

ECONOMIC DEVELOPMENT COMMISSION

MEETING MINUTES

March 19, 2020

8:30 a.m. – 12:05 p.m.

MEETING DATE

March 19, 2020

1600 Broadway, Suite 2500

Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Katie Dugan, Bob Cope, Dan Schnepf, Don Hunt, Eric Smith, John Muhlenberg, Jariah Walker, David Neville, Carlos Cruz-Gonzales, Ed Sealover, Lucas High, Rebecca Gillis, Marc with Project Coral, Brian with Project Swirl, Stephen Liapis, Dominic Jones, Terry Blair-Burton, Eileene Andrews, Laura Lewis-Marchino, Cathy Schulte, Mike Sinnet, Karra Walker, Christine Shaphard, and Laurie Troge.

C. Staff

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

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the March 9 and February 20, 2020 EDC meetings.
2. The Economic Development Commission approved the following projects/items:

JGITC:	Project Coral, and Project Swirl.
EZ:	Adams- Children's Hospital Colorado, Northwest - Game On Camps, Weld - Island Grove Regional Park Arena, Northwest - Museum of Northwest Colorado, Southwest - Pagosa Festivals, and Denver - Samaritan House - Approval for contribution projects that will encourage community giving for local business support in the face of COVID-19.
AI:	Treatment of Non-Melanoma Skin Cancer using Radioactive Film Therapy (RAFT), Ceramic coatings with integral damping properties for enhanced gas turbine lifetime, and Prototyping smart spacers for improved water treatment.
RJS:	Certek, and Annual Tax Credits for Rocky Mountain Manufacturing, HearO Club, Geyser, and Phoenix Haus.
RTA:	Hold of March 31, 2020 BID bond issuance deadline for the US Air Force Academy Regional Tourism Act Project Element in abeyance.

A. Meeting Called to Order

Schiff called the meeting to order.

Meeting Minutes

Duran moved approval of the March 9 and February 20, 2020 EDC meeting minutes. Takeda-Tinker seconded the motion. Motion passed unanimously.

M/S/P - Duran, Takeda-Tinker - March 9 and February 20, 2020 EDC meeting minutes approved as presented by staff.

B. Job Growth Incentive Tax Credit: Michelle Hadwiger

Project Coral

Hadwiger presented Project Coral. Project Coral is a start-up technology company that provides software and analytics for consumer-facing clients. The company behind the project is currently headquartered in San Francisco. It also employs 99 people in Colorado. Project Coral is considering Colorado among other high-growth locations in the US as the company determines where to base its expansion. Project Coral is estimated to create 465 net new jobs over the next eight years at an average annual wage of \$107,591, which is 148% of the average annual wage in Denver County. These jobs include a full suite of corporate administrative, sales, business operations, data analytics, and engineering positions.

This project supports the state's economic goals for several reasons. First, the project will create high paying jobs in the technology sector, a key industry that Colorado makes a concerted effort to grow and foster. Second, the project represents an opportunity to retain a Colorado-grown company as it rapidly expands and seeks out a location in which to grow quickly and in a cost effective manner.

Staff is requesting \$4,910,471 in performance-based Job Growth Incentive Tax Credits over an 8-year period, 96 months, is requested from the EDC. This incentive is contingent upon the creation of up to 465 net new full-time jobs at a minimum average annual wage 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 – Wahl, Takeda-Tinker – Project Coral approved as presented and recommended by staff.

Project Swirl

Hadwiger presented Project Swirl. Project Swirl is a replacement for Project Pike, which the EDC approved in December 2019. The company behind Project Swirl deploys a concrete cooling technology to support a range of construction functions. The company behind Project Swirl is evaluating multiple markets in which to expand its production capacity in order to support the growth of the company. The need for this expansion is driven by strong growth projections and the necessity to capture skilled engineering and sales talent. Project Swirl is comprised of a variety of technical engineering, business development, research and development, and management roles.

Following the approval of Project Pike, which allowed for a JGITC of \$771,788 for the creation of up to 57 jobs at an AAW of \$107,965, the company was approached by an investment firm that was interested in investing capital into the operation. This increase in capital created an opportunity to increase R&D activity as well as increase the new job projection from 57 to 129 net new jobs. During the process of reconsidering the new job projections, the company re-addressed the consideration as to where to locate the larger project. One option would be to split the jobs between Colorado and Dallas. Another option would be to put all jobs in Colorado. The third option would be to put all of the jobs in Dallas, Texas. The

company has operations in both Colorado and Texas, and the majority of the company's clients are in Texas and in the Southern United States. The company currently employs 40 people in Colorado.

The company estimates that Project Swirl will lead to the creation of up to 129 net new full time jobs. This project supports the state's economic goals for several reasons. First, the project will support an infrastructure services and engineering R&D expansion in Colorado. Second, the project represents an opportunity to support a company with a presence in Colorado it seeks out a location in which to grow quickly and in a cost effective manner. Lastly, the project highlights Colorado's engineering talent and innovation, which is competitive across national and international levels.

Staff is requesting \$1,441,458 in performance-based Job Growth Incentive Tax Credits over an 8-year period, 96 months, is requested from the EDC. This recommended award will replace, include and extend the incentive previously approved under the name Project Pike which has been canceled. This incentive is contingent upon the creation of up to 129 net new full-time jobs at a minimum average annual wage equal to or greater than the average annual wage of the 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 – Pryor, Duran – Project Swirl approved as presented and recommended by staff.

