**ECONOMIC DEVELOPMENT COMMISSION**
**MEETING MINUTES**
May 21, 2020
830 a.m. – 12:30 p.m.

MEETING DATE
May 21, 2020
Virtual Meeting

MEETING PARTICIPANTS

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

B. **Guests**
Aldo Svaldi, Ed Sealover, Steven Nielsen, Scott Shipley, Alan Krcmarik, John Cullen, John Fogel, Joanne Greek, Candace Payne, Cecilia Harry, Rachel Lyons, Leila Al-Hamoodah, Stacy Miller, Zachary Barr, Lisa Harper, Terri Benson, Dennis Simpson, and David Jones.

C. **Staff**
Betsy Markey, Jeff Kraft, Sean Gould, Ken Jensen, LeeAnn Morrill, Che Sheehan, Tad Johnson, Mariel Rodriguez –McGill, Sonya Guram, Donald Zuckerman, Dave Madsen, Katie Woslager, Jill McGranahan, Mike Landes, and Virginia Davis.

**DECISION/ACTION ITEMS**

**1.** The Economic Development Commission approved the Minutes from the April 25th, 22nd, and 16th, 2020 EDC meetings.

**2.** The Economic Development Commission approved the following projects/items

| | |
|---|---|
| **AI:** | CU- Denver Allocation Proposals $629,325, AI Transition Requests, AI Bioscience Fast Track Applications, and 20 AI Project Proposals |
| **COFTM:** | Reel Rock 16 (Project Spotter). |
| **RJS:** | Benefits for Kaart and Dude Solutions; Suspension of the application of the policy for Adaptive Towers and Rocky Mountain Manufacturing. |
| **TTC:** | Amendment to Program Manual. |

**A. Meeting Called to Order**
Schiff called the meeting to order.

**Meeting Minutes**
Franz moved approval of the minutes from the April 25th, 22nd, and 16th, 2020 EDC meetings. Seaton seconded the motion. Motion passed unanimously.

M/S/P - Franz, Seaton – April 25th, 22nd, and 16th, 2020 EDC meeting minutes approved as presented by staff.

**B. Enterprise Zones: Sonya Guram**
**COVID-19 Relief Special Projects (pre-approved)**
Guram presented the following pre-approved COVID-19 Special Projects.

| Enterprise Zone | Project Organization/Owner | Project Name | Project Start Date | Counties Included |
|---|---|---|---|---|
| North Metro | Longmont Economic Development Partnership | Longmont COVID19 Business Support | 3/30/2020 | Boulder |
| Pikes Peak | El Paso County Economic Development Department | Pikes Peak EZ Business Relief Fund | 3/30/2020 | El Paso, Teller |
| Pueblo | Pueblo County | Pueblo County Covid-19 Business Support | 3/30/2020 | Pueblo |
| Region 10 | Region 10 League for Economic Assistance and Planning | Region 10 COVID 19 Business Response | 3/30/2020 | Delta, Montrose, Gunnison, Ouray, Hinsdale , San Miguel |
| Southeast | Southeast Colorado Enterprise Development, Inc. | Region 6-SE COVID-19 Business Support Fund | 3/30/2020 | Baca, Bent, Crowley, Kiowa, Otero, Prowers |
| Southwest | Region 9 Economic Development District of Southwest Colorado, Inc. | Region 9 COVID Business Support Project | 3/30/2020 | Archuleta, Dolores, La Plata, Montezuma, San Juan |
| Mesa County | Grand Junction Chamber of Commerce | Mesa County COVID Response Project | 4/7/2020 | Mesa |
| Denver | Downtown Denver Partnership, Inc. | City of Denver - Small Business Emergency Relief | 4/10/2020 | Denver |
| Jefferson County | Jefferson County Economic Development Corp | Jeffco COVID-19 Business Support | 4/10/2020 | Jefferson |
| South Metro | City of Englewood - South Metro EZ Administrator | Small Business and Recovery Grant | 4/10/2020 | Arapahoe, Douglas |
| Weld | Upstate Colorado Economic Development Corp | Greeley Area COVID 19 Recovery Fund | 4/23/2020 | Weld - Greeley, Garden City and Evans |

EZ Administrators provided some context of each project.

Pryor acknowledged the swift response and the work staff has done on the COVID-19 projects and asked to see a progress report in future.

Guram said that a progress report on the COVID-19 projects will be provided at a future meeting.

Guram said OEDIT recommends that no additional project proposals be accepted under the pre-approval granted by the Commission in March, and that project plans for any new special COVID-19 economic recovery projects be held until further notice. Given the forecast for a drastically contacted State budget, we’re recommending all expansions of the Enterprise Zone program be suspended while all State agencies assess programs and expenses to reduce budgets.

