

**ECONOMIC DEVELOPMENT COMMISSION**

**MEETING MINUTES**

October 17, 2019

8:30 a.m. – 1:30 p.m.

MEETING DATE

October 17, 2019

1600 Broadway, Suite 2500

Denver, CO 80202

MEETING PARTICIPANTS

**A. Commission Members**

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

**B. Guests**

Rich Werner, Jack DiNardo, John Cullen, Rebecca Gillis, Lucas High, Ed Sealover, Ted Telford, Audrey Herbison, Trey Rogers, Aldo Svaldi, Matt Grant, David Alamo, Bob Cope, Terri Benson, Terry Blair-Burton, Laura Lewis, Marc Bellantoni, Sara Lobato, Trish, Thibido, Candace Payne, Cathy Schulte, Rachel Lyons, and Matt Gray.

**C. Staff**

Betsy Markey, Jeff Kraft, Michelle Hadwiger, Sean Gould, Sonya Guram, Andrew Wallace, Ken Jensen, Che Sheehan, LeeAnn Morrill, Katie Woslager, Tad Johnson, Reid Aronstein, Jill McGranahan, Donald Zuckerman, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the September 19, 2019 EDC meeting.
2. The Economic Development Commission approved the following projects/items:

<b>JGITC:</b>	Project Lighthouse, and Project Bolt.
<b>SF:</b>	Colorado Office of Film, Television, and Media.
<b>EZ:</b>	EZ Contribution Policy on Homeless Housing and Employment Services; Mesa - Avalon Theatre Foundation; SW - Rico Town Hall Restoration; SW - Sharehouse Community Facility; SW - FLCF Master Plan II; SW - Memorial Hospital Foundation; CC - Custer County Hospital District; and SW - Montezuma County Food Systems; Mesa - Avalon Theatre Foundation.

**A. Meeting Called to Order**

Schiff called the meeting to order.

**Meeting Minutes**

Seaton moved approval of the September 19, 2019 EDC meeting Minutes. Duran seconded the motion. Motion passed unanimously.

M/S/P – Seaton, Duran – September 19, 2019 EDC Minutes approved as presented by staff.

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

Hadwiger presented Project Lighthouse. Project Lighthouse is a privately held company with existing Colorado operations that is considering opening a new manufacturing facility in Weld County, Colorado. The company behind Project Lighthouse develops and manufactures specialty chemicals used throughout the United States and internationally by companies in the plastics, microelectronics, defense, and aerospace industries. The chemicals it has previously developed have had applications in drug therapies, industrial and agricultural processes, and in other specialty chemicals.

Project Lighthouse entails the creation of a new manufacturing facility that will primarily support the company's customers in the petroleum industry. Colorado, and the other competing markets in question, have been shortlisted as potential locations primarily due to their geographic proximity to key customers in the petroleum industry.

Project Lighthouse is estimated to employ 100 people over the next eight years at an average annual wage of \$66,726, which is equivalent to 134% of the average annual wage in Weld County. These jobs will be spread across Engineering, Chemistry, Research & Development, Operations, and Management. Colorado is competing with Wyoming and Louisiana for Project Lighthouse. Within Colorado, the company is considering Weld County.

Staff is requesting \$1,069,286 in performance-based JGITC over an 8-year period, 96 months. This incentive is contingent upon: the creation of up to 100 net new full-time jobs at a minimum average annual wage (AAW) equal to or greater than the average annual wage of the following counties or any other county in Colorado in which the project chooses to locate; the maintenance of net-new jobs in Colorado for one full year before any credits become vested; before any credits are issued, the company must create and maintain at least 20 net new full-time jobs; and the company currently has approximately 180 employees in Colorado.

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

### **Project Bolt**

Hadwiger presented Project Bolt. Project Bolt is a publicly-traded Bay Area company that is considering expanding its presence in Colorado. The company behind Project Bolt is a leading technology innovator focused on helping its customers achieve fast, secure and highly personalized websites. Due to the sensitive nature of the project, further identification beyond that provided below would jeopardize the confidentiality of the company.

The company behind Project Bolt is evaluating multiple markets in which to establish a "Command Center" office to house engineering and sales functions to support the growth of the company. The Command Center will serve as both the central training location for the company's global engineering team, and a showroom where current and prospective customers can see the company monitor its network. The need for this expansion is driven by strong growth projections and the necessity to capture skilled software engineering and sales talent.

Colorado is competing with Arizona and Illinois for Project Bolt. Within Colorado, the company is considering the city of Denver. This has been a collaborative recruitment process between State and local economic development organizations.

The company estimates that Project Bolt will lead to the creation of up to 175 net new full time jobs. The company's projected average annual wage of the jobs to be created by this project is \$134,871. This is equivalent to 197% of the average annual wage in Denver County. The company currently has 62

employees in Colorado. The majority work out of an office in Denver, and a small amount are Colorado residents that work remotely.

Staff is requesting \$2,868,443 in performance-based Job Growth Incentive Tax Credits over an 8-year period, 96 months. This incentive is contingent upon: the creation of up to 175 net new full-time jobs at a minimum average annual wage (AAW) equal to or greater than the average annual wage of the following counties or any other county in Colorado in which the project chooses to locate; the maintenance of net-new jobs in Colorado for one full year before any credits become vested; and before any credits are issued, the company must create and maintain at least 20 net new full-time jobs.