Update of Approved Projects

Hadwiger provided the following update. Pax8 approved as Project Sky at the February meeting has chosen Colorado. Pax8 was approved for a JGITC in the amount of \$18,900,514 for the creation of up to 1,852 net new full-time jobs and a \$275,000 SF LONE grant for the creation of up to 55 jobs. SOPHiA Genetics, approved in January as Project Crystal has chosen Colorado. They were approved for a JGITC in the amount of \$1,872,622 for the creation of up to 69 net new jobs.

C. Strategic Fund: Jeff Kraft, Michelle Hadwiger, Sean Gould, Max Nathanson, Reid Aronstein EDC Budget

Gould presented the EDC Budget which has a current available balance of \$5,141,542 in available funds.

Strategic Fund Balance Forecast

Gould presented the SF Balance Forecast

Programmatic Strategy Emergency Response, COVID-19

Markey provided a high level overview of the state's response to COVID-19.

Kraft said, we wanted to queue up for potential discussion, what it would mean to use some part of the SF to respond to COVID-19. We wanted to give you a quick recap of some of the statutory framework around that. Sean eluded to this earlier and I won't go through the numbers but we have an available normal balance and we also have a SF Reserve that's for exceptional opportunities and contingencies and crisis. So you can see what those amounts are and we do have some funds available. Normally the statute directs us to use these funds to provide performance-based grants to new businesses for net new job creation. It also does give us some flexibility to provide grants to nonprofits to promote public benefits associated with economic development.

We are going to quickly move into talking about the proposal or concepts around the proposal. We don't have a firm proposal because the policy environment is so fluid and we do want to align this with other state and federal resources which are becoming available lit up hourly basically so we didn't want to pull the trigger too quickly.

Kraft presented the following concepts for use of the SF.

- Anticipate multi-phase approach with more than one policy initiative
- Provide grants to non-profit lenders/CDFIs/rural loan funds across Colorado to fund 3 months of interest payments (and additional loans) for at risk small businesses. This would not exclude any county. This will include all 64 counties in Colorado.
- Potential implementation with CHFA
- Support for Medical Supply Chains
- Social Impact Response (Health Workers, Educators, re-employing laid off workers)
- Import/Export Assistance
- Contracting flexibility and extensions to Strategic Incentive/JGITC incentives (delay or extend credit periods)

Hadwiger said, complementary to what the federal government is trying to do we're trying to address gaps in the Colorado Marketplace and also provide some social impact ways that we think the Strategic fund money could be directed to that are beneficial for not only what's going on currently but also provide economic benefit and some of that looks like perhaps the big companies in Colorado that have purchasing power to purchase medical equipment could pass on their cost savings to other individuals and then get some sort of benefit for using their purchasing power to access medical supplies and then get them at a lower cost and faster rate into the market.

Social impact response to healthcare workers and educators and re-employing or re-skilling or upskilling workers that transition into critical job functions that the state needs. Import and export assistance that when vertically integrated supply chains are disrupted because of being so heavily dependent on Asia, what does that look like and are there ways we can offset the implications and or mitigate some of the hardships that some Colorado companies may experience as a result of that. And looking at some of the administrative red tape that might be creating a problem as a result which would be contracting flexibility extension and or delayed or extended credit periods. Looking at clusters of businesses that we have been thinking about business models that could benefit them either through tax credits or income tax benefits to employees for certain things so those are just high-level things that we're thinking about.

Kraft said, in regards to contracting. With the JGITC by statute projects do have to commence within 18 months. We take a flexible approach so that could mean starting to hire, signing a lease or signing an option on land it could mean doing an engineering survey to build a building but they do have to demonstrate that the project has commenced but that's a very flexible standard it's not a deeply embedded standard like the RTA standard of commencement. So, we do have to document that they have commenced, but after that we do have flexibility. We could, for example, delay the start of the 8-year credit period. The other thing we could do is explore contract extensions or change the credit period for existing contracts. We can't do it for every contract because we don't have the capacity but for businesses that are still pursuing projects but were just delayed by a year or two we can explore the process of just changing the start date on the credit period.

We are very interested in making this program as business-friendly as possible to keep consenting businesses to hire in Colorado. Sean Gould obviously manages that contracting process and we will use maximum flexibility and will do consulting with those in legal and procurement to make sure we understand what we can do legally but we will use maximum flexibility to adjust how these contracts work and in some cases it could even mean bringing a project back to you for a re-approval if it meets those criteria but we definitely feel like this is an important tool that we will use to maximize benefits and job growth Colorado.

Today we are looking for feedback and input on these ideas.

Pryor said, all of our incentives are related to primarily job growth and I think that we need to combine that with the mindset of how do we keep company's here. So what's the job retention strategy and what does that look like and how does it differ from job growth. I think we need to be prepared to answer that question. What is it going to take to keep a company in business even though it may scale down and encouragement to remain in Colorado.

Kraft said, retention is important and some of our programs do address it but you're right, it becomes even more critical in the current environment.

Hadwiger said, a couple of the projects approved today actually are retention projects because they are expansion opportunities. So while it may look like we're incentivizing job growth it's just as much about incentivizing the existing presence and capturing new investment. But we would consider a lot of the projects you already approve as retention oriented.

