ephithelial-Mesenchymal Transition For the Treatment of Metastatic Cancers	Dan LaBarbera, PhD	$80,012	$26,643 CU Innovations Institutional Funds
Bioscience	University of Colorado- Targeting myofibrillar deacetylases to treat heart failure	Tim McKinsey, PhD	$80,012	$26,643 CU Innovations Institutional Funds
Bioscience	University of Colorado- The Button Huggie	Steve Moulton, MD	$80,012	$26,643 CU Innovations Institutional Funds
Bioscience	University of Colorado- ESACPE: External Stereotactic Cranial Access Port for Evacuation	Josh Seinfeld, MD	$80,012	$26,643 CU Innovations Institutional Funds
Bioscience	University of Colorado- A Functional Assay for Synthetic Cannabinoid Detection	Andrew Monte, MD	$80,012	$26,643 CU Innovations Institutional Funds
Bioscience	University of Colorado- VasaFast	Juan- Pablo Idrovo, MD	$80,012	$26,643 CU Innovations Institutional Funds

M/S/P – Duran, R. Brown – CSM and CU Anschutz allocation requests approved as presented and recommended by staff.

Budget
Wosalger presented the AI budget which shows a balance of $9,596,903 in remaining funds.

F. Governor's Priorities – Employee Ownership: Betsy Markey, John Kovacs

Markey and Kovacs presented some background information on Employee Ownership. We will be working on creating an Employee Ownership center at OEDIT. The goal will be to help companies who want to share the wealth with their employees to do an ESOP plan, form cooperatives, do succession planning, in all parts of the state. As business owners know, it is expensive to do this type of planning, so we are working with a group of attorneys, and the Rocky Mountain Employee Ownership Center to determine what this task force would look like. We have a list of about twenty-five to thirty people we are looking to put on the task force which we are planning to establish through an executive order in the next several weeks. There was legislation passed two sessions ago which established the authority to create a revolving loan fund. Right now we are looking to stand that up so we will have a loan fund for businesses that are looking at Employee Ownership. We'd also like to be able to provide grants to businesses to help defray the costs of moving in the Employee Ownership direction.

We will be coming back to the EDC with more specifics on the task force and with a funding request in a few months.

G. Regional Tourism Act: Jeff Kraft, Ken Jensen

Jensen presented the project monitoring update.

Aurora/Gaylord

Staff is currently having conversations about ending quarterly reports and meetings.

Pueblo/PBR

OEDIT received the final signed acknowledgement from Pueblo. The grand opening will be coming up on May 3.

Colorado Springs/City For Champions

Colorado Springs Procurement Update

OEDIT Staff, following direction from the EDC, followed up with Lori Ann Knutson in the Attorney's General office regarding the potential placement of bonds for the Switchbacks stadium with UMB Bank. As a result of this discussion, there is no legal obligation for an additional competitive process for the placement of those bonds and there is sufficient assurance that the interest rate will be competitive because of Section 7(B) in Resolution No. 3 which states:

> "To the extent that Bonds are placed privately to finance part or all of any Project Element, including, without limitation, the placement of any Bonds issued or incurred to evidence Advances, then before the issuance or incurrence of such privately placed Bonds the Financing Entity shall obtain the certification of an External Financial Advisor…"

DOR Process for Disposition of Funds

Jensen updated the EDC on how the DOR would make payments if any Project Elements or even an entire project were to be modified, revoked, or suspended. There are two main issues: 1) The amount of monthly payments that are sent to the project and 2) The total amount of funds that the DOR would send out over the life of the project. The DOR has confirmed that whether there is a temporary or permanent reduction of funds or even a complete revocation of a project that their system can accommodate those changes. The DOR also said that if there was a suspension and then the suspension was lifted that their system would make back payments on the following month's disbursement. I don't know if that would be an issue or not. The EDC could potentially deal with that by reducing the Aggregate Cap. Ultimately, the DOR stated that they had a fair bit of flexibility to deal with any adjustments made by the EDC.