M/S/P – Takeda-Tinker, Dragoo – Project Bolt approved as presented and recommended by staff.

### **Update of Approved Projects**

Hadwiger said we will see an announcement from a Bay Area company coming out next week.

Markey provided an update of departing Commissioners, Reeves and D. Brown and newly appointed Commissioners, Gretchen Wahl and Blake Jones.

Kraft updated the EDC on Project 3500. This was the Medal of Honor Museum project that staff was working on. You will likely have seen announcements that they chose Texas for the Museum. This will reflect in the EDC Budget because we will be un-earmarking the \$2.5M that was set aside for the Medal of Honor Museum.

Duran extended her appreciation to the outgoing EDC members for their service.

### **C. Strategic Fund (SF): Sean Gould, Donald Zuckerman**

#### **Strategic Fund Balance Forecast**

Gould provided the SF Balance Forecast which shows a current available balance of \$ 5,825,796.14 for future projects.

#### **Strategic Fund Request for Colorado Office of Film, Television, and Media: (SF/COFTM)**

Zuckerman provided some background on this request. After receiving feedback from the JBC who essentially said the money we are requesting belongs to the EDC and they should determine its use. This request is a one year 'band-aid' of \$1,250,000 to add urgent resiliency to Colorado's shrinking film industry. The financial emergency created by lack of funding creates an environment in which COFTM's film incentive program is currently operating below the threshold for a minimal viable program. COFTM staff projects the film incentive program will encumber all current FY2019-20 incentive funds by the end of the first quarter of the fiscal year, after which time they will have to turn projects away until new funds are allocated in July 2020.

R. Brown asked, what will you do to improve the situation in future years?

Zuckerman said, we're hoping to receive additional funding. The Governor's budget comes out November 1<sup>st</sup> and we'll know at that time what the allocation is.

Pryor asked if we could get some kind of presentation and overview from the state budget folks on just what is happening with the SF to try and anticipate where that funding is going. It would be good to have that economic overview and forecast.

Markey said we can do that at a future meeting.

Schiff asked Zuckerman to expand on the education and support around film in rural Colorado.

Zuckerman said we work all over Colorado with the various colleges and universities and even some high schools that have film programs. We visit with them, bringing industry leaders that got a job here, stayed here and are successful. We talk with them about what they might do when they finish school. We work with various institutions to produce films. Right now we are finishing a film with Colorado Mountain College about the Colorado Children's Chorale performing at The Tank in Rangley. That will hopefully air on RMPBS in the near future. We just worked with Denver School of the Arts to make a 30-minute film that is going to be on RMPBS about Clarke Richert mounting an expedition at the Museum of Contemporary Arts. We recently worked with Attorney General Phil Weiser to create public service announcements addressing teen suicide. The idea is its teens talking to teens. It is being distributed through the Attorney General's Safe to tell program. We are working with the Lieutenant Governor's office on a film about hiring people with disabilities. It's going to be a half hour show. We are working with the Secretary of State's office to create a half-hour show about Census 2020. The Colorado Film School will actually be the party that makes this show. We work with the Colorado Film School on an initiative with the Ute Mountain Tribe. We have been working with this initiative for two summers. The kids we worked with were in remedial school and likely to not finish high school. The kids made a film that was nine minutes long and got into the Denver Film Festival last year. They came and stood up and got a special award from the Denver Academy for the film.

Takeda-Tinker should we be providing more support in this area. What is the overarching plan here?

Zuckerman pointed out the dollars that other programs in other states get. The question is, does Colorado want to be in the content creation business, which is one of the fastest growing industries in the world. And it is a high tech industry in general people are well paid.

Schiff said, it's always going to be a budget issue and how much money you can get. I don't know how creative we can be or is there appetite for making this a permanent allocation out of the SF. But the sense is that we see this is an economic development tool that can particularly benefit rural. It is an industry at risk in Colorado because the infrastructure is going to go away if we can't continue to support this industry in the state.

Schiff called for a motion.

Franz moved approval of the SF/COFTM written motion provided in the board materials. Duran seconded the motion. Motion passed unanimously.

M/S/P – Franz, Duran – SF COFTM approved as presented and recommended by staff.

**D. Enterprise Zone (EZ): Sonya Guram  
EZ Annual Report**

Guram provided the EDC with the 2018 Annual Report.

**EZ Contribution Proposed Policy**

Guram presented the Contribution Proposed Homeless Housing and Employment Services Policy which has been reviewed and agreed upon by the local EZ Administrators. Below is the proposed new language for this Category.

- o Category: Homeless Housing and Employment Services. These projects improve economic conditions in the Enterprise Zone by providing both housing and services that result in positive employment outcomes for the homeless as authorized by C.R.S. 39-30-103.5 (3).
  - 1) A Project must include the provision of housing. This housing is temporary, emergency, or transitional. Such housing supports individuals and families in transitioning to independent housing and employment. Day shelters are a form of emergency/temporary/transitional housing.
    - a) Project location guidelines are given elsewhere in this policy document, but are clarified here as project location relates to housing the homeless as an economic development activity. These contribution projects will provide housing:
      - i. within the EZ boundary
      - OR
      - ii. in geographic proximity to the EZ, drawing in homeless people that congregate in the EZ.
  - 2) The Project must include the provision of or referral to services, including at least one of these:
    - a) child care,
    - b) job placement,
    - c) counseling services for the purpose of promoting employment, which may include services that stabilize the person, such as substance abuse or mental health treatment or services, and soft-skill development.