Markey said, the Legislature will be coming back in to session. Every General Fund cash and tax expenditure programs like the EZ are going to be under scrutiny to make sure that these programs are being used judiciously to see if there is potential for cost savings in future years. In that spirit we didn’t think it would be appropriate to include new projects or boundary amendments until the Legislature adjourns sometime in June. At which time we can take up new and additional projects.

Guram added that through the Legislative session if there is any indication that they want to do anything with the EZ program we would engage with all the administrators and get their input about what makes the most sense to continue to have it be a tool where it is supporting businesses especially as they might be ready to bring people back on or if they are ready to make additional investments especially if they need extra safety pieces that would qualify for the investment tax credit.

Allen-Davis asked are we thinking about tightening or restricting who receives approvals based on geography and other factors.

Markey said any changes to the EZ program requires legislation. If legislation will be introduced, and we have not heard yet that it has, we will share that with you. We have made some suggestions but it will be up to the Legislature. We will keep you informed as things move forward.

Schiff thanked everyone for the work being done.

## C. Advanced Industries: Katie Woslager

**AI Projects for Approval**

Woslager presented the following projects for approval.

| AI FY20 CU- DENVER Allocation Proposals | | | | |
|---|---|---|---|---|
| AI Sector | TTO – Project Name | Principal Investigator | Funding Request | Matching Funds |
| Bioscience | University of Colorado- Denver | Cristos Ifantides | $ 69,925 | $33,555.55 CU SPARK Internal Funds |
| Bioscience | University of Colorado- Denver | Kristi Kuhn | $ 69,925 | $33,555.55 CU SPARK Internal Funds |
| Bioscience | University of Colorado- Denver | Zhirui Wang | $ 69,925 | $33,555.55 CU SPARK Internal Funds |
| Bioscience | University of Colorado- Denver | Maria Nagel | $ 69,925 | $33,555.55 CU SPARK Internal Funds |
| Bioscience | University of Colorado- Denver | Kimberly Bruce | $ 69,925 | $33,555.55 CU SPARK Internal Funds |
| Bioscience | University of Colorado- Denver | Devatha Nair | $ 69,925 | $33,555.55 CU SPARK Internal Funds |
| Bioscience | University of Colorado- Denver | Jay Hesselberth | $ 69,925 | $33,555.55 CU SPARK Internal Funds |
| Bioscience | University of Colorado- Denver | Tom Flaig | $ 69,925 | $33,555.55 CU SPARK Internal Funds |
| Bioscience | University of Colorado- Denver | Cem Altunbas | $ 69,925 | $33,555.55 CU SPARK Internal Funds |
| | TOTAL | | $ 629,325 | $320,000 |

| AI Transition Requests | |
|---|---|
| Career Allies | $196,250 |
| Cetya Theraputics, Inc. | $80,000 |
| POC Colorado School of Mines | $105,000 |
| TOTAL | $381,250 |

| Bioscience Fast Tracks | |
|---|---|
| Allander Biotechnologies, LLC | $250,000 |
| Neurexis Theraputics, Inc. | $250,000 |
| POC School of Mines | $105,000 |
| POC University of Colorado Boulder PI Lowry | $150,000 |
| POC University of Colorado Denver PI Maria Valeria | $150,000 |
| SafeSpout, Inc. | $250,000 |
| SiVEC Biotechnologies | $250,000 |
| Xtract Medical | $250,000 |
| TOTAL | $1,655,000 |

| AI Accelerator | |
|---|---|
| Advanced Materials Solutions, Inc. | $250,000 |
| AMP Vision | $250,000 |
| Blue Cubed, LLC | $250,000 |
| Buderfly Technologies, Inc. | $250,000 |
| Cliexa | $250,000 |
| Crestone, Inc, | $250,000 |
| Epic River | $250,000 |
| Exum Instruments | $250,000 |
| Impressio, Inc. | $250,000 |
| Leaf Global Fintec | $250,000 |
| Local News Network, Inc. | $100,000 |
| MicroGrid Labs, Inc. | $250,000 |
| Momentum Optics | $250,000 |
| POC Colorado State Univeristy PI Bandhauer | $150,000 |
| Robotic Materials Inc. | $250,000 |
| Sandbox Solar, LLC | $250,000 |
| Sweetsense, Inc. | $250,000 |
| Urban Sky Theory | $250,000 |
| Vitrivax, Inc. | $250,000 |
| Why Cycles dba, Revel Bikes | $250,000 |
| TOTAL | $4,750,000 |

Schiff called for a motion on the presented requests.