Kraft asked for more feedback.

Brown said, I think you're on the right track so I appreciate the effort you guys have put into this. I think it's important we consider the fact that this isn't a 30 or 90-day reaction to the problem most of the detailed reports are saying this is an 18-month scenario so I think in terms of how we react to it in the money that we have available and are going to have available we need to meter it out or imagine how our budgets going to look as this thing progresses. So I just wanted to throw out that particular point. We want to make sure that we make the budget that we do have, last as long as it can to have the maximum impact.

Kraft said, that's a really wise point and we do think this is a multi-stage effort with likely different phases of crisis may require different tools and different actions and as things evolve I think you will see different proposals coming from us to target different stages of the situation. Thank you for that point and that reminder.

Schiff said, I do a lot of work with the Boulder SBDC and I've had the benefit of seeing what I would describe a rapid response in terms of pushing out information and changing how they engage with the businesses that are coming to them for support in this quarantine mode in a really effective manner. I have been very impressed by it. They are really pivoting quickly.

Duran asked about aspects related to small business functions but maybe provided by non-profit organizations. In looking through the slides provided, I see the reference to connecting to philanthropic foundations and leadership in that arena and I'm curious as to what information or resources might be aligned here that support those non-profits that provide community services and programs that are impacted here but that are not necessarily classified as a small business.

Kraft said, a couple things is the loan programs that are under discussion including the small business EIDL Loan program but also some of the nonprofit lenders that we talked about supporting here do and are able to give loans to 501 c 3s and certain other types of nonprofits so some of those functions absolutely are contemplated in terms of helping a buttress and support those nonprofits in general and obviously if we supported the nonprofit lenders that would be a direct financial support to a nonprofit group. Additionally as some of the sort of policy recommendation groups are formed there are key nonprofit leaders that are part of some of these policy formation groups as well so the nonprofit perspective is critical and we want to make sure our tools both support and align with the nonprofit and also take advantage of partnering with nonprofit resources. When you hear from Sonya on the EZ contribution projects that are also a tool for nonprofit support for businesses we definitely open to those nonprofit partnerships and if you think there are additional ones that we should be thinking about considering or aligning with we're definitely open to hearing about that as well.

Markey said, you all may be aware that there is also a Colorado COVID-19 relief fund that has already raised \$3M so far and those funds will soon be a process rolled out where groups and organizations can apply for funding for that philanthropic effort that is going on throughout Colorado and the funds will be used for prevention then impact and then recovery so there may be a process down the road to also get support from the relief fund during the during the recovery effort.

With no other questions, the board moved to the Enterprise Zone response to COVID-19.

D. Enterprise Zone: Sonya Guram EZ Program Response to COVID-19

Guram said, to respond to the COVID-19 virus and its impact on communities in every corner of Colorado, OEDIT and the Enterprise Zone administrative team have put together a contribution project proposal that will enable all enterprise zones to have a contribution project that will accept cash contributions to create a funding pool that will be used to support enterprise zone businesses and their employees during this hiatus to business as usual.

Each enterprise zone administrator has expressed interest and is pleased to have this unique tool to directly assist businesses impacted by COVID-19. We are presenting a model project to you today, but each zone will develop specific assistance programs and criteria for businesses that may be supported with project funds. Some administrators already have designs on small grants or customizing existing support mechanisms they have for business disruptions for today's unique issue.

As time is of the essence, Commission approval is requested today. OEDIT staff will continue to work with the zone administrators as they develop specific projects or collaborate with economic development partners to make sure that these funds are utilized appropriately. We will also be encouraging communication and idea sharing among the enterprise zones as creative approaches to helping businesses weather this downturn are formed.

Pryor I like the idea of the concept especially giving that flexibility with some possible funding support to the EZ administrators but the only thing I would worry about is, are they duplicating efforts that the local EDC's are already doing. It sounds a lot like what we're being asked to do and I would hate there to be any competition so if they could consult with existing local EDC's to the extent that they exist within the Zone I think it would be fine and we can both put our heads together and come up with something that might

work. I would hate to be soliciting money in this County to go toward that kind of an effort. I would be concerned about any competition or duplication.

Guram said, a lot of the Zone administrators did bring that up and they've already seen organizations within their region starting on this so they're aware and would not want to duplicate efforts but figure out where there's a need or if they can also support the effort that's already going on.

Just to make it clear, our EZs really vary in their size. So for example in Northwest Enterprise Zone encompasses about 12 counties, so the number of projects they might need and the different partners they have could be actually more than one but other zones where it's really encompassed by one county might be a different situation so we would allow flexibility for that. As each of these EZ administrators starts to put together a project Andrew and I would be working with them to really outline those details. As with every project they will have letters of support and show that they work with their Partners. They would be working through those details. Staff wanted to come to you and get this approval upfront so that they could go ahead and get started as quickly as possible. If you like, once the projects are in place we can bring those back to you just so that you can see more of the details we can put those in your future packet.

Seaton moved approval of the EZ COVID-19 response. Pryor seconded the motion.

Schiff said, before I call for a vote I'd like to just ask that the motion include that you will provide feedback as soon as these programs get set up on what all of the elements are, what the criteria are, and the process deploying. Will you use the same peer review process to review these projects that you're using for any other project?