The objective of these Projects is to move clients to successful housing and employment outcomes. Specific targets must be set in the project application and tracked and evaluated in each annual report.

- 3) The following metrics must be tracked
  - a) the # of individuals or families provided housing
  - b) # or rate of individuals or families moving on to independent housing
  - c) client utilization of services identified in 2, above
  - d) successful income outcomes or job placements.

Note: Providers may partner on a Project to provide the required housing and services.

Schiff called for a motion on the proposed language.

Allen-Davis moved approval of the proposed new language. Duran seconded the motion. Motion passed unanimously.

M/S/P - Allen-Davis, Duran – New policy approved as presented and recommended by staff.

**EZ Contribution Project Proposals**

Guram presented the following Contribution Projects for approval.

EZ	Project Name	Project Type	Project Category	Completion Date	Budget	1 yr. Projected Credits
Mesa	Avalon Theatre Foundation 2024	Capital Campaign	Community Facility	12/31/2024	\$300,000	\$20,000
Southwest	Rico - Town Hall Restoration Project	Capital Campaign	Community Facility	12/31/2024	\$66,000	\$6,375

Southwest	Sharehouse Community Facility Project	Capital Campaign	Community Facility	12/31/2024	\$720,000	\$31,313
Southwest	FLCF Master Plan II	Capital Campaign	Community Facility	12/31/2024	\$48,400,000	\$150,000
Southwest	Southwest Memorial Hospital Foundation Improvement Projects	Capital Campaign	Community Facility	12/31/2024	\$775,000	\$28,125
Central Colorado	Custer County Hospital District	Operations	Healthcare	12/31/2024	\$124,000	\$3,000
Southwest	Montezuma County Food Systems Project	Operations	Job Training Program	12/31/2024	\$250,000	\$3,250
<b>TOTAL</b>					<b>\$50,635,000</b>	<b>\$242,063</b>

Schiff called for a motion on all of the Contribution Projects.

Pryor moved approval of the Contribution Projects as presented. Duran seconded the motion. Motion passed unanimously.

M/S/P – Pryor, Duran – Contribution Projects approved as presented and recommended by staff.

**E. Regional Tourism Act (RTA): Jeff Kraft, Ken Jensen, Che Sheehan, John Cullen, Bob Cope  
RTA Program Update**

Jensen provided the RTA Program Update.

Project/Element	Key Next Steps	Immediate Items for EDC
<b>Colorado Springs City for Champions</b>	OEDIT compiling all modifications into one master amended resolution. Working closely with Attorney General to work on specific resolution language.	Bob Cope to provide update on Colorado Springs Projects
<b>UCCS Sports Performance Center</b>	UCCS have spent enough to reach October deadline. More information confirming this to come next month.	
<b>USAFA Welcome Center</b>	The master lease is anticipated to be released to the State in mid-October. EDC awaiting required September 16th update and copy of lease to review.	Can commencement occur without bonding or construction?
<b>Downtown Stadium and Arena</b>	OEDIT staff updated milestone letter. See board book for more information.	
<b>Go NoCO</b>	NCRTA working to provide audited annual report per statutory requirement. OEDIT staff raised issue at recent meeting with NCRTA. Betsy Markey sent letter to applicants regarding next steps for any project requesting modifications.	OEDIT Received Annual report with Audit for Calendar year 2018. No Audit for CY 2017 received yet.
<b>Peligrande</b>	OEDIT met with Developer of Peligrande and NCRTA about status and go forward issues.	
<b>Whitewater Park</b>	AG revising resolution and then will need feedback from NCRTA.	
<b>Hotel Waterpark</b>	AG revising resolution and then will need feedback from NCRTA.	
<b>Stanley Film Center</b>	OEDIT staff received feedback on Resolution No. 4. And documents for certain resolution requirements before the project is able to spend RTA funds. See board book for more information.	
<b>National Western Center</b>	OEDIT staff working with project on proposal for Commencement of Substantial work which will be presented after the December EDC Meeting.	

## **Go NoCO/Stanley Film Center**

Kraft presented the Draft Resolution No. 4. We will walk through some of these changes proposed by the developer, Grand Heritage. Staff has reviewed these changes.

The first item Kraft addressed was the definition of the Financing Entity, saying this is the one with a caveat staff would like to address. The RTA statute works such that there are applicant(s) that are local government authorities that apply for these funds. There is a financing entity who gets the funds and disperses the funds and then there is the project scope definition. That is all defined upfront in the application and given to you and your predecessors approved four or five years ago. One of the things that is important to note is any fundamental change to the scope of the project or changes to things like the zone, which would be very hard to do or to the financing entity, need to come from the applicant. The applicant is a local government entity or a collection of local government entities. In this case, it is Go NoCO is the financing entity. There is a request here, and this is not for formal review at this time, to divide the functions of the financing authority into two pieces. Again this is not ripe because we haven't gotten anything in writing from anyone with standing to make this request. We are only noting this because it will likely come to us to consider at a future date.