Marshall asked, by adjusting the Aggregate Cap that would mean that following a period of suspension the project would not get any back pay.

Kraft said, they would get back pay in the short term, but on the very back end, it would be eliminated. If you wanted that suspension to have more bite than just temporarily holding it, you could prevent it from catching up.

Marshall said, so there would be a scenario where it could be temporarily withheld, and they would be allowed to have it when it corrected, and then there would be a separate scenario where it could be withheld, and whatever they lost during that period they would not get at the end of the project.

Kraft said, that is right, and that would be at the discretion of the EDC.

Schiff said, so that may be a future policy discussion for us, as we are thinking about what scenarios in which the project could have it and which they couldn't. We would want to be consistent in how we apply that. So we should all be thinking about that as it could be an issue that we may need to address.

NCRTA/Stanley Film Center
OEDIT staff provided written resolution to NCRTA/SFC.

Staff notified the EDC that the attorney for NCRTA/Go NoCO, Jep Seman, is no longer representing them. Staff will keep the EDC updated on a replacement.

Denver/National Western Center
OEDIT working with project on proposal for Commencement of Substantial work to be presented at meeting in the near future. Staff provided the EDC with the final draft amended Exhibit B for final approval.

Kraft said, the redraft in redline mode, provided to the EDC, was worked on with Morrill, that codifies what the Denver/NWC team presented to you several months back about making some changes to Exhibit B, which is the requirements to what they build.

They will no longer be building the fully elevated East West crossing. It has some public safety issues as to when it would be used and how it would be closed off at certain times. Although they are going to allow for building a portion of things above grade in the future but they don't want to do it in the short term. We've talked about this and have given them an informal approval. If you remember the parking garage was going to be at a former Denver Public schools site and they are now moving that parking garage under one of the animal facilities so it will be closer into the campus. Same size garage, it's just being relocated. The equestrian center in the horse barn, they had originally proposed doing 800 12x12 permanent stalls. They have taken out the word permanent because they want to be able to make the stalls bigger or smaller or take them down completely for other uses but they can still do 800 12x12 horse stalls. These are the main changes. They are minor changes but it's accountability that they are building what they said they were building.

Staff is requesting to approve changes to Exhibit B as shown in the redline mode provided and second amendment to Resolution No. 5.

M/S/P – Duran, Seaton – Changes to Exhibit B and Second Amendment to Resolution No. 5 approved as presented and recommended by staff.

NCRTA/Go NoCO
Kraft said, we have a solid draft of the Resolution but there are still some things that are unresolved particularly on the other projects that are not the Stanley Film Center project. But, we've been working with Zuckerman who has been really helpful in having productive conversations with them about how to structure this Resolution in a way that protects the state interest but also gives them the flexibility to build the project. We want to walk through the draft Resolution, particularly the Stanley Film Center section in quite a bit of detail because you'll see there are some changes that you've heard about verbally, but you haven't seen yet. We still need to do some work with the three other elements, but they are also much further behind the Film Center. The Film Center folks are really eager to get going. They are going to hire an attorney to work on their section of the Resolution with us directly.

What may end up happening is that we finalize a Resolution that has everything neatly tucked away for the Film Center, but will ultimately need a little work if the other projects get traction. We will still have it in a codified, reformed version that is more consistent with a full Resolution. The Chair of the NCRTA, Mayor of Windsor, has been very engaged and communicative and we have appreciated that relationship.

What this Resolution looks like today, what you have in front of you, we've taken all the latest knowledge, technology from the Denver Resolution and put it in here. We've also overlaid the Colorado Springs Resolution because it's very similar with multiple project elements and there's this idea of minimum element percentages, MEAPs, in here. We integrated all of that together in a single Resolution and we think it's close.

The Stanley Film Center are working on a few announcements and they are going to want to come and visit us pretty soon. We did talk to them on the phone and they looked at the Resolution and said it was great. It's really moving forward in a positive direction.