Allen-Davis moved approval of all the projects presented. Franz seconded the motion.

M/S/P – Allen-Davis, Franz – All AI projects approved as presented and recommended by staff.
NOTE: Schiff recused herself from the vote of Exum Instruments.

Woslager thanked the EDC for their support. This program continues to be an important catalyst for innovation the state. We have deployed $68M to date and have leveraged closed to $800M. Our biotech sector also continues to help with COVID-19 recovery.

**AI Budget Update**
Woslager presented the AI budget update which shows a total Funds Remaining $5,845,863.

**D. Colorado Office of Film, Television, and Media: Mariel Rodriguez-McGill, Donald Zuckerman**
**Budget**
Rodriguez-McGill provided a COFTM/SF Budget update. Assuming the project presented today receives approval, the budget will show $1,005,155 available for future funding.

**Project Spotter**
Rodriguez-McGill presented Reel Rock 16 (Project Spotter).

Reel Rock 16 is an annual touring film exhibition featuring short documentaries depicting the world of climbing and adventure, and will premiere in the fall 2021 before heading to 800+ screens on all seven continents. Some of the content for Reel Rock 16 is reliant upon athletic performances and the producing team keeps close tabs on the sport's top athletes to be sure each program contains notable and important ascents balanced with more evergreen stories.

For Reel Rock 16, the filmmakers anticipate highlighting talent in some of Colorado's most picturesque locations including Rocky Mountain National Park, Black Canyon of the Gunnison, Mt. Evans, Rifle Mountain Park and Eldorado Canyon State Park.

Since its inception, the Reel Rock Tour has received financial support from leading outdoorsy industry brands. This money helps pay for the creation of the program. In addition to the global tour Reel Rock, LLC sells digital downloads and rentals of the program via their own website, Vimeo and Amazon. Additionally, the content is repurposed into episodes for the Reel Rock TV series, and to date, Reel Rock LLC has delivered more than 50 half hour episodes to Outside Television and Red Bull TV.

Should COVID-19 restrict or prohibit theatrical release during the fall of 2020, the producers of Reel Rock 16 plan to self-distribute the program through a pay-per-view live streaming platform.

The project has a total preliminary Colorado budget of $545,261 Payroll spend: $457,632; Vendor spend: $87,630 CO Crew hires: 86; CO Cast hires: 0; and Total CO hires: 109 (78.9% Colorado Workforce)

Given the estimated local qualified expenditures outlined in the application, COFTM would like to request a rebate of up to $109,052 (full 20% rebate).

Staff recommends approval of this project with the following conditions of approval:
- Upon completion of production activities, Reel Rock, LLC shall submit a Proof of Performance which documents the meeting of program requirements including:

- 50% local hire
- Minimum qualified local expenditures of $100,000
- Reel Rock, LLC must retain a Certified Public Accountant (CPA) from the OEDIT approved list (per SB18-103) to review and report in writing, and in accordance with professional standards, the accuracy of the financial documents that detail the expenses incurred in the course of the film production activities in Colorado and the figures reported in the Proof of Performance. This report must include verification of the production company's fulfillment of necessary program requirements.
- Reel Rock, LLC also must certify in writing that the amount of their actual qualified local expenditures equals or exceeds the minimum total amount required to be eligible for the performance-based incentive.

M/S/P – Jones, Duran – Reel Rock 16 approved as presented and recommended by staff.

**E. Rural Jump-Start: Ken Jensen**
**Annual Tax Benefits**
Jensen presented the following Annual Tax Benefits for approval.

List of Employees Eligible for New Hire Benefits

| Company | Employee Name | Wages Exempted |
|---|---|---|
| Kaart Group | Employee 1 | $3,584.85 |
| Kaart Group | Employee 2 | $20,595.73 |
| Kaart Group | Employee 3 | $35,698.33 |
| Kaart Group | Employee 4 | $39,524.09 |
| Kaart Group | Employee 5 | $11,342.60 |
| Dude Solutions | Employee 1 | $34,442.59 |
| Dude Solutions | Employee 2 | $86,102.74 |
| Dude Solutions | Employee 3 | $34,740.37 |
| Dude Solutions | Employee 4 | $35,628.77 |
| Dude Solutions | Employee 5 | $37,880.58 |
| Total | | $339,540.65 |

Schiff asked how Dude Solutions could be eligible if they are not in the zone yet.

Jensen said the company has plans to move into the zone. They are currently operating out of the Denver region and are looking for a space in the zone but they have not moved in yet. We do not have anything in the program manual that prevents them from receiving those benefits, given that the company has not yet moved in. We have done that with other companies as well.