**“Financing Entity”** means: (1) with respect to the MEAPs allocable to the PeliGrande Resort & Windsor Conference Center, the Indoor Waterpark Resort of the Rockies, the U.S. Whitewater Adventure Park, and the Flexible Account, the Northern Colorado Regional Tourism Authority (“NCRTA”), a body corporate and politic of the State of Colorado organized and existing pursuant to C.R.S. § 24-46-306.; and (2) with respect to the MEAP allocable to the Stanley Film Center, an eligible entity that is designated by the Town of Estes Park with respect to the Stanley Film Center Project Element, each of which is designated by the Commission in connection with its approval of the Project to receive and utilize Dedicated Revenue to fund or finance Eligible Costs for Eligible Improvements.

Before any Dedicated Revenue, apart from the Financing Entity's Administrative Costs, can be reimbursed for any Project Element a Financing Entity must sign written agreement(s) delineating the relationship and decision-making authority for the Project Elements affiliated with such Financing Entity between itself and each of applicable Local Government Applicants with respect to the Project Elements associated with such Financing Entity. Note this condition may be satisfied by a single agreement signed by the Financing Entity and each of the applicable Local Government Applicants. The Applicant and Financing Entity or Project Element Sponsors must provide the documents required by this Subsection (F) to the Commission for review and express approval.

The meat of the changes here, and if you remember our discussion some months ago with SFC, they had proposed that if the SFC had to ultimately change its use, if the film center process didn't work out, that they could pay off any bonds they had issued by converting it to a hotel room. This was a working idea. As further architectural renderings have happened and as we thought more deeply about physical size and shape of the film center and the fact that it will substantially be underground, in part because it helps comply with Historic Preservation requirements that the film center not dominate the main building at the Stanley, it is going to be hard to convert a huge underground building to hotel rooms. That is really not viable and practical. So the Stanley team came back to us with another idea. Therefore, if you don't have a clear and immediate way to repay your bonds with hotel rooms, the project can become un-bondable if the bond revenue is at risk that it would be cut off if they had to change the use. They have said they have another idea for accountability of process and that is if ultimately they go through a series of reiterations in trying to make the film center work and in the end if it doesn't work out, they would come to the EDC for permission to make that change and pay the EDC a reasonable fee to the EDC out of

the revenue that comes out of the building with the changed use to sort of help compensate and payback the state for the RTA funds. That is the high level proposal. Again, we are not asking for a decision at this time but we wanted to put this item in front of you to begin the conversations.

Cullen said, this is a “dooms day” scenario. If the Center doesn’t work and the non-profit management agreement process doesn’t work, and a third party-professional managing group doesn’t work then the Stanley has to come back to the State.

Schiff wants clarification. It sounds to me like what we’re talking about is the programming of the facility. The building alone is just a building. It’s the programming that is unique. It is the programming that will bring in the net new out of state. You are not talking about switching programming out or having risks of the programming by reducing the money to build the facility?

Cullen said that is correct.

Schiff said, so we are looking at cures and remedies that are being proposed for the Stanley to protect the programming which is what we approved.

Cullen presented current renderings and the Board of Directors and Advisors. What I’m asking for is some type of conceptual endorsement so I can tell the world film press that a project like this is coming to Colorado.

Kraft said the Stanley group has been hard at work to pull together a business plan which is a requirement to spend the RTA money. There is still a few pieces that need to come together for the business plan. We have provided the information in the board book of what they have right now.

In terms of the NCRTA projects, the Stanley is the furthest along and looking like they can commence in the short term. Knowing about an upcoming event at the Stanley, we think that the structure of the Resolution is moving forward in a positive way and commend the idea of the accountability in that if the use changes the state gets to weigh in. That concept was reviewed with legal counsel and we drafted a motion of conceptual support that we as staff, would propose the Commission offer.

We also have the NCRTA attorney, Rogers here. I think it is important to have them make comments. We did review the motion with them and Cullen.

Schiff said, before I ask the Commission how they feel about this I want to ask Cullen after his review of the motion, is it what he is looking for? And, I’d like to hear from the NCRTA if there are comfortable with this as well? I have to say this is the first time I have been asked to look at a proposal and approve it immediately. This is unusual and I want to make sure we take enough time to make sure that what we are being asked to do is what people are willing to support and want.

Cullen said yes, it is what he wants a motion for conceptual support subject to requirements.

Pryor said, do you want a welcome. Wouldn’t that be part in welcoming this group to the state?

Cullen as a separate thing that maybe the COFTM can do that we welcome this as part of our overall reach with the film industry and that this is important part of film and tourism.

Pryor said, that is what he was thinking. The proposed motion is too technical to me. I’m not uncomfortable about the proposed motion but it gets into the weeds and seems too technical.



Schiff said, I think it's technical for very important reasons but I think we're saying is this proposed motion would be our official approval, but, to the extent that the team develops a press release or a welcome statement to be read to the group. And, if Morrill says that we are not doing anything more than what we've said here in the proposed motion that might be a step that might be easier for Cullen to discuss.

Markey said, the welcoming statement/press release should be separate from the EDC.

Zuckerman said, he likes this idea because they would know what the COFTM is. They won't know what the EDC is.

Schiff said, she wants to be careful that anything that is said to this group, does not commit us any further than what is said in the proposed motion.

Cullen said he doesn't need any more than what is in the motion.

Schiff asked Zuckerman to pass his welcoming remarks through Morrill in advance.

Zuckerman said he would.

Schiff asked to hear from NCTRA.

Rogers said, the NCRTA has not received or considered this proposal. This is a proposal from the developer of the Stanley project. There is an NCRTA board meeting next Tuesday and I expect we'll consider it. I'll editorialize for a moment, with the exception of the changing of the financing authority, there is nothing in here that I can see that the board would have concerns about.