All that being said, I want to walk you through the Resolution and some terms that are substantially different than what you might have seen in the Denver Resolution or other enhancements as well. Some of the Stanley Film Center specific terms and get your feedback on those and anything you've read that you'd like to talk about. At any time, stop and bring up questions.

One thing that we just clarified, if you look at the definition of Commencement, we've added the idea, very explicitly, that the determination of whether a given project element has Commenced, is at the sole discretion of the Commission. We've always held that right and affirmed that right, but we are putting it in writing in the Resolution.

Moving on, there is this Minimum Element Allocation Percentage, which is very similar to what you see in the Colorado Springs Resolution. Although, what we did is a little bit different. We started our baseline for what these percentages are based on what you all approved several years ago as to what the net new sales tax revenues being generated. So, the percentages are based on the percentages you approved when you said the Stanley Film Center will generate X net new dollars over 30 years, that's 53.8 percent. So that one is set at a firm fixed amount we expect it to generate over this 30-year period. The others are done a little bit differently. The Go NoCO folks have said, for those project elements, we'd like a little bit of flexibility, which we also had in Colorado Springs, if you remember the flexible sub account. They wanted flexibility to allocate some funds towards which ever one maybe needs a little more funding or is going forward a little bit more quickly and we wanted to accommodate that. What we did is for the Peligrande and the Indoor Water Park of the Rockies, we basically came up with a flexible sub account that was about 10 percent. We reduced what their percentage would have been proportionately, taking a little bit more off of the Water Park and a little bit less off the Peligrande to create that 9.7 percent flexible account. The U.S. White Water Park, the 5.5 percent is its actual expected percentage. It's so small and a key element, we didn't want to make that any smaller so we left that at 5.5 percent. We talked about this verbally with <u>Seman</u> previously, this concept, and they thought that was along the lines of what they wanted, but I don't know that he had carried it back and if they had a deep conversation about this structure but, they asked for some flexibility and this is what we proposed. This is how staff is proposing the MEAPs. If the Commission has feedback, we can certainly change it.

<u>Franz</u> asked, what happens if one of the four projects doesn't move forward?

<u>Kraft</u> said, the way this is written right now, if any one of the 3 non Stanley Film Center projects does move forward, the flexible sub account is locked in. But if any of the 3 non Stanley Film Center projects don't move forward we would reduce the percentage that's dedicated to them of the incremental state sales tax revenue by the amount of the MEAP and we would also clear out any Dedicated Revenue in the bucket that was unspent that might have accumulated. Now, if there are bonds that are issued it becomes a little bit trickier. They might have to have a mandatory redemption of their bonds of unspent proceeds on bond proceeds if they don't for example complete the project in a 10-year period. And, that 9.7 flexible account can't be used for the Film Center because we didn't deduct anything from the Film Center. It can only be used for those other three accounts.

<u>Kraft</u>, said, moving on from that. Under Conditions, G., it says before dedicated revenue can be used to pay for the eligible costs of any project element, except the financing authorities administrative costs and before bonds can be issued, it's asking the authority to give us a timeline for all of the elements. Their ability to do that for the elements besides the Film Center is going to be somewhat limited and vague. We can still ask them for it but I think we want

to be fairly permissive in knowing that the timelines will be vague. It's a good accountability piece and they have not objected to doing it. I raise this because, under the Conditions, H., is a bit different than in Colorado Springs. In Colorado Springs one of the things we thought is important because of all the different partners involved is to have them sign Cooperation Agreements before any money flowed to any of the projects. For Go NoCO, right now, the non-Film Center projects are so far from Commencing, it may be hard to even get Cooperation Agreements done with some of the Project Element Sponsors. What we are suggesting is that if for any Element that would get funding, they would obviously have to sign a Cooperation Agreement, but it does make a little bit of a risk that there could be someone that is unhappy and wants to complain about their Allocation or their Percentage after the fact. I'm concerned that if we require this in Go NoCO, it could delay the Stanley Film Center Project. So, this won't be as tight as we had in Colorado Springs but I wanted to bring this up. There might be a little bit of risk that someone is disgruntled and tries to come in later and say, I didn't agree to all of this. So, it's a risk I wanted to call out.