Guram said, likely. We did have a quick peer review as we came up with the model project that we put in your supplemental packet and that one we used Denver's portal to put that together. But we might have more of an expedited peer review. Another thing we talked about with all of them is that we want to make sure they're sharing among EZs. So if one has come up with an idea that would be great to deploy elsewhere, they'll be sharing that information. And through our application system which is a Salesforce system, they all see what the others are doing and they have access to that. So we'll definitely have sharing. I think Andrew and I will be primarily on top of making sure that the criteria are met but not go through an extensive peer review before we allow them to get started.

Kraft said, a way to think about this is the EZ administrators all collaborated on this together and went through that broad peer review process in developing this model project. They had a lot of conversations last week to pull this together.

Schiff said, so what we're really approving is projects that are based on this model that's in front of us that will be will be overseen by Andrew and Sonya in terms of a kind of you'll serve as a check on it as they start implementing the program. Is that a correct assessment? I'm a little concerned because this is very loose and it's urgent times and it's a great initiative if you can see where it may bump into other programs as Wendell pointed, that people are trying to do. And we're so careful in how we make sure that these EZ programs are compliant and have a nice process around it that I'm just a little bit uncomfortable with this sort of "blank check". What's the oversight and what does this really look like. I want to make sure that we're being good stewards and providing the right boundaries around our approval. So if we give this approval, is the EZ administrator going to go off and do the project and not

check in. Or are you going to check in and have them provide the parameters of the project, and have staff review to make sure it is within the boundaries of the model program the EDC approves?

Guram said the EZ administrators will need to submit for staff review and approval before a project can move forward. They will have to put together enough detail in their project application before we activate it. We will be looking for the collaboration piece. What are the details of how you're going to use this funding in fairly specific terms and there will still be some flexibility but getting them to really figure out who their partners are if they are partnering with someone and the regular details that we always put into the application of detailed activities how it's addressing their economic situation and in this particular case how it's really supporting businesses affected by COVID-19 as well as the job impact we look for.

Schiff said, so if we are delegating our review and approval authority to you to administer these programs based on this model, approving it in that way does that give you the approval you would need to roll this out?

Guram said I would call it an approval of the EDC to allow EZs to establish projects to address businesses impacted by COVID-19 under this model with more details about the activity to come after.

Kraft said, if we are seeing activities that are broad or unhelpful or beyond the scope of what's included in this specific approval and model, we would say that's a new project and they would have to come back to the EDC if you're doing something beyond this scope. We can also commit to giving you updates as these projects go online and make sure that you're comfortable and can give us feedback and suggestions and if you think the project doesn't meet the spirit or the letter of the model that was approved, we can step in and stop the project.

Pryor said, I think if there would be a requirement for them to touch base with any economic development organization, that would be the guardrail I would be looking for because I was on a call with economic development people yesterday and they're doing some of the same things even in the metro area and I do have that concern just generally, not with my specific EZ administrator, that the economic development folks not be left out of the loop because we may be going to the same funding sources to raise money. That's my biggest concern.

Guram said, if there is a Commissioner that wants to be in the loop on these as they come up we would be happy to engage that person and have them have a little more involvement with each one.

Schiff asked if there was a volunteer.

Duran said she would be interested in that.

Schiff thanked Duran for stepping up and volunteering.

Schiff called for a vote.

M/S/P – Seaton, Pryor – EZ COVID-19 Program response approved as recommended by staff.

Schiff moved the board to the Business Support Update.

Business Support and Rural Prosperity

Plagens provided an update on the Business Support and Rural Prosperity's response to COVID-19.

In response to the current crisis the Business Support Team, including the Small Business Development Center (SBDC) and the Minority Business Office (MBO), has organized into the following teams to coordinate our response to the small business community. The teams are composed of OEDIT business support staff members and SBDC center directors and staff.

Core Team

Glenn Plagens- Director of Business Support and Rural Prosperity

Joey Jenkins- State Director SBDC

Rosy McDonough- MBO Director

Sharron King- Boulder SBDC Director

Mike O'Connell- Larimer SBDC Director

Marcia McGilly- South Metro SBDC Director

Aikta Marcoulier- Pikes Peak SBDC Director

Lisa Hudson- East SBDC Director

SBA Economic Injury Disaster Loans (EIDL) Team

This team has been activated to support small businesses seeking EIDL from the SBA. This includes training SBDC consultants, developing resources to support the EIDL process and acting as a liaison between the SBA and SBDC.

Other Small Business Loans/Grants/Assistance Team

This team has been activated to research and share other resources that can help small businesses beyond the SBA EIDL. The team includes staff from the MBO to support funding resources that may be available to help serve minority communities.

Continuation of Services Team

This team has been activated to support the continuation of SBDC/MBO/ROR services in an evolving virtual environment. This team will support our 15 SBDC centers as we move consulting and training to virtual platforms.

Communications Team

This team has been activated to align resources and communication channels to help Colorado small businesses. This includes supporting websites, social media channels and working with the OEDIT communications team to align communications and resources.

Manufacturer's Edge Team

Manufacturer's Edge (ME) is a close partner of OEDIT. ME is working to provide support to Colorado manufacturers and address supply chain issues.

Startup Colorado Team

Startup Colorado (SUCO) is working with community and economic development agencies to support the business response teams that are being organized and started across the state.