Schiff said, with that comment, we're saying that this is subject to the NCRTA's review, are you comfortable with this resolution?

Rogers said, I saw that about a half hour ago. I think there is some question about what an applicant is and I think that is something that I will need to take up with Morrill and Gray.

Schiff asked Morrill if we would be in trouble if we approve this.

Morrill asked Rogers if he approves of this.

Rogers said, he cannot take a position without speaking to the NCRTA board.

Schiff said, I think the issue is the changing of the financing authority for the SFC project.

Kraft said, that the EDC cannot consider this in any formal way until we hear from an Applicant. I got a phone call from the Mayor of Estes Park yesterday and he said he wants to reach out to his peers and partners of the NCRTA. So that piece of the drafted motion is there informationally but it's not what you're voting on today.

Schiff asked, is it critical to the success of your project, that you separate the financing authority?

Cullen said, it could be.

Duran asked for more information about this.

Cullen said, they are on an entirely different timeline. I need to be under construction by Spring. I need to do a lot of things for my bond issuance and financing. They may be on an entirely different timeline, structure, everything. We'll discuss it at the NCRTA board meeting next Tuesday. They are an entirely different group than we are. They have three different projects run by their group and I am one project run by mine. It is going to take an immense amount of work to get this done between now and next February 1 that they are not motivated for, at the very least.

Pryor asked, is this a political question or a legal question? In other words, are you making any legal commitments to them based on what we say?

Cullen said, no.

Gray said, the purpose of this is to get ready to efficiently and effectively access financing for this project. The way that this transaction is set up right now, is the body that would control that financing and would go out and talk to and find investors and get money for the bond issuance would be the entire NCRTA right now. The majority of the NCRTA has no interest in this project. It isn't committed to this project. It is committed to other projects. You could legally issue obligations through the RTA, the Act allows for that. It also allows issuing through other entities. The idea is to streamline this as much as possible and to allow efficiency. Since whatever obligations that are going to be issued are not going to be backed by any of the tax revenues from any of the other projects, because they are not ready to receive any of the tax revenue yet. But because the investors are going to be investing entirely into the tax revenues that are going to be dedicated to the SFC, to have a SFC centric issuer of those bonds. It's also the reason for the changes in some of the remedies if this thing doesn't go the correct way.

Schiff said, I have some questions for our attorney and would like to convene to executive session. Before we do that, is there any other questions.

Morrill said, I understand that the financing authority question is on the table and what that looks like, but, it is unclear. Two months ago Markey sent a letter to the Town of Estes, the Mayor in August, requesting clarity on the path forward for requesting that the EDC consider approving modifications to any of the Go NoCO Project Elements but that we can't do anything without a formal request from the Applicant. Fast forward to now, here we are with a request that the Commission take action but no actual formal proposal from the Applicant, who under statute is the Town of Estes. Where is leadership there? You're putting the Commission between a relationship that exists between it and the Applicants for this project and the Financing Authority. We have been clear about what we need to consider and take action and we don't have that.

Cullen said, the Mayor called EDC staff yesterday and confirmed that this item is on the Tuesday Town Board Agenda for ratification and approval. That letter will come officially from the Town Board to the EDC.

Schiff asked if there are any other questions.

Seaton asked Cullen what his timing is.

Cullen said, I'm in crisis mode. I have to be able to show, on the financing side by January 1. I need to issue the new mortgage by January 1 and to have a path for those bonds to be issued. We have identified a fund to by those bonds. That fund doesn't want to be part of the larger Northern Colorado stuff because

of the unknown projects. They don't want to be in a case where at 75% of the vote on that bond are people are not motivated to be part of that project. I would need to substantially discount the bonds because 75% of the non-ready projects right now.

Schiff asked that we table this item and move to the Colorado Springs RTA so that we enter into executive session only once.

The board agreed.

Sheehan provided the update of Commencement documents to the EDC.

Colorado College Robson Arena

Milestones Toward Commencement	Expected Documentation	Milestone	Complete?
Certification from CC, the City of Colorado Springs (as Applicant), and the Colorado Springs Urban Renewal Authority (as Financing Entity) that one third of the CSEC MEAP, approximately \$9.2 million, has been pledged for the payment of eligible costs associated with Robson Arena as the indoor venue component of the CSEC project element.	OEDIT to obtain formal pledge document obligating the funds to CC and associated documents including bond counsel opinion and independent financial advisor to verify interest rate.	21(i)	X
The applicant has designed the Colorado Sports and Event Center indoor arena and supplemental facilities such that they satisfy the approximate and minimum size requirements listed in Resolution No. 3 Exhibit B	EDC to obtain design summary and formally approve that it satisfied Exhibit B. Also expressly approve any needed minor modifications to approximate and minimum size requirements and accept use of additional CC venues to satisfy the approximate and minimum size requirements.	22(i)	X

Colorado Springs Switchbacks Weidner Stadium

Milestones toward Commencement	Expected Documentation	Milestone	Complete?
Two-thirds of the CSEC MEAP, approximately \$18.5 million, is pledged to the issuance of bonds or to the encumbrance of debt from which the proceeds are used to pay for eligible costs associated with Weidner Stadium as the outdoor venue component of the CSEC project element.	OEDIT to obtain formal bond/pledge document obligating the funds to pay the debt and associated documents including bond counsel opinion and independent financial advisor to verify interest rate.	16(o)	X

Cope went through the updates as listed in the handout provided for AFA.