Franz asked, do we have those Cooperative Agreements in the Springs?

Kraft, said, we do. They got them done fairly quickly. What I'll say to be fair to Go NoCO, Colorado Springs they were a unified single City that was coordinating it as the applicant. Go NoCO is just a little more challenging when you have multiple entities there. Which is why we are thinking to give them a little bit more flexibility.

Schiff asked, do you have any feedback from the Film Center about getting their Agreements in place.

Kraft said, the Film Center should be ready to move fairly quickly.

Schiff asked, can we still have it be a requirement for the other Project Elements to get their Cooperation Agreements signed before they get their TIF?

Kraft said, absolutely.

Marshall asked, so, would the Town of Windsor and Loveland serve if we decided not to relax that? That is not necessarily what I'm suggesting but would Loveland and Windsor fill the role of agreeing to that split of the pie on behalf of future development in a similar way that Colorado Springs did?

Kraft said, that's a good idea. Let us have a conversation with them about it. We would also want NCRTA to sign off on this too.

Schiff said, let's keep in mind that this is a unilateral Resolution. People can complain later but from the perspective of what is the exposure of the state. Is there exposure for the state?

Morrill said, I don't know that there would necessarily be exposure for the state but we don't want infighting among the local government applicants because we could get drawn into that. I think that is the risk. Similar to when we had the downtown Denver hotels suing over the developer swap for the Aurora project.

Kraft said, staff will talk with them about this and bring that back to you.

Kraft said, moving on to the next item. Condition H., which is another before dedicated revenue that can be spent, this is solely on the Film Center, this has been restricted quite a bit in cooperation with the Film Center. This section says the Film Center has to create a board of directors for the non-profit that will initially run the Film Center. We've said that one voting member is going to represent the state of Colorado on this board of directors and what we've said is it will be the Director of the Colorado Office of Film, Television and Media. Right now, that is Zuckerman. It goes on to say if that person is unable or unwilling to serve on the board that the OEDIT executive director would appoint an alternate person to make sure the State has someone serving on that board. The reason that's important is that board will nominate what we are calling the Stanley Film Center Advisory Board. Having someone from the State there to make sure the State's interest is represented. That Board of Directors will be an independent group that reviews what's happening at the Film Center and makes an annual recommendation to the EDC about whether they are meeting their goals and truly serving the purpose they were approved for. The EDC would have the ability to review that and over time turn off their funding. That is the high level structure we have proposed here.

The Advisory Board is separate from the Board of Directors and will have visibility into the operations of the Film Center and will have 5 voting members. The members will have substantial executive experience in film, museum, art or entertainment industries. The EDC will appoint this group from the list of nominees that you receive from the Stanley Film Center Board of Directors. If the EDC does not get nominees when you need them, the OEDIT executive director could actually nominate the members. So there is always a mechanism to get members named if the Board of Directors fails to act. The thought is they would fill a single six-year terms that would be staggered. There will also be a few Ex-Officio members of this five-member group in addition to the 5 voting members. Previously, Schiff had said the EDC should have some involvement and so we said that there could be an Ex-Officio member that would include the EDC Chair or their designee to be an Ex-Officio member and the Stanley Film Center would also have an Ex-Officio member present when they meet so each could advocate for their interests. This structure will require ongoing involvement in the Film Center. I don't know that we would want this for every RTA project but this is a little unique because the Film Center is a true start-up and the facility itself might not be unique and extraordinary if it got converted to another use. Some of the other projects are definitely facility and program driven.

