

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

July 9, 2019
7:00 a.m. – 9:00 a.m.

MEETING DATE

July 9, 2019
1600 Broadway, Suite 2500
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, Robert Price, Rob Brown, Benita Duran, Tom Clark, Denise Brown, Jay Seaton, Karen Blumenstein, Lisa Reeves, David Dragoo, and Chris Franz.

B. Guests

Matt Fillmore, Amy Dorsey, Matt Assmus, Bob Cope, Jariah Walker, Nick Taylor, Stephanie Chichester, Eric Moselle, Laura Neumann, and Nick Taylor.

C. Staff

Betsy Markey, Jeff Kraft, LeeAnn Morrill, Ken Jensen, Che Sheehan, Mariel Rodriguez-McGill, Donald Zuckerman, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the following projects: **COFTM** – Project Plywood.

A. Meeting Called to Order

Schiff called the meeting to order.

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

Rodriguez-McGill presented Project Plywood.

Project Plywood is a new television series produced by Dorsey Pictures for Discovery Channel slated to air in early 2020. The series follows a team of experts as they discover and revitalize old derelict mining claims hidden deep in the Rocky Mountains helping the claim owners turn the land into a useable space rather than just a piece of the past. After camping and exploring the site for a few days, the hosts will meet with the owner to discuss possibilities for the property. Each episode will follow the hosts for 4-6 weeks as they deal with the difficulties of working in remote locations, battle quickly changing mountain conditions and come up with innovative solutions. The final build will be revealed at the end of the episode.

The series will be produced, filmed and edited in Colorado. Potential locations include mining claims outside of Leadville, Idaho Springs, Fairplay and Montrose. The series will be financed and distributed by the Discovery Channel in early 2020. The Discovery Channel currently reaches about 95 million pay television households in the United States and over 400 million households worldwide.

The Colorado Office of Film, Television and Media is requesting a rebate of \$250,000 for this production. Given COFTM's FY2019-20 allocated funding, the Office has negotiated with Dorsey Pictures, LLC on a rebate of just under 17% of their anticipated Colorado qualified local expenditures. Per the applicant's estimations, the Office of Film, Television & Media is anticipating a total of \$1,475,248 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$2,507,921.

Staff is requesting approval of a rebate of \$250,000, in support of this project.

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

C. Regional Tourism Act (RTA): Jeff Kraft

Kraft directed the board to the update on the Hybl Center. As you recall, that project did commence last year on time. But because there was a little ambiguity on how the system-wide bond funds would be used, we wanted to make sure that it commenced toward the purposes in the Resolution. To that end, the Commission adopted a modification to the Resolution when they acknowledged Commencement basically saying that \$16.8M of RTA funds needed to be spent by October 31st of this year. The same amount needed to be fully certified by December of this year to demonstrate Commencement had occurred towards the purposes of the Resolution or there was a risk of Claw back. Since it is well on our way to October we thought it was time to provide you with an update. The key point here is the provided document which shows \$8.2M has been spent to date. We also provided a link to the UCCS Construction Cam. They think they are well on track to spending the full required \$16.8M.

For Weidner, staff has provided the Compliance Plan for Weidner Stadium that demonstrates compliance with Exhibit B to the Resolution, how the Stadium will meet the required minimum sizes and the approximate breakout of the different elements of the facilities. Staff has provided a graphical demonstration of what should occur. What we will get and still need is certification from the architect that this is an accurate drawing.

Moving on to procurement issues and follow-up. The Colorado Springs Urban Renewal Authority (CSURA) is an independent government entity that is affiliated with the local government. OEDIT staff has suggested to Colorado Springs that a straight forward way to handle procurement would be to adopt the City of Colorado Springs procurement policy and therefore any procurement that they do could be under that Colorado Springs policy. They could follow procedures and guidelines, forms and RFPs. Staff provided documents including minutes where CSURA adopted the City of Colorado Springs procurement policy.

Kraft asked if there are any questions. Hearing none, we moved forward with the follow-up to our February 2019 meeting.

As you all remember, at that meeting the team regarding the Outdoor Stadium combined with the indoor Robson Arena together is the Colorado Sports and Events Center. At that time we had a lengthy discussion and received some legal advice as well. What we said was it is important to ensure there is language in the agreement, lease or contract between the Colorado Springs Sports Authority, the Switchbacks and Colorado College that will ensure, per the terms of the business plan, that there be a minimum number of days available from which to host unique Olympic style sports events.

Kraft noted the email from Cope which talks about a conceptual idea, not yet completely vetted with the necessary parties, that once reviewed and approved by those parties, they will bring to the EDC for their review to see if they are on the right track in terms of putting “teeth” in the agreement surrounding the number of available days.

Staff has reviewed this conceptual idea and we do think it is consistent with the request for strong claw back language in the event Robson Arena or Weidner Stadium are not made available for programming.

Cope talked about the concept noted in the bullets provided.

- Agreements will include a minimum number of days each year for business plan programming. (50 days for Robson Arena and 80 days for Weidner Stadium)

- Colorado College and the Switchbacks will provide a calendar to the Sports Authority, at least one year in advance, identifying the minimum number of available days.
- The Sports Authority will provide notice of failure to make a venue available for the minimum number of days, and Colorado College or the Switchbacks shall each have 90 days to cure.
 - One allowable method to cure shall be the ability to add additional available days to the next year
- In the event either Colorado College or the Switchbacks fail to make the minimum number of days available, and no cure is made, the annual Dedicated Revenue for that project element shall be reduced by 1150th (CC), or 1180th (Switchbacks) for each day of unavailability. The reduction in the Dedicated Revenue shall be subtracted from the total Dedicated Revenue cap of \$120.5 million.
 - To ensure the quality of the Dedicated Revenue for bonding purposes, the Switchbacks shall be liable for any reduction in the Dedicated Revenue cap until bonds are repaid.