1. All items on the bond schedule that was presented September 19, 2019 are complete through October 11, 2019.
2. On October 10, 2019 the LART Committee unanimously approved a recommendation for a \$1 million grant for 2020. The grant request was for \$2 million over a 3 year period. The Visitor Center project is invited back to submit subsequent grant requests for 2021 and 2022.
3. As requested, Mayor Suthers has provided a letter to the EDC (1) stressing the importance and high priority status of the Visitor Center project (2) assuring that he has taken every action to expedite the project and the issuance of bonds and (3) providing a date certain as to when bonds will be issued.

4. As requested, the El Pomar Foundation has provided a letter expressing a willingness to entertain a grant request for Visitor Center FF&E.
5. As requested, the Lane Foundation has provided a letter expressing a willingness to entertain a grant request for Visitor Center FF&E.
6. As requested, Mayor Suthers is scheduled to meet with OEDIT and the EDC on October 24, 2019.
7. The Site Development Lease with the Air Force was “executed in escrow” on October 15, 2019. A fully executed document is expected on October 18, 2019.
8. Request EDC approval of Substitute Motion no later than November 4, 2019.
9. Updated bond schedule targets December 5, 2019 for bond issuance.

Franz asked if Cope provided a copy of that document to staff.

Cope said, the team suggested that I not do that. It’s a lengthy document. We expect to have the final document either today or tomorrow. So instead of everyone reviewing a document that is not yet finalized it would be better to wait for the final.

Kraft said, we really do need to see these documents sooner rather than later. We need to have a chance to review and explore them. We did meet with the Superintendent. One issue that came up, he alluded to that if certain milestones were not met by the leasee, that the AFA could cancel the lease. Not knowing what those cancellations might be and how they would impact and put at risk state dollars leaves us in kind of a precarious place. That is an issue we hadn’t anticipated or heard anything about, frankly, until that meeting with the Superintendent. So we really do need to dive into that lease and think about what that means for our state dollars. Given that the window of time is closing, we know that to some degree that the lease is not going to be ours to comment on, we may be able to think about and come up with some remedies that we do control for our dollars. So the sooner we can start getting through that lease, the better.

Schiff said, if you could encourage them to let us get that lease as soon as possible.

Cope said, he understands the concern. In the event we don’t get the lease today or tomorrow. I would then strongly urge them that we distribute this document.

Schiff said, you can always send a redlined version for staff and legal counsel to review.

Cope said, either way, you will have this document tomorrow. Regarding the termination provisions, that is similar to them not being able to commit to expenditures before they are appropriated. Every federal lease has some termination provisions. We’ll let you review that. We have to move this project forward. If there are concerns there we’ll just have to deal with them, like we have with everything else. Our request would be to have the EDC approve the subsequent motion no later than the November 4<sup>th</sup> meeting. Right now on the updated bond schedule, we have bond issuance targeted for December 5<sup>th</sup>, which would be in time for the December 16<sup>th</sup> deadline. However, I’m still not comfortable with that. I think we still want to have the motion approved as is with the understanding that the latest bond issuance would be March of 2020 with the very strong possibility that bonds could be issued ahead of that. I think that’s pushing it too close to the 16<sup>th</sup> and I don’t want to put anybody in that corner. I think we’ve built a very substantial case for Commencement without that.

Following the meeting on Tuesday, the AFA is still trying to coordinate a teleconference with OEDIT and EDC so you can have a more specific discussion about the Visitor Center Project. That is in process. I have

seen a draft letter from the Superintendent to the EDC. I spoke to Cruz-Gonzalez today and he hopes to have the General sign the letter today.

Cope went through the updates as listed in the handout provided for CSEC.

1. Milestone Update -All Milestones complete with the exception of 20(i) and 15(0) - completion of the Agreements between the Sports Authority and the Switchbacks and Colorado College.
2. Sports Authority Agreements Update
  - i. The agreements are substantially complete and we are finalizing certain language relating to OEDIT staff comments.
  - ii. As set forth in the Milestone letter, agreements provide for an obligation by each venue to implement the business plan and to make the facilities available for Business Plan programming a minimum number of days each year (**80 days** for Weidner Field and **50 days** for Robson Arena)
  - iii. In the event the minimum availability requirement is not meant, the venues will be liable for 1180th or 1150th of the Dedicated Revenue for that year for each day under the requirement.
  - iv. OUSTANDING ISSUES REGARDING OEDIT/EDC Revisions:
    1. Term of the Agreement
    2. Duration of Liquidating Compensation
    3. Guaranty of Liquidating Compensation by City/CSURA
3. Request EDC approval of the Motion no later than November 4, 2019.
4. Bond issuance was scheduled for October 17, 2019. (Bonds will be issued promptly following EDC approval of the Sports Authority Agreements and the approval of the Motion.)

