

ECONOMIC DEVELOPMENT COMMISSION
MEETING MINUTES
January 16, 2020
830 a.m. – 11:20 a.m.

MEETING DATE

January 16, 2020
1600 Broadway, Suite 2500
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, David Dragoo, Rob Brown, Jay Seaton, Wendell Pryor, Jandel Allen-Davis, Benita Duran, Chris Franz, Becky Takeda-Tinker, Gretchen Wahl, and Blake Jones.

B. Guests

Lucas High, Chris Silvestri, Colin Floom, and Ed Sealoover.

C. Staff

Betsy Markey, Jeff Kraft, Sean Gould, Ken Jensen, Che Sheehan, Tad Johnson, Leslie Hylton, Max Nathanson, Andrew Wallace, Mariel Rodriguez –McGill, Donald Zuckerman, Reid Aronstein, Katie Woslager, and Virginia Davis.

DECISION/ACTION ITEMS

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

| | |
|---------------|--|
| JGITC: | Project Crystal. |
| EZ: | PP_Ecumenical Social Ministries; PP_Trolley Museum & Restoration Shop; PUE_Steelworks Tourism Operations; and PP_The Salvation Army Homeless Shelter and Transitional Housing. |
| COFTM: | Red Winter. |
| RJS: | Fremont County Zone Formation. |
| SF: | Marketing Fund. |

A. Meeting Called to Order

Schiff called the meeting to order.

Meeting Minutes

Franz moved approval of the December 19, 2019 EDC meeting minutes. Takeda-Tinker seconded the motion. Motion passed unanimously.

M/S/P - Franz, Takeda-Tinker – December 19, 2019 EDC meeting minutes approved as presented by staff.

B. OEDIT Legislative Update: Leslie Hylton, Jeff Kraft

Hylton provided the board with a legislative update which covered the OEDIT 2020 Legislative Agenda, and the FY21 Budget requests.

The board thanked Hylton for the update.

C. Job Growth Incentive Tax Credit (JGITC): Max Nathanson, Sean Gould
Project Crystal

Hadwiger presented Project Crystal. Project Crystal is a venture-backed European biotechnology company that is considering opening a new facility in Colorado. The company behind Project Crystal provides a software as a service (SaaS) platform to hospitals to enhance their predictive analysis capacities. Project Crystal will involve the creation of an R&D facility that will include IT, bioinformatics, production, and shipping lab capacities. In addition, the project will include management and administrative functions to support the firm's growth in the United States. Colorado is competing with Texas and Massachusetts for Project Crystal, and within Colorado the company is considering Adams County.

This project supports the state's economic goals for several reasons. First, this project would represent a leading foreign company choosing Colorado over other premier domestic bioscience clusters for the site of its US R&D presence. In addition, this project would bolster innovation and density in Colorado's biotechnology industry. These elements increase our ability to attract, grow, and retain biotechnology companies in Colorado.

Staff is requesting \$1,872,622 in performance-based Job Growth Incentive Tax Credits over an 8-year period. This incentive is contingent upon the creation of up to 69 net new jobs over the next eight years at an average annual wage equal to or greater than the average annual wage of the county 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 - Pryor, Takeda-Tinker – Project Crystal approved as presented and recommended by staff.

Project Virtual Update

Gould provided an update of Project Virtual. OEDIT uses the company's employment plan as the starting point in determining the size and structure of the JGITC performance based award to win the project in Colorado and makes a recommendation to the EDC for approval.

At the December 19, 2019 EDC meeting when Project Virtual was presented to the EDC for approval, it was revealed during discussion that there was an error in the company's application materials supplied to OEDIT, specifically with the Employment Plan. At the meeting the Company representative stated that instead of 715 Net New Jobs (NNJs) supplied to OEDIT, the company is projecting 500 NNJs to be created by this project.

A motion was made, and approved, to approve the staff's recommendation as the maximum award, but to recalculate the award, on a pro rata basis, using an updated employment plan to be provided by the company.

OEDIT received the new employment plan from the company for this project. The new company employment plan is for 500 NNJs. Therefore, the maximum incentive for the performance based JGITC award for Project Virtual has been reduced to 69.9% (500/715ths) of the approved amount, which is a maximum of \$8,848,365 for up to 500 NNJs to the state of Colorado. All other terms and conditions remain as approved. No EDC action required.