Cope said, in working with the Switchbacks and CC in determining the appropriate number of days we came up with, derived from the Business Plan, 50 days for Robson and 80 for Weidner as a minimum number of days for programming. We expect a calendar to be submitted each year in advance with more days than the minimum. But, in establishing some threshold that could be tied to potential claw back we wanted to put an appropriate minimum number of days while still being able to reasonably meet the goals and objectives of the Business Plan.

If the EDC is comfortable with the outline we will immediately move to draft specific language for OEDIT staff and the EDC to review. We would then incorporate that language in the agreements that are required between each of the venues and the Authority.

D. Brown said, this was an important issue for me and I think the staff and the Colorado Springs representatives have done a great job in addressing it. I'm also glad to hear the Financing Entity and Lender are on board with having this type of accountability in the agreement.

Blumenstein asked Cope to talk about how the one-year advance calendar was arrived at. Since many events are booked three to four years in advance. How would they handle booking those events that are out that far?

Cope said, in the Business Plan we talked about how the venues would be programmed. From a practical matter you are going to have opportunities to host events in advance and we will certainly be looking at those. But from a practical matter we would just have to work with both of the venues to ensure the availability at that time. The one-year in advance language, again, is because we need to put some kind of minimum in an agreement. This is just to establish some type of minimum in the agreement.

Kraft said, I'd like to make a few points. To be clear, that by the reduction of the dedicated revenue that will be subtracted from the total cap of \$120.5M, it doesn't say it in the bullets provided to us but it is implicit, that reduction would be ascribed only to the percentage of revenue that is being dedicated to the Colorado Sports and Events Center. Secondly, as a reminder, Weidner is the one that needs to issue the bonds. Colorado College has already issued bonds and funding based on this and other revenue streams. So the financing issue is less severe for CC, but obviously this would apply similarly to both entities.

Schiff asked if there were any questions. Hearing none, this solution is consistent with the concerns we were raising and you are on the right track.

Kraft asked, is there any need to discuss and obtain legal advice on these RTA items in executive session at this point or have we covered everything.

Morrill said, I think we have covered things at this point unless there are questions.

Hearing none, we moved forward with the agenda.

Kraft said, the last RTA item is the private placement of Weidner Stadium bonds. Before they can bond they have to get the agreement in place with the Authority. Bonding is critical here because bonding will be one of the key things that establishes Commencement of Substantial Work. The EDC approved a one year extension to the Colorado Sports and Events Center and Weidner has to issue bonds to do that. We are now in the second half of the calendar year. They have to achieve Commencement by December so we're on the clock.

In February of 2019, OEDIT presented the concept that the plan is to issue privately placed bonds with UMB, who was also the entity that did the underwriting and also ultimately purchased the bonds for the US Olympic Museum. That entity has obviously looked at the RTA revenue stream and has experienced several years of payments now and is comfortable with that revenue stream.

We presented a staff recommendation in February that based on the previous work through the USOM process, we are effectively going to Sole Source UMB as the recipient of those private placement bonds. We had proposed that subject to the terms of the Resolution, we use an independent financial advisor to validate those terms were fair and market-based. At that time the EDC wanted staff to research and obtain legal advice to see if this was fair and transparent. Staff worked with the AG's office that the recommendation was fair as long as we follow the terms of the Resolution and we use an independent financial advisor that would be acceptable, knowing time is of the essence and this is a fairly unique revenue stream not widely understood by the market.

Back in June I sent an email to Cope and Walker asking some deeper questions to see if we could get the independent financial advisor to speak to a really high standard of this issue. Kraft referred to the Resolution that speaks to Bonds.

North Slope was hired to continue in their role as financial advisor and they have provided us with a Certificate Letter certifying various points about these bonds being market rate and appropriate given the conditions and caveats and saying the costs are fair based on their review to date.

Kraft said the one thing from the Letter that I will note is while the language is close to what is required in the Resolution it is a little bit different. We will have North Slope follow-up and send an amendment to the letter that mirrors the language required by the Resolution.

Taylor said, we have reviewed the full term sheet provided by UMB and looked at various financing done in Colorado and have come to the conclusion, based on number 3 in our Certificate, that the terms, conditions and the indicative interest rate in the timeline embedded in the UMB Term Sheet are fair and reasonable for this project given the goals of the financing. We will provide a final Certificate that match those representations that are embedded in the Resolution as Kraft alluded to.

Kraft said, based on the current timeline and plan, they will issue the bonds in September of 2019. They are comfortably in compliance but any substantial delay in issuing the bonds could start to compromise that timeline given circumstances.

Schiff asked if there is a formal approval today or is this information in anticipation of future approvals.

Kraft said no approval needed. This is for informational purposes and a follow on from the March meeting and giving the EDC a chance to raise any concerns without potentially derailing the project and not Commence and lose the award. We are only looking for concurrence at this point.

Morrill said, she agrees that a formal vote is not required.

Schiff extended a thank you for the work that was done in answer to her questions regarding compliance.

Kraft said, that concludes the regular part of the meeting. We would recommend enter executive session to discuss a Film item.

R. Brown said, pursuant to Colorado Revised Statutes Section 24-6-402(3)(a)(II), I move that we go into executive session with our attorney for the purpose of receiving legal advice about the Film program. Clark seconded the motion. Motion passed unanimously.

The EDC is now in Executive Session to discuss items relating to the COFTM program.

Duran moved the EDC exit Executive Session. D. Brown seconded the motion. Motion passed unanimously.

The EDC is now in Open Session.

With all items discussed, the meeting was adjourned.