Kraft said, when COS applied for these funds they projected at a 30-year period in which the revenues that would be received would be equal to the net new sales tax revenue generated by the state over 30 years. There were various assumptions made by the COS economist and the third party analyst that was hired by the office of state planning and budgeting. What ended up happening was all the assumptions were too conservative. Money has come into COS much quicker. Likely at twice the rate anyone had anticipated. The dilemma that leaves is they will hit their revenue cap in the next ten or twelve years. However, they have been collecting revenue much quicker than anticipated over the last four or five years. What that means is the state tax payers are paid back by the net new visitors by executing the business plan that was promised to the state. The obligation to execute that business plan, as currently written in that term, runs out after twelve years when the state was counting on thirty years of net new visitors to pay back the state. Their obligations are going to run out very quickly. As the lease is currently written there is no legal obligation even to execute the business plan for the full thirty years, much less paying compensating damages. Because the assumptions were too conservative, based in part by the applicant, the money has poured in extremely quickly. They're going to be fully paid out much quicker than anyone anticipated and their obligation to drive net new out of state visitors to pay back the state also goes away as it's currently structured. So the question is, how comfortable are we without having some tight obligations being fair to the developer and not putting any undue burdens on any entity, that is what we have to think about.

Pryor asked Cope, is the likelihood of the local council either simultaneously or before us on approving the \$1M grant.

Cope said, it will likely be on the 11<sup>th</sup> or 12<sup>th</sup>.

Franz said, the LART grant is not a requirement of anything we pass. It is not in the Resolution. It's bonus. It is not intrinsic to our plan it is just extra support. There is no requirement from the EDC or State for those dollars.

Kraft said, that is correct.

Pryor said, in my mind, it is valid in demonstrating better faith. I understand your point but I think it shows the City's good faith effort before we vote to approve something that will put us out there.

Franz asked, in terms of the agreement, what did we request of them for term of the agreement? Did we put a flat thirty years?

Kraft said no. We used a financing term. The way that is written into this agreement is it's the lesser of, when the bonds are paid off. I would say that the intent was that this agreement would be in place for thirty years in order to pay the state back but it wasn't fully stated that way.

Franz said, the term "pay us back by net new visitors", is there a complicated equation that exists somewhere that says 200,000 visitors a year equals this many dollars to the state.

Kraft said, yes there is, and you approved that four years ago.

Franz said, but not in Resolution No 3., right?

Kraft said, Resolution No. 3 is based on all that analysis and that is how you set the percentage of state sales tax increment. It was based on a complicated formula. The whole premise of the RTA and the only reason the general assembly passed it, is Colorado state taxpayers are being paid back for advancing money through this tax increment financing. It is at the heart of the trade-off that allows for the RTA.

Brown clarified, that it's a pay-back in money, not in the number of individuals visitors.

Kraft said that is correct. Individuals who generate net new sales tax revenue. It is the individuals who pay the money by providing net new sales tax.

Franz said, they have to report to us the net new visitors.

Kraft said no, they do not. No reporting of any net new visitors for any RTA. Once the percentage is set, it is all based on faith and the revenue is not tied to net new visitors. It's all done up front with the calculations and the analysis. The problem is, if these things are wildly wrong, you suffer the consequences down the road. There is not accountability to the state.

Franz said, I understand. We are taking a wild guess at it anyway. Given the fact that the ecosystem has grossly outperformed in terms of revenues so far and is expected to. Do we have something that sells us that we don't expect it to grossly outperform in terms of the economic impact?

Kraft said, not necessarily. I would say that right now, there is nothing that legally binds this project element to operate the way that it was anticipated beyond about twelve years when it was anticipated to perform for thirty years. If they decide it's hard to have these unique events, we have no recourse the way this is currently written after this twelve or so years when we were anticipating thirty years.

There are some ways to make this iron-clad but we'd like to meet in the middle and I've had some conversations with Cope about that.

Schiff said she would like to get legal counsel in this as well.

Cope said, it's a legitimate concern and he understands that but there are some additional projections and guardrails already put on this project, one is the business plan, and we do have now, an agreement to contractually obligate the developers to the business plan, and we do have a penalty of liquidating compensation built in. We have extra protections. The original concept and bargain when it was approved was we would build these facilities consistent with the application and meet the requirements of Exhibit B. If we did that then we were going to attract the net new out of state visitors. The other comment I wanted to make was about the anchored facilities versus the unanchored facilities. I can understand an Olympic Museum. That's its only purpose to draw and bring in net new out of state visitors. However, they are one hundred percent dependent upon that happening. I know it is going to be wildly successful. These projects are going to be sustainable because they are anchored. But they are not financially successful with just their anchored events. These projects are going to be here for the long run but they have an economic incentive to book these projects for additional days. Whenever this agreement expires there is still going to be an incentive to book events to bring in new revenue. They are motivated to that.

Schiff called for a motion to enter into executive session.

Dragoo 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 Colorado Springs RTA Project. Seaton seconded the motion. Motion passed unanimously.

The EDC is now in executive session.

Dragoo moved to exit executive session. Seaton seconded the motion. Motion passed unanimously.

The EDC is now in open session.

Schiff said, we are back in open session and we appreciate everyone's patience during our executive session discussions. These RTA projects are so important to us and we are seeing a lot of really great projects come out of them and we want you to know that we are in support of what you are trying to do. But we are also stewards of the public trust and money that is being diverted and spent. That is why we have to be as diligent as we are.