Update of Previously Approved Projects

Hadwiger said, Canfield Bikes, introduced as Project Spoke has chosen Colorado for their headquarters relocation. Canfield was approved in December of 2019 for a SF incentive in the amount of \$60,000.

D. Enterprise Zones: Andrew Wallace

Wallace presented the following Contribution Project Proposals for approval.

| EZ | Project Name | Project Type | Project Category | Completion Date | Project Budget | 1 yr. Projected Credits |
|------------|---|---------------------|--------------------------|------------------------|-----------------------|--------------------------------|
| Pikes Peak | Ecumenical Social Ministries | Operation | Homeless Support | 12/31/2024 | \$757,554 | \$28,000 |
| Pikes Peak | Pikes Peak Trolley Museum & Restoration Shop | Operation | Visitor Event/Attraction | 12/31/2024 | \$24,000 | \$1,375 |
| Pueblo | Steelworks Tourism Operations | Operations | Visitor Event/Attraction | 12/31/2024 | \$399,365 | \$4,750 |
| Pikes Peak | The Salvation Army: Homeless Shelter and Transitional Housing | Operations | Homeless Support | 12/31/2024 | \$1,065,289 | \$50,000 |

M/S/P – Takeda-Tinker, Duran – EZ Contribution Project Proposals approved as presented and recommended by staff.

Wallace update the EDC on the tax expenditure review by OSA. Staff has provided the information requested by OSA to date. Staff expects that review to be out on Friday, January 16, 2020.

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

COFTM Project Update(s)

Rodriguez-McGill said, The Food Network Challenge, introduced as Project Donut in September of last year premiered on the Food Network channel December of 2019. This is an ongoing challenge and will air again in January 2020. Reclaimed was approved in July of 2019. They premiered in January of 2020.

COFTM Budget

Rodriguez-McGill provided a COFTM budget update which currently shows \$1,250,000 in unobligated funds.

Rodriguez-McGill presented Red Winter. Red Winter is an independent feature-length film that will shoot in Colorado during the winter of 2020, with an anticipated start date in late February. The film features a young woman, Carla, who was taught at an early age how to hunt, fish and embrace the world outside her doors. A snowmobile trip turns disastrous after a harsh Colorado blizzard moves in, putting Carla's skills to the test. She can survive the freezing temperatures but can she survive nature and the chaos that resides in all of us when civilization vanishes and death stares us in the face?

The film will be shot entirely in Colorado mountain towns. The producers are currently scouting locations in the South Park area, Breckenridge and Aspen.

The objective of this request is to spur production in the state and support the local content creation workforce, which includes opportunities for line producers, grips, videographers, local actors and more. Additionally, this film will create economic impact in areas outside of Colorado's front range. This publicity may create tourism opportunities, as well as demonstrate that Colorado is a film-friendly community.

The estimated qualified local expenditures of the application would result in a rebate of \$26,909. Per the applicant's estimations, the COFTM is anticipating a total of \$134,545 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$228,727.

M/S/P – Takeda-Tinker, Jones – Red Winter approved as presented and recommended by staff.

Schiff asked staff to come to a future meeting with a plan for sustainability.

Zukerman said the Legislature is in session and staff is working on future funding for the program.

F. Rural Jump-Start (RJS): Ken Jensen
Fremont County Zone Formation Request

Jensen presented the Fremont County request. Fremont County has submitted an application to form a Rural Jump-Start zone. This zone would include all of the unincorporated county, but no municipalities at this time. The Upper Arkansas Area Development Corp endorses this application.

This application to form a zone was first discussed at the EDC meeting in Fremont County last November. At that time, OEDIT spoke with Howard Brand of Brand Tech, a company that has developed a process to extract oil and recyclable materials from discarded roofing shingles. Brand Tech has expressed interest in the Rural Jump-Start Program and is working with OEDIT on submitting an application.

Staff recommends the approval of Fremont County for inclusion in the Rural Jump-Start program.

M/S/P - Duran, Pryor – Fremont County approved for inclusion in the RJS program.

Updated List of Previously Approved Projects

Jensen provided a list of companies approved for participation in the program.