Kraft said Schiff raises a good point. I don't recall us dealing with that. I do think that is a concern that we haven't really addressed or talked through as a group before. Maybe it's worth discussing and putting a policy in place here. I do think that the intent is that they at least be in the zone to the extent that they have operations and I don't think that we want to subsidize someone until they have moved into the zone with these state tax dollars. If it's not out of order, I would suggest, that we discuss this with the EDC and see what their take is and consider updating the program manual.

Schiff said that would be my perspective. I certainly wouldn't want to be extending benefits in anticipation of someone moving in the zone. The whole point of this program is to support companies in the zone.

Jensen said we could take the program in the direction of explicitly making the company declare what day the moved their operations in the zone. Instead of the EDC approval date being the start of benefits it would be the date moved in to the zone as the start of benefits. Is that acceptable.

Schiff asked Seaton for comment since he was an integral part of drafting the legislation.

Seaton said I think what Jensen just outlined makes a lot of sense. The trigger date should not be our approval but rather the date they move into the zone. It is the basic intent of the legislation.

Schiff said I would think that they have to move in to the zone and the benefits are related to their activities moving forward from the date as opposed to any of their activities prior to that move in date.

Kraft said one way to think about it is they can get approval before moving into the zone because we want to encourage them to actually move into the zone but it would be like they are in suspended animation until they actually move into the zone. Then they come to life and start reaping the benefits once they move into the zone.

Jensen said that is a change we can easily implement and I will implement it starting with Foothills Housing. I will point out that the statute mentions that the benefits start on the EDC approval date. There was justification for our prior policy as well but I see the logic of this and I think that is a good change.

Schiff said are we changing the legislation or are we just establishing a policy where we didn't have one before.

Kraft said I think we're saying the EDC approval goes into effective once they move in to the zone. That would be the way to think about it from a statutory perspective.

Schiff said and relates to their activity once in the zone. For example, if they have revenue that is taxable for prior periods before the zone even for a portion of the year, they shouldn't qualify. It really should be the revenue they start generating once they are in the zone.

Jensen said in that case there might be some kind of rule around after EDC approval you have to move into the zone within a certain amount of time.

Schiff asked for a reminder on whether or not these benefits are time limited.

Jensen said all benefits for the company and employee are for four years from the start of the benefit period.

Schiff said so that would be from the time they move into the zone they get their four years. You would put a time requirement on moving into the zone, because as I recall there is a limited number of employees that can be covered by this, there are guardrails around this program. We wouldn't want someone to have years or endless time to move into the zone. They need to be moving in there with alacrity so what would be reasonable.

Jensen said one year or eighteen months.

Schiff replied that seems long to me.

Wahl asked what history has shown on these.

Jensen replied that a few of them are forming divisions and they are already in the zone. History shows that a lot of these companies are very new and they are doing fund raising and they are unable to move as quickly as we would like.

Seaton said I would hate to limit it at anything inside of a year. Some of these companies that are in discussion around RJS are significant companies that can't just pick up and move into the zone but rather require a lot of corporate histrionics to make it happen.

Jensen said I would point out that the EDC recently approved Jabil and that company, given very informal estimates, will take at least until the end of summer to get up and operating within the RJS zone. That would probably be four to five months. So six months I think would be tight.

Takeda-Tinker said what about a year because I think eighteen months is long. If they have to raise funds they need some sense of drive to get that done if that is what they are doing. A year is doable to get it all papered.

Wahl said if we set it at a year. They can come back and let us know they are not going to meet that deadline. We can work with them to understand when they are going to move. If the money is not going to go out until they are in that zone then it doesn't seem unreasonable.

Schiff replied, I wouldn't want to preclude other companies that could otherwise be eligible and be there quicker and employing people because we've allocated the head count to a different company.

Takeda-Tinker said I think we need to have a set policy. I don't know that it should be customized to every company.

Kraft said if the EDC has discretion to set policy and procedures. I suggest we agree that unless you are in the zone you will not get the benefits. Staff can go offline, review the statute closely and come back to the EDC with some proposals. This way we at least know we are not giving benefits to anyone unless they are in the zone.

Schiff asked the EDC if they are good with that direction.

The EDC was amenable to this approval.

Schiff said she would like to see some comparisons in terms of how much time we give companies on some of our other programs so we are mindful of how long these things take in other circumstances. Also, within the boundaries that we have for RJS, what might that have meant. Have we had a pipeline of companies that are lined up in some of these communities. Where if you allocated the head count to a company and they took forever getting into the zone, we've now precluded somebody else. What is the context as a part of the review of the statute.