I want to address first the Stanley project. Regarding the proposed resolution. We need to table it. It is not ripe yet. As staff has pointed out, we have no formal request from the applicant and so we are not really in a position where we can consider it. I do want to give you some directional information. The information that you are asking for in the change of the Resolution regarding the remedies in the event in a change of the use of the facility, not objections are being raised in regard to that. Please take that as an indication of comfort to that proposal. As for the financing authority, we suggest that you go back and think about that more with the applicant. We also want to remind you that you do have an approved Resolution on the original project that does say that the state has approved the application to create the film center. We want to remind you that currently exists and is in effect. We are going to huddle up with Zuckerman as the Film Commissioner and encourage him to attend the event and welcome everyone. We do support the project and its sort of a natural extension of his job as the Film Commissioner. We are concerned about the lack of cooperation and we are very concerned that we have a project that is ready to go and moving fast and is feeling like they can't get it done because of whatever limitations they are

feeling from NCRTA and that is not okay. And how we perceive all of these other projects is certainly going to be colored by how functional you are as a group. We would ask you to consider what you can and should be doing to move heaven and earth to help Cullen.

Markey said, she will be providing a letter to the NCRTA board saying the state is supportive of all elements of the project but it looks like this one, the Stanley is the only one at this point in time, with a clear path to move forward and we want to make sure that happens and that you are doing everything you can to make that happen.

Schiff said, lastly, we have directed counsel to convene a conference call with legal counsel for the NCRTA, the SFC and the Town of Estes to discuss some of our concerns about this and to figure out how we might work with you to mediate or facilitate a more productive relationship to make sure that these projects are all going to get done. We will ask you to look at your schedules to help get that meeting scheduled as soon as possible.

Cullen thanked the Commission for their efforts.

Schiff asked Kraft to address the concerns on the COS project.

Kraft said, I am going to start with the AFA Visitor Center. Obviously, we need the lease as soon as possible. We really need to see and we need time to explore what if any implications there are for the state funding about how those lease cancellations are going to work. Based on all the information that you provided, the general sense of the EDC is that they were getting comfortable with the FFEE situation. However, there is one thing, and I have eluded to it obliquely to you before, we are getting close to comfortable to Commencement without bonding, however, and it is a big however, we really believe that if this project is going to happen and come together, it is going to have to happen over the next, five months or so. If we declare Commencement based on all the information you have supplied, we would look to enter into an iron-clad side agreement with the State of Colorado and the financing entity and/or the applicant saying that even though you have Commenced, if you do not bond by March 31, 2020, we would substantially modify the award down to a de minimis amount. So basically if you don't bond by the first quarter of next year, the funding gets cut to less than a trickle. Those are the big takeaways I have on the AFA Visitor Center.

Morrill said, it would be a Release. That is the key word. It would be a self-executing provision of the Resolution saying if you do not commence then the award is modified as provided in a side agreement with a release of all claims related to that.

Kraft said, that would be a three-way document between the State, the Financing Entity and Applicant.

Kraft moved on to the Sports and Events Center. One thing we need is the terms of the agreements, the developing and operating agreements to be thirty-year terms following the business plan. And we want to make the State a third party beneficiary and we want to have it written in that the remedy is specific performance to not following the business plan. We are okay with uncoupling that thirty-year term from the liquidating compensation. So it can work as it is in the current agreement. It doesn't extend beyond the financing term. But basically the term of the lease is thirty years. For the third party beneficiary there is specific performance as a remedy in that thirty year term. Because we do think that making fifty and eighty days available for programming is really not a hard ask. They do need to do it for thirty years to help pay back the state's revenue. Those are the key things here.

Cope asked, so the liquidating compensation would terminate on the financing term?



Kraft said, yes. But the term of the lease would go further and the state would be that beneficiary. And of course we want to see the lease with CC, which we haven't seen yet.

Schiff asked Cope to make sure and get us the AFA lease by tomorrow. I want to extend our appreciation to the applicant as we address some of these guardrails. We know what we are putting your through. We are faced with some of these different issues because things happened differently than we thought they would and these are complicated projects.

For the Sports and Events Center, this is what we need. We are not looking any further negotiations on this in terms of the thirty year term. Because it is really about a commitment over that time period for the net new visitors and that really relates to that programming. That is why we are so focused on that.

**F. Other: Ken Jensen, Sean Gould, Katie Woslager, Carrie Schiff  
Transferrable Tax Credit (TTC)**

Jensen presented the TTC program update. In this fiscal year, the EDC has the authority to issue the final \$10 million in precertifications. If the projects for Evraz and VF Corporation proceed as planned, Evraz will receive a precertification of \$6.9 million this fiscal year (for a total of \$17 million), and VF Corporation will receive a precertification of \$3.1 million this fiscal year (for a total of \$13 million). These two precertifications total \$30 million, which is the statutory maximum.

OEDIT is currently working with VF Corporation to establish that the requirement to make a Strategic Capital Investment of \$100 million has been met. When OEDIT has this documentation, it will be brought to the EDC for confirmation.

Project 5000 (Evraz) needs to complete an engineering study before they can make a determination as to whether to commit to their project. Their goal is to finish this engineering study by December of 2019, then present the study to their board for the "Go/No Go" decision, which is expected in. On Aug 22, Ken talked to Evraz. They confirmed that they expect to be able to announce the go/no-go decision in early 2020.

**EDC Budget**

Gould presented the EDC Budget which shows a current available balance of \$5,825,796.

**AI Budget**

Woslager presented the AI Budget which shows \$15,519,389 in remaining available funds.

**Next EDC Meeting**

November 4, 2019 Call Meeting and November 21, 2019.

**With all items discussed, the meeting was adjourned.**