SBDC Centers, Consultants and Staff

The Colorado SBDC Network is over 300 strong. We are mobilizing our army of consultants to help small businesses respond to the current crisis and be prosperous afterwards.

HOTLINE

OEDIT has stood up a HOTLINE for all inquiries.

303-860-5881

The HOTLINE team will answer questions and track calls to connect businesses with resources as they develop.

Plagens said, I wanted to give a little more context into how the EIDL loans will work. The interest rate on these loans is 3.75% for profit, and 2.75% for nonprofit. One thing that is really important in the context of these loans is the SBA is not going to compromise their criteria, which means that if your business has been in business for less than 18 months it's most likely very vulnerable and will not qualify for these loans. They need a prior year of revenue as a benchmark to gauge losses before they will release loans under this fund. Microloans, CEF, before this hit, their overall default was under 3% and they do a really good job of sifting through the client's in terms of who will make it and who will not before they lend money. So I think this is a good pool for us to look at going forward. I just wanted to add that context.

I'm going to switch over real briefly and just give you an idea of what the SBDC and the Business Support division is doing for this disaster. The SBA group is working right now to develop the mechanism basically based on our experience with disasters in the past to develop that program around helping clients get the EIDL loans going forward. We have another team aggregating resources statewide and nationwide that might be able to help a business outside of the EIDL loans. They've identified a ton of great resources and we're aggregating those. The goal is to have this live on the website. We have a continuation of services team that's to make sure that the SBDCs are stood up to do virtual consulting and virtual services. We have a communications team that is working closely with OEDIT to align our communications with the Governors and our office. Manufactures Edge has been activated and they are working to provide manufacturers address supply chain issues and look at different types of support for manufacturers. We have a lot of community driven organizations popping up around Chambers of Commerce in communities just basically these task forces that are popping up to help small businesses, and Startup Colorado is working to connect all those so we can push and pull information between them and us.

A small brief thing about our consultants, the SBDC network is a team of about 300 strong. The hotline is set up. Right now they're more in a tracking mode than an answering questions mode but we'll pivot that as we come down so that they can get them to the proper channels.

We have a team that we activated to provide the intelligence needed to sort out federal and state resources that are coming down with the changes in laws and policy. Basically this team is going to work on "what does it say", "what does it mean" and "how do we apply it for a business". I talked with Brad Feld today and he is going to help with that. I conducted about 6 calls with different various size businesses and there are some common themes that they're looking at but it comes down to one thing: how do you stretch cash flow to get them to the point where they can weather this storm.

Pryor said, with the EIDL loans I think there needs to be a bit of caution in terms of their availability for this kind of a disaster. Some of the feedback I'm getting is that it just may not apply in the way that it did in the past having moved to this kind of service economy so I would hope you would identify as soon as possible maybe a profile of the kind of businesses that are having success with it and those that aren't. Admittedly this is a disaster the likes of which we have never seen but it's not like a tornado or a hurricane. It's just different and I would hate for businesses to have their hope up that they are in fact going to be benefitted.

Plagens said you're right. The way these loans work is they are designed for unmet needs. Some of the other programs we are researching right now and will likely be activated rather quickly are HUD came out with the program during the floods and fires that we work with Jeff's team on it was meeting unmet needs but it was also a grant program. But if a business used that loan fund or the SBA loans to basically satisfy that unmet need they were not eligible for the HUD funds and the HUD funds were a grant that didn't have to be paid back. The problem was during the floods, there was a 6-month lag between the two and this time it looks like we're going to get those HUD funds quicker but I can't speak to that specifically but that's the rumblings that we're hearing at this particular time. So we can synchronize that better and have a better kind of solution package for small businesses going forward. To address the other question Startup Colorado is integrated in basically what we're doing. I'm also at the level of providing guidance and basically resources for the Core team as well.

Kraft said, I'd like to just add on the EIDL loans, Glenn's comments were very well taken. The EIDL loans are not a silver bullet. There is a fairly intensive underwriting process. Obviously they are new debt for a business. Even though it's low interest rate and a long-term payback, it's new debt that a business is going to have to take on. It's a new obligation and I think that getting these things under written and put out there during this crisis when there's a massive queue of people applying for these at the same time is not going to be easy. I think having reasonable expectations about how much of a tool these are is really important for the business community. Not every business will qualify. It's going to take a long time to get underwritten and approved. They are a great tool and they're better than not having them but they do have limitations and some business will take them on and will end up being a really big burden to pay back that debt. So it's not a magic tool.

With no other comments the board moved to the EZ Contribution Project requests.

EZ Contribution Projects

Guram presented the following Contribution Projects for approval.

EZ	Project Name	Project Type	Project Category	Completion Date	Project Budget	1yr. Proj. Credits
Adams EZ	Children's Hospital Colorado	Capital	Tourist Attraction	12/31/2025	\$20,200,000	\$731,250
NW EZ	Game On Camps	Operation	Visitor Attraction	12/31/2025	\$228,800.66	\$14,125
Weld EZ	Island Grove Regional Park Arena Expansion	Capital	Tourist Attraction	12/31/2025	\$3,000,000	\$156,250
NW EZ	Museum of Northwest Colorado - Operations	Operation	Visitor Attraction	12/31/2025	\$300,000	\$1,875
SW EZ	Pagosa Festivals	Operation	Visitor Attraction	12/31/2025	\$600,000	\$5,625
DEN EZ	Samaritan House: Capital Campaign	Capital	Community Facility	12/31/2022	\$6,000,000	\$500,000

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

Duran questioned the Tourist Attraction Category given to the Children's Hospital project.