Staff agreed to this and will take this into account in their review of the statute and draft of the proposal.

Schiff asked for a motion on the benefits for Kaart Group and Dude Solutions.

Wahl moved approval for Kaart and Dude Solutions. Brown seconded the motion.

M/S/P – Wahl, Brown – Benefits for Kaart and Dude Solutions were approved as presented and recommended by staff.

**New Hire Performance Requirement**

Jensen said The Rural Jump-Start program manual requires that the companies in the program have at least one New Hire at the end of its first full year in the program, three at the end of the second year, and five at the end of the third year and every year after that.

The following table summarizes the New Hire performance of the companies in the program. Two companies are below their second year New Hire requirement, Adaptive Towers and Rocky Mountain Manufacturing. Rocky Mountain Manufacturing has four employees, all of whom make more than the county average annual wage, but two of them work remotely from the Denver area and therefore are not eligible for RJS benefits.

| Company | Date Approved by EDC | New Hires in first full year (Must be at least 1) | New Hires in second full year (Must be at least 3) | New Hires in third full year (Must be at least 5) | Notes |
|---|---|---|---|---|---|
| ProStar GeoCorp | Feb 11, 2016 | 5 | 7 | 14 | |
| Kaart Group | Jun 16, 2016 | 4 | 5 | 8 | |
| ~~Bio Comp (Hemp Adobe)~~ | Jan 19, 2017 | - | - | #N/A | Company has never operated in the RJS zone. Will be removed from program. |
| Adaptive Towers | Apr 20, 2017 | 1 | 2 | #N/A | |
| Phoenix Haus | Dec 21, 2017 | 1 | 3 | #N/A | |
| ~~Pierce Corp~~ | Dec 21, 2017 | 4 | 2 | #N/A | Company is closing operations in the RJS zone. Will be removed from program. |
| Rocky Mountain Manufacturing | Dec 21, 2017 | 4 | 2 | #N/A | |
| Dude Solutions | Sep 20, 2018 | 4 | #N/A | #N/A | |
| ~~Visual Globe~~ | Sep 20, 2018 | - | #N/A | #N/A | Company has decided not to move into the RJS zone. Will be removed from program. |
| Foothills Housing | Feb 21, 2019 | #N/A | #N/A | #N/A | |
| Violet Gro | Jun 20, 2019 | #N/A | #N/A | #N/A | |
| FHE USA, LLC | Sep 19, 2019 | #N/A | #N/A | #N/A | |
| Hearo Club | Jul 17, 2019 | #N/A | #N/A | #N/A | |
| Geyser Technologies | Dec 19, 2019 | #N/A | #N/A | #N/A | |
| Count: 14 | | | | | |

Kraft asked if it is correct that Adaptive Towers ended the year with two people because they had several people furloughed. Is that correct?

Jensen said yes. And because they had to furlough them they did not make the wage requirement.
Kraft asked if they ended up with just two people employed at the end of the year. Or did they unfurlough them by the end of the year? Is their wage paid in full?

Jensen said he is not sure and would have to confirm that they were by the end of the year.

Schiff asked in this case when we suspend benefits does that mean for the company and the employee's as well?

Jensen said that is assumed. It would be up to the EDC on how they want to implement it. The language implies it would be suspended for both parties.

Schiff asked what the statute says?

Jensen said the statute says the company is required to hire five new hires. It does not specify revocation as a remedy and does not specify any sort of penalty in the statute.

Kraft said this is an area where the EDC has discretion to put in place policy, procedures, and rules to drive the behavior they think is most appropriate.

Schiff asked if the statute says five new hires, how far does our discretion extend?

Kraft said we have already been comfortable that those new hires can ramp up over multiple years because the statute doesn't say when the new hires have to happen so we've allowed a three year ramp and felt comfortable with that. The statute has some language that very clearly says you have some authority to make policy, procedures, and rules to implement the statute. So I think there is a fair amount of discretion.

Jensen said if we follow the policy in the guidelines both the company and employees would be suspended. They would then submit a plan to correct that and they would be eligible for benefits next year.

Schiff asked the EDC if there is comments on whether we should modify the policy as outlined in the guidelines.

Brown said he has an issue with the employee side of that. In other words that is not something that new hire can control and without the ability to plan on that I think that is a significant impact on that employee especially during the current time. I would like to see modification of the policy to effect that at a minimum. In terms of Rocky Mountain they have actually exceeded the number based on a ramp up schedule in year one so they should have some carry over effect potentially for year two . I think in both of those instances, we should look at doing a little overhaul on the policy.