Kraft moved on to the Reporting section of the Resolution specifically, Section D., Annual Performance by the Film Center and Annual Certification by the Stanley Film Center Advisory Board. The Film Center in cooperation with the Stanley Hotel owner are required to provide and promote the noted program elements on an ongoing and regular basis and demonstrate the performance and success in attracting visitors to the Stanley Film Center Advisory Board. We worked with the Film Center folks on this language:

a. Operating a horror genre museum in the space described in Exhibit B with rotating and permanent exhibits of compelling artifacts and memorabilia from the horror and related film genres and interactive film-related experiences;
b. Hosting numerous classes, seminars, trainings, and workshops related to film and the horror genre with prominent instructors and institutional partners with substantial film industry and/or academic experience;

Kraft said, on this second bullet, the Film Center folks came to us and said we might do some of these in conjunction with the film school some others could be in conjunction with practitioners in Hollywood or people that run film festivals. So they said, if we want to partner with people that are not necessarily academics but practitioners that have a high degree of professional competency we think that would count. Staff agreed and so we made this a little bit more flexible to accommodate both academic and professional high level film instructors and classes.

Schiff said, you're not requiring that even some of them be eligible for transfer of accreditation?

Kraft said, we took that out. However, if the board feels strongly about it, we can add it back in.

Schiff asked, if they were resisting that in general or were they just saying we might have a blend of events?

Kraft said, they suggested they were likely to have a blend but they also though if it was hard to maintain a relationship with a specific film school that have accredited instructors, they might end up not doing that. So they did think that might or might not be feasible in the long term.

Schiff asked, are we backing off of a programming requirement if we don't require that?

Kraft said, that's a fair question. It's definitely being more flexible. We do have the Advisory Board that read the standard and say there is no academic and by the way these are not heavy hitting seasoned professionals, you're not meeting this requirement and we're going to consider suspending your funds.

Schiff said, the history would be that we agreed to pull the requirement.

Kraft said, that's fair. We could go back and say we want some academic classes in there.

D. Brown said, there are lots of different film schools. I don't think it's too onerous to require some academic programs. If their comeback is they may have a difficult relationship with the local film school, there are lots of national film schools.

Kraft said, I'm hearing that you want some of these classes to be eligible for academic credit. That this should be a requirement.

Schiff said, as I recall, that was part of the proposal, part of what we approved and I think it's part of the programming.

Seaton said, the language here has teeth.

Schiff said, it's not toothless, but, if we pull out the requirement for offering accredited classes, that's different.

Morrill said, one of the things we've done in the past with conditions like this is you've had language that gives them the ability to come to you and ask for exemption. In your discretion, at that time, you could allow or disallow. If they have a relationship with a film school and they lose the relationship and need to line up another one. In that gap programming they can come to you, tell you what's going on, and request an exemption of not complying with that provision for the period it takes them to stand up the new film school relationship.

Schiff said, she wants to make sure we are faithful to what was proposed and approved. That is our mission.

D. Brown said, if we are going to require accredited classes, we should mention the accrediting body.

Kraft said, staff will work on revising this and bring it back for another conversation.

Kraft moved onto the next bullet point of this section. This one has changed a little bit but keeps very much with the spirit of what they proposed. If you remember when Geoffrey Gilmore came here there was a lot of discussion about the world's largest archive and what does and archive mean. After quite a bit of dialog they came up with c.

c. Building and maintaining the world's most comprehensive horror film study center. This facility/collection would include films, dvds, a research library and a range of original publicity-distribution materials and artifacts. It will work with the world's leading archival collections including the Museum of Modern Art and British Film Institute to create partnerships and resources for the preservation and restoration of horror cinema and television;

Kraft said, it's really a study center and not an archive. It's sort of the evolution. I think it does get to the idea that people are going to want to go there to get unique resources and it will drive academic or research tourism. They are very much committed to this idea but they wanted to sort of move off of the archive definition. This language was also specifically discussed and derived with them.

Schiff asked if anyone had any concerns about this one? Hearing no concerns, we moved on to d.

d. Hosting film screenings, festivals, entertainment and special events for horror and related film genres.