Guram said, based on the categories that we've outlined in your policies we classified it under tourist attraction because the Children's Hospital draws people not only from the metro area but other states as well and so under that policy category type it's really looking at entities that draw in people from a broad geographical area to an EZ supporting a variety of entities within that zone.

Duran said, I hear what you're saying. But nobody wants a medical facility to be a tourist attraction.

Kraft said a good way to think about it is that it is the economic equivalent to a tourism activity because it drives hotel stays and meals. Obviously it's not a leisure activity or a celebration but it has that functional economic equivalency by importing guests from outside the zone who are spending money in the zone.

Guram said that the lawsuit discussed with the EDC at the last meeting regarding the EZ project that was turned down for status has been withdrawn.

E. Advanced Industries: Katie Woslager

Woslager presented the following AI Projects for final approval.

AI Sector	TTO – Project Name	Principal Investigator	Funding Request	Matching Funds
Bioscience	Treatment of Non-Melanoma Skin Cancer using Radioactive Film Therapy (RAFT)	Fred Sarazin	\$25,463	\$9,537 CSM Foundation
Advanced Manufacturing	Ceramic coatings with integral damping properties for enhanced gas turbine lifetime	Corinne Packard	\$25,463	\$9,537 CSM Foundation
Energy, Natural Resources/Cleantech	Prototyping smart spacers for improved water treatment	Nils Tilton	\$25,463	\$9,537 CSM Foundation

M/S/P - Franz, Brown – AI projects approved as presented and recommended by staff.

AI Budget

Woslager provided the AI budget update which shows \$5,085,694 in remaining funds.

F. Rural Jump-Start: Ken Jensen

Certek

Jensen presented Certek. Certek is a vertically integrated manufacturer of large-scale industrial and commercial heaters. They currently have manufacturing and corporate HQ functions in Alberta and a distribution and repair office in Grand Junction. They are moving the manufacturing and corporate HQ functions to Grand Junction, and setting this up as a new division. Only the operations and employees of the new division will be eligible for RJS benefits.

OEDIT has reviewed this application, and the application meets all the requirements of the Rural Jump-Start Program. OEDIT recommends approving this new division of Certek for the Rural Jump-Start Program.

OEDIT has concluded that this new division of Certek passes all metrics for participation in the Rural Jump-Start program, and therefore recommends approving this new division of Certek for participation in the Rural Jump-Start program. Given that Certek already has a presence in Grand Junction, Rural Jump-Start Program benefits will only apply to the new division of Certek, not the entire company.

M/S/P - Brown, Takeda-Tinker – Certek approved as presented and recommended by staff.

Annual Reports and Benefits

Jensen requested approval of tax credits for the following company's/individuals:

Company	Wages Exempted
Rocky Mtn Manufacturing	\$49,304
Rocky Mtn Manufacturing	\$61,692
Phoenix Haus	\$37,387
Phoenix Haus	\$51,037
Phoenix Haus	\$46,929
Pierce Corporation	\$3,455
Pierce Corporation	\$16,177

Schiff said we need to make a code to not show employee name.

Kraft asked Jensen to provide an update on the annual reporting. Saying, you have been very proactive in contact and reaching out to these companies to get them to submit their annual reports. Obviously they're very busy and they are dealing with their normal work plus COVID-19 responses, but can you just give us a sense of where we are in the process of the timeline for them to submit applications. We did adjust our process based on lessons learned last year if you recall going through this process last year. I just want Jensen to give a little bit of an update. What percentage of the reports are in now? Are we about halfway done with this?

Jensen said, we are little more than halfway done with this. These were due on the last day of February so people a lot of the ones you see in front of you are overdue a little bit. I still have I believe four or five left to get in. The most significant of which in terms of employment numbers will be Kaart. We've been in contact with Kaart and they are claiming that international travel is having quite an impact on their operations due to COVID-19. We are working closely with them and hopefully we'll have something from them soon.

M/S/P – Duran, Takeda-Tinker – Annual Reports and Benefits approved as presented and recommended by staff.

Annual Report Submittal Action

Jensen provided an update of the Annual Reporting required for the RJS program. Several companies have not yet submitted their annual reports, despite e-mails and phone calls from OEDIT reminding them of this responsibility. Per the instruction of the EDC, and documented in the Rural Jump-Start Program Manual, OEDIT has sent a 60 day notice of correction to several RJS companies requesting that they submit their reports, and reminding them that they will be suspended from the program if this is not rectified.

G. Regional Tourism Act: Jeff Kraft, Ken Jensen, Che Sheehan

Jensen presented the RTA program update.

Project/Element	Status	Planned Opening Date (or other summary info)	Key Next Steps	Immediate Items for EDC
Aurora-Gaylord		Opened	OEDIT staff worked with AURA on streamlining future quarterly reports.	
Colorado Springs-City for Champions		OEDIT compiling all modifications into one master amended resolution. Working closely with Attorney General to work on specific resolution language.		