Seaton said ordinarily I would say these companies are on a path to suspension but under the COVID circumstances there is a lot of discretion written into the legislation for this very reason. So we can look at what a company is experiencing and make decisions that are wise to try and implement the intent of the statute. Which is moving companies and jobs in to suffering areas of the state. I would prefer not to suspend and give the company a chance to articulate a plan to move forward and talk about this at a future meeting.

Schiff asked if the two companies are located in a zone right now.

Jensen replied they both are.

Schiff said it sounds like what we have proposed right now is a suspension of the policy as it applies to these two companies given the current economic uncertainty and conditions.

Brown said that accommodates me. I really am thinking of the employee losing that advantage at a particular time.

Kraft said the EDC is well within their good discretion to do.

Schiff called for a motion to suspend the application of the policy that would cause the suspension of any benefits to Adaptive Towers and Rocky Mountain Manufacturing because of the current economic uncertainty and the impact of COVID-19 on these companies for an indefinite period pending receiving further information from the company's as to their plans and revisit this in October.

Brown moved approval of the motion laid out by the Chair. Takeda-Tinker seconded the motion.

M/S/P – Brown, Takeda-Tinker – Suspension of the application of the policy that would cause the suspension of benefits to Adaptive Towers and Rocky Mountain Manufacturing approved.

**F. Regional Tourism Act: Jeff Kraft, Ken Jensen, Che Sheehan**
**RTA Program Update**
Jensen provided the following RTA monitoring 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. Proposed expansion currently on hold. | Aurora-Gaylord |
| Colorado Springs-City for Champions (Must commence by 12/16/18 (19) | | | OEDIT compiling all modifications into one master amended resolution. Working closely with Attorney General to work on specific resolution language. | |
| Olympic Museum | Commenced | Opening 2020 | Grand opening scheduled for late May delayed. | |
| USAFA Welcome Center | | Changed from red to green with yellow border per 11/21/19 EDC meeting where commencement was approved | BID issues bond with net proceeds of at least \$60M – Requirement extended until 12/31/2020<br>The net proceed of the series B bond total at least \$25M – Requirement Extended until 12/31/2020 | |
| Go NoCO (Must Commence by 11/12/20) | NCRTA submitted outstanding 2017 Audit (see board book) | Update from Whitewater park team | Go NoCO (Must Commence by 11/12/20) | NCRTA submitted outstanding 2017 Audit (see board book) |
| National Western Center (Must Commence by 11/12/20) | Commenced | | Brad confirmed phases 1 and 2, financed by RTA, have funding to complete and they are on schedule. They are doing horizontal work at this time. Phases 3 to 8 of this project have been paused, however, these phases are not funded by RTA. | |

**Go NoCO**
Kraft said right before the last full EDC meeting we received some information from the developers for the Outdoor Whitewater Park and Indoor Waterpark. Given the timing of its delivery, OEDIT did not have time to thoroughly review the information that was presented. Since then, staff has had time to review and I have a few high level comments to make. One of the EDC's biggest concerns all along was the WWP might not be unique and extraordinary as a standalone element. We did agree that if it was built next to and associated with, at least physically, the Outdoor Whitewater component, that was unique and extraordinary, then collectively they would be unique and extraordinary. So the EDC did impose a guardrail saying you couldn't finance using RTA funds the hotel Waterpark until the Outdoor Whitewater Course was also financed because we didn't want to end up in a situation where the hotel was built but the Outdoor Whitewater Park wasn't built. So we said they needed to make sure that financing was at least closed at the same time or the Outdoor Whitewater Park earlier. What we were saying was these two Elements were intrinsically linked. One of the really good things that the developer has done is that they have taken that into consideration and they now have a single developer that is going to build both at the same time eliminating that risk and dealt with that guardrail in a strong way from staff perspective.

We think this is a positive step forward. We've seen a concrete proposal and they have a credible developer working on this.

We are in a place now where we've had a chance to digest the proposal and we've had good conversations and cooperation with the developer. We've asked them to provide some additional information about the project in writing, of which is in the materials to be reviewed today. This is far and away the most progress we've seen on this project on this piece of the Go NoCO project.

Jensen provided an overview of the primary Resolution requirements and the current project proposal.

Jensen asked Neilson to speak to this information.

Neilson said we've taken a good look at what was proposed before and the difference here is where you see square footages are based on a couple of factors. Obviously the Waterpark is designed to do everything it was committed to and we haven't changed from that. The hotel size has not changed. But when we look at the impacts of COVID-19 we also look at the synergies of actually merging these two projects together. The idea of having separate restaurants in the two projects, yes we'll do that but we can't cannibalize a restaurant in the hotel for an outdoor restaurant in the Outdoor Waterpark and so there are changed there.