G. Regional Tourism Act (RTA): Jeff Kraft, Ken Jensen, Che Sheehan
RTA Program Monitoring Update

Jensen provided the following update:

| Project/Element | Status | Planned Opening Date (or other summary info) | Key Next Steps | Immediate Items for EDC |
|---|--------|--|--|--|
| Go NoCO (Must Commence by 11/12/20) | | | OEDIT staff expecting feedback from NCRTA on next steps and project change requests. | See report from Development Strategies |

RTA Training/Revenue Projections

Kraft presented an update of TIF Revenue for RTA projects. The purpose of this presentation is to review the status of Dedicated Revenue received by all RTA projects compared to the original projections provided in their respective applications. This presentation is also designed to provide annual board training on the RTA Program as a whole.

H. Strategic Fund (SF): Sean Gould, Reid Aronstein
SF Balance Forecast

Gould provided the SF Balance Forecast which shows a current available balance of \$ 5,596,739.36.

Marketing Fund Request

Gould presented the Marketing Fund request. The EDC Statewide Marketing Initiative supports small-scale marketing, promotional, and business development initiatives (as allowed by EDC's statute) in Colorado. This is an internal project, with funds being used to reimburse purchase orders for marketing expenses which are submitted to OEDIT for payment.

This project will be administered by OEDIT Business Funding & Incentives with project approvals provided by OEDIT Executive Director Betsy Markey. Individual projects could be initiated in multiple divisions in OEDIT. The intention is that individual uses of the funds will be for \$20,000 or less with larger requests

being taken to the EDC for specific individual approval as a separate strategic initiative. Having these funds available allows OEDIT leadership to respond quickly and flexibly to small dollar amount, but strategically beneficial, sponsorship opportunities which often arise on short notice.

These funds are intended to be used sparingly and factors considered include project benefit, availability of matching funds, industry and/or community support, and others. Since 2015, when the EDC last approved a new allocation of these funds for OEDIT, approximately \$118,000 in total has been deployed.

Staff is requesting \$100,000 in discretionary marketing initiatives available for calendar year 2020. To be awarded by OEDIT Executive Director in up to \$20,000 amounts per marketing initiative without further EDC commissioner approval. Unused amounts will carry-forward to following fiscal/calendar years subject to OEDIT giving an annual report to the Commission about how the funds are being used.

Takeda-Tinker moved approval of the request. Pryor seconded the motion.

Allen-Davis said, unless there is a statutory or regulatory reason why the limit is \$20,000, the EDC should consider granting staff the ability to grant these beyond the \$20,000. We have to trust the staff doing the work.

Schiff asked the board if we need a sublimit of \$20,000 or do we want to trust the discretion of the executive director.

Takeda-Tinker said, maybe for staff's protection they want us overseeing the projects over \$20,000.

Markey said, staff has found that a limit is good for staff as sort of "gut check". Staff will discuss possible changes to this request and return to the EDC with an update or possible revised proposal.

M/S/P – Takeda-Tinker, Pryor – Marketing Funds approved as presented and recommended by staff. Seaton recused himself from the vote on this item.

Space to Create

Gould provided the Space to Create project update provided by Hunt. Construction is underway at both the historic Main Street site as well as the new construction on Elm Street. This \$18 million project includes 41 units of housing and live/work space and 20,000 s.f. of community and commercial space.

The Main Street site includes three historic buildings. Plumbing, electrical and HVAC are completed and drywall is being installed. Exterior repairs are advancing and historic approvals have been secured for windows and storefront façade work required due to the use of historic preservation tax credits.

The new construction on Elm Street is underway. Concrete has been poured and wall sections are being installed. The building will be fully erected by the end of January.

Two community meetings have been held outlining the residential application process and income verification for interested tenants due to the use of low-income housing tax credits. The application process will begin in February with an anticipated project completion date of June/July 2020.

SF Program Board Training

Gould and Aronstein provided SF Program training for the board in compliance with HB 18-1198 C.R.S. 24-3.7-102.

I. Other: Ken Jensen, Sean Gould, Katie Woslager

EDC Budget

Gould provided the EDC Budget update which shows a current available balance of \$5,596,739.

TTC Program Update

Jensen provided an update of the TTC program. 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 early 2020.

AI Budget

Woslager provided an AI Budget update which shows a remaining balance of \$4,373,381.

Next EDC Meeting

February 20, 2020.

With all items discussed, the meeting was adjourned.