USAFA Welcome Center		Changed from red to green with yellow border per 11/21/19 EDC meeting where commencement was approved	<ol style="list-style-type: none"> 1. Hit required March 31, 2020 milestones: 2. Financing Entity enters into pledge agreement with the BID – Completed 3. BID issues bond with net proceeds of at least \$60M - Anticipated to be completed by March 17 4. The net proceed of the series B bond total at least \$25M – Anticipated to be completed by March 17 5. Project Element Developer enter into sublease agreement - Completed 6. Fully executed GMP for general contractor - Completed 	Verbal update from Colorado Springs on the status of the March 31, 2020 Milestones
<u>Go NoCO</u> (Must Commence by 11/12/20)			OEDIT staff planning on presenting at the next NCRTA board meeting expected for mid/late March	
National Western Center		Commenced	EDC made determination that the NWC had commenced during the February 20 EDC meeting.	

Colorado Springs/USAFA

Kraft introduced Cope who is on the phone as well as other members of the team Colorado Springs and we wanted to entertain a request from Colorado Springs to temporarily defer the March 31st deadline for executing a series of steps to solidify the US Air Force Academy project. If you recall when we approved Commencement for the project back in November 2019 you put several conditions in place. There were a series of steps to entertain. They were going to sign a sublease from the bid, they were going to sign a guaranteed maximum price contract, they were going to get a pledge of the RTA proceeds to support the bonds that were going to be issued and then they were going to issue bonds by the bid to finance the US Air Force Academy Visitor Center and key infrastructure. All of those are required to be done by March 31st of this year. You will hear in a few minutes from Cope and some of his teammates in Colorado Springs they did successfully get all of those things done on a timely basis including the pledge of the funds to be able to issue the bonds. They actually went to the market and attempted to issue the bonds but this was during the period when the COVID crisis had hit and was roiling the financial markets and this led their bond to not be able to be purchased in the market and I would note other very strong credit quality bonds work we're also not able to be issued the market because of the disruption of the COVID-19 virus. So this was not in any way unique to what they were doing down in Colorado Springs.

There's this situation where we do need to consider effectively and I think Morrill will give us some counsel on this and how we would structure this from a legal perspective. But the functional request will be to not enforce the March 31st deadline on the bondage and extend that and to align that with a later date that is coincident with the date that the Air Force Academy itself has to see the final approvals happen for the project which is December 31st of this year. This will allow the bond market to stabilize and then to issue the bonds as planned. That is a high level overview. I'm going to hand things over to Cope.

Cope introduced the members of the team. The City, the State and the Academy have been working on this project since 2012. Due to the dedication and hard work of an extremely professional team we are at this point today. All the agreements among the partners were completed in January of this year and that included the site development lease with the US Government, the subleases for the Visitor Center, the Hotel and the iFlight facility which is an indoor skydiving facility. The Visitor Center Guaranteed Maximum Price Construction contract was approved by the Air Force and all the documents required for the issuance of bonds have been completed. When you look at the requirements for the November 21st EDC motion

and the waiver and release agreement they were really four requirements that had to be completed by March 31st of this year.

The first was CSU URA pledge agreement with the bid and that has been completed. Again the fully executed Guaranteed Maximum Price Construction contract and getting it approved by the Air Force, that has been completed. Fully executed sublease between the project element sponsor and the business improvement district, that has been completed and. And as Kraft alluded to, the issuance of bonds has been delayed.

At this point I would like to invite Muhlenberg to provide some background on the project on the nature of the bond offering in the condition of the capital markets.

Muhlenberg said we were brought on board to the team by Blue and Silver about a year ago to fund improvements within the BIB and the Visitors Center. Then we were engaged about six months ago by the hotel development team. The hotel adjacent to the Visitors Center. We began the bond offering process on February 7th and then in the following weeks, we met with investors. We conducted site visits and then began an order period the last week of February. Great project with great demand from investors until we started seeing volatility in the market. And on March 10th we ended the market period and that's where we are today. We are quite certain we can re-engage investors over the coming months when the market settles down.

Cope said, with that today we would like to formally request an extension for the sale of the bonds to December 31, 2020 and as Jeff mentioned that's consistent with the requirement in the site development lease with the Air Force. We are confident that once we return to any type of normalcy in the financial markets that we will be successful hopefully well before that date we will be able to issue the bonds. At this point we have a project that is really completely put together and for reasons beyond our control that no one could have ever foreseen with the COVID virus and the reaction with the financial markets we just weren't able to issue bonds that time. I've always said about this project for us, failure is not an option. There is too much invested. It is too important to our community and we have to move this forward and we would very much appreciate your consideration of this request.

Muhlenberg said we were engaged with roughly 50 institutional investors. We got an excellent early indication from those investors of support for the project. In fact we estimated orders of about a billion dollars in the tax-exempt market. The taxable investors had already begun seeing outflows from their accounts and their funds and so that's where in the last week we got stuck. But again as Cope said as markets recover as investors start to re-engage with the market we don't see any obstacles given the great demand for this particular project we don't see obstacles for completing the project again once the market recovers.

Schiff said, I am not going to call for a motion just yet because I understand that we're going to get counsel from our attorney to make sure we understand the statutory implications of this request. I do want to open the floor for questions from the commission members before we take that step. Do any of the Commissioners have any questions?