Kraft said, a., through d., are sort of the key annual performance things they are going to have to do. Also in the Resolution are the following:

ii. The SFC shall annually provide evidence to the SFC Advisory Board through websites, schedules, attendance metrics, and visits/tours by the Advisory Board to the SFC and other documentation required by the SFC Advisory Board during each calendar year that the SFC has complied with all of the programming requirements on an ongoing and regular basis listed above.

iii. The SFC Advisory Board shall meet annually no later than January 31 of the following year and no earlier than October 1 of the year being reviewed and determine via a formal vote if the SFC has complied with all of the programming requirements listed above on an ongoing and regular basis during the previous year. After the vote the SFC Advisory Board shall write a letter certifying the results of the vote; the rationale for the vote; any deficiencies noted by the board; other information the SFC Advisory Board believes is relevant for the Commission; and the certification letter shall be delivered to the OEDIT no later than February 28.

iv. Each year the Commission shall review the certification letter from the SFC Advisory Board and other available information and determine if the SFC has provided the required programming on an ongoing and regular basis. If the Commission determines that there are substantial deficiencies in the SFC provision of the required programming on a regular and ongoing basis during the course of the previous year, the Commission shall provide a minimum 90-day initial cure period to the SFC to address the deficiencies. The SFC shall provide a plan to OEDIT and undertake curative actions before the end of this minimum 90-day initial period.

v. After the end of this initial curative period, the Commission will review the curative actions and plan to determine their adequacy. If the Commission finds that adequate progress in curing the deficiency has been made, the Commission can declare the deficiency cured or require further follow up. If the Commission determines the actions and plan are not adequate, the Commission will notify the SFC and the Owners of the Stanley Hotel starting the final 180-day cure period described in Section 6. D(vi).

Kraft said, two through five, you're giving them some warning. You're not cutting the money off right away. Then they may have to make some bigger changes. One of the things they brought up was, what if the non-profit doesn't work out. But what if some large entertainment entity like Netflix wants to sponsor us. They would consider changing partners during this cure period. Or saying we're going to build hotel rooms here. We're ripping out the museum and we're going to put in hotel rooms. It would give them some time for the money to flow before the money turns off. There is this 270-day period before the money turns off. But there's this sort of structured process of how that conversation happens with the board.

Schiff said, it seems like there should be a short circuit on this time period that they say, it's over, we're building hotel rooms and we're taking steps to rip everything out. Why would we continue this 270-period while that is happening?

Morrill said, we can include a notice provision that is an affirmative requirement on them to notify us in the event that they are going to discontinue the museum. At which point, we will alert DOR that the revenue will shut off immediately.

Schiff said, if they take definitive steps to cancel the programming, that's the point in time the money should stop. If it's not capable of cure, then the termination is immediate.

Kraft said, we will talk with them about that and come back to the EDC.

Kraft moved onto the Lease that the Stanley Hotel is going to use with the Stanley Film Center. They would lease the building for a dollar per year to the Stanley Film Center and under the lease the Film Center would have priority access to use the facilities in the Film Center. They would have to have commercially reasonable access to the Stanley Concert Hall and Carriage House which are other facilities of the Stanley Hotel to hold bigger events and bigger film festivals. They had originally proposed they were going to build an outdoor amphitheater. However, the Town of Estes Park has said they don't want horror movies projected on giant screens. So, the Stanley Auditorium can be used as an alternative supplemental thing for a bigger film festival. So, we do want the lease to include their ability to book those facilities.

Schiff asked, do they need that to serve the programming in the original proposal or is that an add on?

Kraft said, the Concert Hall takes the place of the Amphitheater. It's basically saying, we can't do an outdoor venue so we're going to do an indoor venue. It is required to meet the programming. They won't have exclusive use of it but they will have commercially reasonable and cooperative use of it.

Schiff asked if we are comfortable with commercially reasonable access being tight enough?

Kraft said we can talk to them about it. They had always proposed that the Film Center would obviously have the preference for its own facilities. It is similar seating capacity and it was always going to be owned by the Stanley and be shared. It was never going to be solely dedicated to the Film Center. So it's sort of a like for like swap. We can work on the language.