When we look at square footage of the overall project, the original one had underground parking. It had an elaborate system of ground floor lobby. Our hotel will be the same size, same number of rooms, same type of configuration, but we think the square footages that were proposed are not really relevant in our design of integration and how that looks so we've left that to be determined. We are working with four sites and so once we solidify these particular sites we're going to work on we'll have the square footage for you. The intent is that the fixtures and amenities are all the same.

When it gets to the Indoor Waterpark we understand the idea. If you're a standalone waterpark, and the initial developers presentation really had to do with how do I make this unique. Our unique element is predominately the Outdoor Whitewater Adventure park. So when we look at indoor waterpark, we also look at our peer project which is the Great Wolf Lodge and a 300 room hotel, and they are building these around the country, can only support 34,000 square foot of indoor waterpark. So that's what we believe is the safe amount. Now we may find that to be different and we may have additions planned in the future but in today's COVID-19 recovery period, we can't jeopardize the project by overbuilding the indoor water park. It's very expensive.

On the outdoor waterpark, it's really a function of what was proposed was 55,000 square feet, we're at 42,000 square feet. It's a mix and match. What do you count in that square footages. That's why we put a lot of emphasis on the site plan. From it you can see the layout and the connectivity and how the elements work. We focused on a lot of the energy and excitement of the outdoor amenities while we'll still have a very exciting and unique indoor waterpark. We believe the true square footage for a successful waterpark is about 34,000 square feet when coupled with the other elements. The other area where we did differ is 20,000 square foot for a family entertainment center. We build family entertainment centers. We think they are great revenue generators and fill a market demand. The problem with our location site is less than 2 miles away is a family entertainment center. We don't want to cannibalize and existing development. We will have indoor arcade. We are also looking at technology changes. In the past five years we're doing a lot with e-gaming and virtual reality and it takes a lot less space, so we have reduced the proposed size. We don't know exactly how that will be. The other facility we are competing against has bowling and laser tag and these elements and so we just need to be careful we don't hurt the market by trying to duplicate it.

The other area of change was 40,000 square feet of meeting space was proposed. We are sitting less than 2 miles from Embassy Suites and a very large conference/convention center run by the county at the ranch. They passed a bill for legislation and they are proposing for $250M worth of improvements. It's got a significant meeting space addition to it. We want to design a project that is financially feasible. That we are wisely using public dollars as incentives and building, ultimately, what is a successes for everyone. Because of that these are the changes we are suggesting and are fiscally responsible in today's world.

Shipley said I was excited about this project the first day we looked at it and I am still very excited about it. The logical thing is to combine that hotel waterpark experience with the Whitewater park. Our mission statement is to get people outside, get active and live these healthy lifestyles. The ability to create a venue that brings that healthy lifestyle within reach of so many people so they can do it year round at the flick of a switch, that is what is so exciting about this project.

When you look at the changes we've made, we meet the letter of the law with this RTA. We have maintained and enhanced these core elements. When you look at this new design, what we've done is we started to draw the people who just show up with a rubber ducky and an inner tube to play in this indoor waterpark, we've started to draw them across to that white water experience by creating an unguided experience that has a lot of those elements, the outdoor advantage, the restaurant, food and beverage, that innovate and bridge the gap between traditional safe and sane waterslide type activities with this more active, outdoor adventure.

If you look at our prototype facility in Charlotte that we built hosts international events and it is bringing people from around the world to these venues. When you look at the ability to take some of that international flavor and tie it together, it's fantastic. At Charlotte there is no hospitality, food and beverage. There is no hotel component. They literally create about $40-$60M a year in economic benefit to the community. They don't gain any of that hospitality on site. When you look at the dollars that we've created within the RTA, the economic impact of this park, we did not take into account those room nights here, either because they were attributed to the Peligrande or hotel facilities that were there. By combining these two together you start to capture not only the activities that would draw people to Loveland but the room nights that go along with that. We are very excited about this project.

Sheehan asked about the 22,000 linear feet and how the channel that is being proposed meets or exceeds that requirement.