Hearing none, Schiff asked Kraft if he wanted to make any comments?

Kraft said, I would like to make a couple of comments, the Colorado Springs team did reach out to us more than a week ago as soon as they had issues with the bond and let us know what was going on and we're

in full and transparent communication with us. I can tell you there have been consultations with the OEDIT staff including with our executive director Markey and we do view this as an unprecedented extraordinary situation and act of God scenario. The timing is unfortunate. If they had been able to float those bonds 10 days earlier they probably wouldn't have this market impact. So it's just one of those things that came in a very difficult situation and I can tell you that OEDIT staff supports the request to enable the issuance of bonds to occur later than March 31st and the project to continue to move forward. I think there probably are some legal technicalities about how we do that and we want to do it according to the advice from our counsel. But the principle of allowing this project to move forward and providing additional flexibility given the act of God, force majeure type situation involved here. The OEDIT staff is fully behind that and we know that the team in Colorado Springs stands ready to execute when the markets normalize. I wanted to make sure that was stated for the commission. I also know Morrill will join us as soon as possible but she's dealing with another situation at the moment. So one thing we could do is vote to go into the executive session and have Morrill join us there and not have any conversations without our attorney guiding us.

Schiff called for a motion of 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 RTA Program. Pryor seconded the motion. Motion passed unanimously.

The EDC is now in Executive Session.

Seaton moved the EDC exit Executive Session. Dragoo seconded the motion. Motion passed unanimously.

The EDC is now in Open Session.

Schiff called for a motion on the Colorado Springs request.

Franz moved to hold the March 31, 2020 BID bond issuance deadline for the US Air Force Academy Regional Tourism Act Project Element in abeyance until the Commission takes up the City and CSURA's request to extend that deadline to December 31, 2020 for formal action at a later regular or special meeting. Brown seconded the motion. Motion passed unanimously.

M/S/P – Franz, Brown – Temporary extension of USAFA project for purposes of bonding approved as presented and recommended by staff.

Schiff said it's approved. I want to assure the team from Colorado Springs that we will be making ourselves available should need a special meeting to approve a formal request and we appreciate you working diligently with staff to work on that request together.

Cope said thank you to the Commission and OEDIT staff. We really appreciate your support in making this a successful project and it will be.

Schiff moved the board to the NCRTA update.

NCRTA/Go NoCO Update

Kraft said staff provided a copy of the letter that Markey had sent after the last meeting expressing some of the sentiments the EDC wanted to point out. The letter talked about the importance of keeping timely on audits but also the importance of knowing the deadline is looming and that there are important standards that need to be met for commencement of projects and also for extension of the commencement deadline. If you recall the deadline is coming up in November of this year and we want to make sure that the Go NoCO board and all the developers and stakeholders are very much aware of this deadline and that the commencement is not a forgone conclusion and instead requires detailed and ongoing evidence of diligence, commitment and actual work and achievement. We set up a meeting tomorrow on Friday with Go NoCO. Our plan was to go down face-to-face and give them a presentation and advise them of all these things. We have changed that to a Google Hangouts meeting where we will still give the same presentation to them but it'll be by telephone we just didn't have a way to do the social distancing effectively given the meeting locations down in Northern Colorado. We really wanted to do it in person but we will convey the fact that this is a very urgent situation and progress towards commencing these projects does need to be demonstrated through diligent and regular communications and spending of funds, confirming site locations and all of those things. We'll go over to some other things that we need to have cleaned up from Go NoCO and the full board at one of their official meetings. Those are the progress steps that we've done. I think this sets the stage for us to work with them and convey the need to obtain progress over the next few months if they want to have a chance for an extension. We also are inviting them to attend the April EDC meeting and give an update. We will be requesting that they determine their strategy in terms of how the financing entity will work and will they be requesting a split of the financing entity. We're putting all those factors on the table. That is the high level update.

Takeda-Tinker thanked the staff for getting this done.

Schiff asked if there was any response to the letter?

Kraft said nothing in writing. We've had some communications in terms of getting a meeting scheduled but there was no written response to the letter. We did speak to their attorney who said something to that effect that he understood the letter and it made sense. He did not dispute or challenge the letter. I will tell you we did talk to some of the project element stakeholders and they did give us some updates and they have made some progress. They've identified developers and they are exploring some specific potential sites and they are considering completely merging the project element in Loveland which includes the indoor water park and the outdoor White Water kayaking Park they're talking about merging them completely together which would be great because it would satisfy the requirement that they get the financing done on the outdoor Waterpark first. So they are taking it seriously and I think they understand and expect that there are some high standards to get to Commencement.

H. Other: Carrie Schiff, Ken Jensen Transferrable Tax Credit

Jensen provided the following 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. OEDIT is working with VF Corp to present the project status at the April EDC meeting.

Project 5000 (Evraz) needs to complete an engineering study before they can make a determination as to whether to commit to their project. Evraz has informed OEDIT that the announcement of this decision is expected in early April of 2020. OEDIT is working with Evraz to present the project status at the April EDC meeting.

Also, the Transferable Tax Credit Program expires in statute on June 30 of this year. OEDIT is working to extend the program's expiration date by 3 years. No changes are anticipated for the structure of the program.

Next EDC Meeting

Schiff said the next meeting will be on April 16, 2020.

With all items discussed, the meeting was adjourned.