Morrill said, assuming they will need and extension on the Commencement deadline, you will have full ability to modify the Resolution to include additional conditions of approval.

Kraft said, those are the items that have changed for the Film Center and the ones I wanted to walk you through.

Schiff asked if there were any other comments. Hearing none, we moved on.

Kraft said, there are still some items that are flagged in the document. For the other Elements, for example, we required the City of Loveland to commit to putting in tax increment financing. The way the language is written in here potentially falls afoul with TABOR. We worked closely with the City of Denver to adjust the language in a way that we all felt comfortable with. We would still propose to do that and in fact, Stacy Miller had some ideas. We just need to have some more in depth conversations with them about some of these other Elements.

Marshall said, we asked Go NoCO to come last year and asked them to have the Resolution completed by the end of the year. We really worked toward that and were unable to get it. It's now March and they are changing attorney's. What is staff's reasonable thoughts of getting this completed? After the June meeting we will be at 18-months from Commencement and based on what we're seeing with the other Projects. From my perspective, this is no less urgent than it was at the end of last summer when we asked them to appear before us. Can you comment on what you think the timeline is?

Kraft said, I think we can get the Film Center stuff cleaned up and I think we can address some of these other items. We do need someone to really sit down with us and focus on this. Not knowing the full dynamics, I think they just haven't had a voice that can speak for them. We really need someone to step up and work with us on this. I think they are also aware of this and they are working on their own structure and getting organized to make this happen in the community down there. I think the short-term end game is to get a really good Resolution as a whole.

Schiff said, after visiting with them, they recognize that they have some significant hurdles in front of them. They really are trying to pull it together and work together to make something happen. They have reached out to OEDIT for some assistance. They are not ignoring us. They have some serious concerns themselves about their own projects and I think they are working hard to pull it off.

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

County Listing for 2019

Jensen presented the 2019 RJS County List. Per the Statute, OEDIT has re-reviewed the Colorado counties for Economic Distress. Based on that review, OEDIT recommends removing the Economic Distress designation, which allows eligibility to participate in the Rural Jump-Start Program, from the following seven counties: Chaffee, Garfield, Grand, Gunnison, Ouray, Park, San Miguel. None of these counties has formed a RJS zone or has contacted the program manager about this program.

Staff is requesting the removal of the designation of Economic Distress to the above 7 counties.

M/S/P – Seaton, Duran – Designation of Economic Distress removal approved as presented and recommended by staff.

Tax Credit Certificates and New Hires

Jensen presented the following companies that have submitted their Annual Report for 2018.

Company	Estimated Value of Company Income Tax Relief	Estimated Value of Owner's Income Tax Relief	Estimated Value of Sales and Use Tax Relief
Rocky Mountain Manufacturing	$13,000	$5,000	$100
Prostar Geocorp	$0	$0	$3,000

The following eleven people at these companies are eligible for New Hire benefits for 2018:

Company	Employee Name	Amount of Wages Exempted
PSGC	Redacted	$49,429.06
PSGC	Redacted	$45,900.00
PSGC	Redacted	$57,567.82
PSGC	Redacted	$34,204.80
PSGC	Redacted	$129,887.62
PSGC	Redacted	$55,335.80
PSGC	Redacted	$25,471.25
RMM	Redacted	$39,863.05
RMM	Redacted	$34,547.94
RMM	Redacted	$24,503.19
RMM	Redacted	$5,971.30
		$502,681.85

Staff is requesting the approval to issue Tax Credit Certificates to these businesses and the eleven new hires.

Late Filers

Jensen said, seven of the RJS companies have not submitted their annual reports in time for this EDC meeting. OEDIT expects all of these businesses to ultimately submit their report, but per the program manual, OEDIT is sending out 60 day notices to these businesses, with the intention to have all of these companies presented to the EDC at the April meeting.

