

ECONOMIC DEVELOPMENT COMMISSION

MEETING MINUTES

September 6, 2019

7:00 a.m. – 8:00 a.m.

MEETING DATE

September 6, 2019

1600 Broadway, Suite 2500

Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, David Drago, Benita Duran, Jay Seaton, Rob Brown, Chris Franz, Jandel Allen-Davis, Becky Takeda-Tinker, Wendell Pryor, and Lisa Reeves.

B. Guests

Tyler Hales with Project Closer, Deborah with Project 3500, Randy with Project 3500, Alex with Project 3500, and Ed Sealover.

C. Staff

Betsy Markey, Jeff Kraft, Michelle Hadwiger, Sean Gould, Reid Aronstein, Jill McGranahan, Max Nathanson, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the following projects/items:

SF:	Project Closer Modification; and Project 3500.
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A. Meeting Called to Order

Schiff called the meeting to order.

B. Strategic Fund (SF): Jeff Kraft, Sean Gould, Michelle Hadwiger, Reid Aronstein

Project Closer Modification

Hadwiger presented the Project Closer Modification. On August 15, 2019, the EDC approved Project Closer, a California-based technology company considering Colorado (Denver) and Utah (Salt Lake City) for a major expansion. The Project is projected to create up to 524 jobs at an average annual wage of \$132,000.

Given the EDC's policy requiring a \$1:\$1 local match for the Strategic Fund, Colorado can only offer \$150,000 in Strategic Fund Incentive, the amount matched by the City and County of Denver.

The payout for this Strategic Fund award approved by the EDC does not currently align with the City and County of Denver's projected payout schedule for its portion of the local matching funds for the Project (\$1,000/job for up to 140 jobs plus up to \$10,000 in business personal property tax reduction).

As such, OEDIT is requesting EDC approval to change the payout schedule for Project Closer. Currently, the lowest tier of cash award per job is \$2,500. But, due to the local match constraint, the company behind Project Closer is limited to \$150,000 for 524 jobs, which equates to \$286/ job (as approved by the EDC last month).

We are asking the EDC to adjust the payout schedule and award the company \$1,000/job, for up to 150 jobs, with a maximum payout of \$150,000. This is still less than half of the lowest tier of the per job award amount and would allow the company flexibility to see funds sooner for their quality jobs. A large part of why the company elected to pursue the Strategic Fund over the Job Growth Incentive Tax Credit is that having that cash early on to pump back into the company would yield quicker benefit to the company.

This is simply an administrative fix and has come at the request of the company behind Project Closer. In addition, it will align the State’s payout schedule with the City and County of Denver and will make for a smoother contracting process.

New Policy:

OEDIT is suggesting a new policy on State Strategic Fund Incentives when the Local Match is lower than the standard bottom tier of dollars per job amount.

When bringing Strategic Fund Incentives for job growth to the EDC for approval, OEDIT will present incentives at the standard table below,

Non-Enterprise Zone		Enterprise Zone	
Annual Average Wage Rate %	\$ Incentive / Eligible Job	Annual Average Wage Rate %	\$ Incentive / Eligible Job
100%	\$2,500	100%	\$2,500
120%	\$3,500	110%	\$3,000
140% or >	\$5,000	120%	\$4,000
		130% or >	\$5,000

OR, if the Local Match \$/job is less than the bottom tier above, then the state will match at the same value per job of the Local Match (which usually will mean a payout on fewer than the total jobs in the company’s employment plan).

Also, since most municipalities/communities have different programs and payouts structures, and when the Local Match total is less than the amount allowable given the tables above, OEDIT will customize the payout structure presented to the EDC for Approval to more closely align with that of the Local Match.

All deviations from the payout structure from the table above will be outlined in the project’s write-up.

Schiff asked staff if this new policy is still in bounds of the statute.

Gould confirmed the new policy leaves us in line with the statute and meeting the requirements of the statute.

M/S/P – Allen-Davis, Duran – Project Closer Modification and New Policy was approved as presented and recommended by staff.

Project 3500

Aronstein presented Project 3500 for introductory approval. This is an Introductory Strategic Fund request. We are not asking for a final approval in this request. Instead we are hoping to get a non-voting, non-binding indication of approval from the EDC members as to whether this project fulfills the interstate competitive element of the Strategic Fund statute. Additionally, we are hoping to get introductory approval so that we can provide Project 3500 with an incentive amount in a Proposal that is being submitted to the board of Project 3500 later this month. Should Project 3500 ultimately select Colorado, we would return to the EDC with Project 3500 as a non-confidential project to get a final approval, which would also stipulate performance metrics and the timing of payout for the project.

Kraft asked the Commissioners, do you support OEDIT including the incentive as described in the proposal we are making to this prospect, knowing that we will come back to you for final, formal, transparent, public approval, knowing who the prospect is, knowing what the matching funds are, and with your ability to discuss the conditions of the award and the structure of the payout in that later formal approval. We are currently asking for your support in pursuing this Project.

Kraft asked that each Commissioner voice their support: Schiff, Dragoo, Duran, Seaton, R. Brown, Franz, Allen-Davis, Takeda-Tinker, Pryor, and Reeves are all in support of staff pursuing Project 3500.

With all items discussed, the meeting was adjourned.