OEDIT strives to provide customer friendly service to these type of businesses, many of which are small companies in growth mode, and typically without a large administrative staff. Furthermore, several of these businesses are not yet profitable, so the company tax credit has no economic value. And in all cases, this delay does not have an economic cost to the state of Colorado. Despite this, the delay in submitting the report is a delay for the New Hires, who do not work directly with OEDIT but still suffer the inconvenience.

Schiff asked, have we stepped back to look at the reporting requirements. Are they reasonable? Are they easily completed? Is this a complicated thing for these companies?

Jensen said, it's not too bad. We have an online reporting system the is streamlined.

Markey said, she has heard from several companies who have said it is just too complicated. They don't have the bandwidth as a small business owner to do it. Some of them have said they are just not going to apply. Maybe we can take a look at it and see if we can reach out to the SBDCs and get a couple of consultants trained in that to help them out.

Jensen said, staff will take a look at this and circle back.

Franz said, you just have to make it simple. For example, the Enterprise Zone templates. I've used it. The templates are straight forward and easy to use.

Kraft said, it is an online system. The forms to do the annual report and really very simple. I think it's just getting their attention. It's always exciting to the the award but then to go through and comply is harder. So, our manual says to send a 30-day letter and that it our process but it sounds like you're saying to institute a little more flexibility and investigation before you send those letters?

Schiff said, I understand the need for sticks. But, it's so hard to get a company pass through the filter to be able to participate in this program. I would hate to see it fail at the reporting.

Duran asked for a color-coded map of the RJS.

Jensen said he will provide a color-coded map.

Board Education

Jensen provided training on the creation the RJS Program and the responsibilities of the EDC for this program as required by C.R.S. 24-3.7-102.

I. Other: Jeff Kraft

Transferrable Tax Credit

Jensen provided an update of the recent development in the TTC program.

OEDIT spoke with Project 5000 about their project on March 7. They reconfirmed that they need to complete an engineering study before they can make a determination as to whether to commit to their project, and since the engineering study will take several more months, they estimate that they will be able to make the “Go/No Go” decision on the project sometime between July and December of 2019.

OEDIT also discussed the possibility of rescheduling (i.e. swapping) the pre-certifications for Project 5000 and VF Corp, with project 5000 getting a nominal amount ($100,000) in this fiscal year 2019, with the remainder of $6.9 million going to VF Corp. The allocation in FY 2019-20 would then be adjusted correspondingly, so that the final allocation over the three fiscal years would be the original amounts intended, $17 million for Project 5000 and $13 million for VF Corporation. Project 5000 has agreed to this in principal. This has not yet been discussed with VF Corporation, but this arrangement would be beneficial for them. This would allow the EDC to allocate FY 2020 benefits to another company in the event that Project 5000 were to decide not to go forward with their project after FY 2019 ends. Also, Project 5000 requested a Private Letter Ruling from the Department of Revenue on the specific utilization of the tax credits in this program. OEDIT reviewed a draft of this letter and it is close to being finished.

Finally, Project 5000 is expecting to formally present the project status to the EDC at the May meeting, which will include an updated estimate of capital spending based on progress in the engineering study which may allow us to reduce their award.

OEDIT also spoke with Project Cardinal (VF Corporation) about their project on March 11. VF Corporation expects to achieve their Strategic Capital Investment (SCI) of $100 million through the lease on office space in downtown Denver. Given that VF Corp does not anticipate taking possession of this space until May of this year, VF Corporation plans to report the NPV of this multi-year financing lease on their financial statements (10-Q) on June 30th. When the 10-Q is published, OEDIT will review it and determine if this lease alone will satisfy the SCI requirement. If it does not, the company said that it will have further expenditures that could qualify under the SCI guidelines.

VF Corporation has secured a temporary location for its employees in Greenwood Village. The company’s website lists 104 open positions in Denver, many of them senior and professional positions.

EDC Budget

Gould provided an EDC Budget update which shows a current balance of $5,398,421 available for future projects.

Next Meeting

The next meeting will be on March 16, 2019.

With all items discussed, the meeting was adjourned.