Shipley showed a diagram and said to the southern portion of the diagram in this layout we put that eleven hundred feet, plus or minus Olympic standard white water channel, that is the total length twelve hundred feet, I guess is the total length of the Olympic course from the 2000 games. Typically now they race on the 250 meter course which is a little shorter than the eleven hundred feet. We're looking for something on these national level races to be between seven hundred and twelve hundred linear feet long. It does still have this larger body of water. One of the things we've run into is that the standard of water treatment for these large body, low volume recreation is different than it is for swimming pools. What we've done is create a design that stores like a lazy river, the water in the channel itself, and then we have two small pump stations instead of a large station along that channel. We can run this much more efficiently. We can create things like swimming areas and islands with cabanas within the flow. However, it is still, in every functional way, the same as the adventure river we have planned. There is water flowing down a hill naturally, being raised up by the pumps and then flowing down the river naturally as well. The idea all along is trips down this would allow for unguided raft trips. We would have river guards around the outside to keep you out of trouble. You would still have a helmet and life jacket but you would have a core person rafter and you would be guiding yourself.

Kraft asked, to the extent there are Olympic trials and national competitions this could host those. Can you comment on that and speak to how many of these types of facilities there are in the US and around the world that are comparable to give us a sense as to how unique and extraordinary something like this would be.

Shipley said we are working on a few projects in the middle east right now. We've gone through the International Canoe Federation, which is the international governing body for Olympic paddle sports, and we've laid out and defined what those Olympic standards and expectations are both for your field of play as well as for that event overlay, which is how we transform this venue from a recreational facility into a venue that can host international events with all the tents, athletes and changing rooms. So what we will design is a facility that will meet or exceed their requirements to host those national and international level events. When you talk about Charlotte hosting those Olympic trials there are a few things going on there. One is we did design to that international standard and made a course there that is significant throughout the world. At the same time it is so unique that is why you are pulling in some of these other countries like Chili, Brazil, Australia, Ireland, have come over to compete on that. Charlotte and Maryland opened at the same time. They were the first whitewater facilities in North America. They continue to be, along with Oklahoma City, the only pumped whitewater facilities in North America. This is that very unique thing.

Sheehan walked through the sources and uses of funds as a refresher. One thing to note about these sources and uses is these were from the original application and they contemplated both the whitewater adventure park and indoor waterpark hotel as two separate sites. So there may be some opportunities of scale and scope that is not reflected here.

For the sources, the sources column shows private debt for the whitewater adventure park $39M, indoor waterpark was $75M. I think one of the most important things to note is the portion paid by state sales tax increment, that is the RTA dedicated revenue that is how much net proceeds would support from a bond issuance. So in total between both bond elements is approximately $7.1M in bond proceeds. With the portion paid by local government tax increment $9.6M and the portion paid by public improvement fees being $24,838,00. Those are some of the metrics that we wanted to go over and then ask the developer if they used some of these calculations in their financial feasibility and if they are still planning on that local tax increment.

Neilson said we have taken at this. This level of public investment is essentially and quite truthfully its below what is typical. For a Great Wolf Lodge, they typically get about 46% of their budget in public investment. We're working through this. We believe by combining the two our economy of scale we can work within the realm of what was initially proposed.

Sheehan asked Krcmarik to comment on the public funding streams.

Krcmarik said we understood that it would take contributions from local government to get these projects done. We negotiated with both developers in the very beginning for the resort. It was the original developers of the Great Wolf Lodge systems across the country. We negotiated with them and the whitewater park we worked with a group out of Dallas Texas. When we presented these projects to the EDC we had a team of people talking about the enthusiasm and the contributions the city would be making. All of that resulted in the Resolution from the EDC and the City is still following all of those. We modeled everything that we would do based off of that. The commitment from the City of Loveland is that we will commit all of the municipal sales taxes generated from the whitewater park and if you look at the resort, we committed to a few things, all of the municipal sales tax generated by the resort and all the property taxes generated on site by the resort. In addition to that we have a lodging tax in Loveland that is 3% and what we dedicated was one-third of the lodging taxes received from the resort. We have some limitations in how we can use that money so in the resolution it is referred to as the joint destination marketing agreement. From the City administration we believe all of these are still in place. They were part of the application, resolution and the award. We have been acting consistently through this process. We have had a lot of turnover on our city council. Fogel was and is still on our city council and is the chair of NCRTA. We will have to take both of these commitments and get those converted into a binding document presentable to the EDC that validates these pledges that have been made. These commitments of city revenue have always been in place and we understand to get any state money they need to remain in place. In addition to the city pledges there is a public improvement fee that is in place to help finance the development which is at least 2% on all food and beverage that occur and then 7.8% on all admissions to the park.

Pryor asked if there have been any updates in regards to the projections at this point. Specifically of what I think is going to be a hit on property tax as it relates to commercial property in 2021. Are you looking at that and updating any of these figures.

Krcmarik said we redid all of the proformas five years ago and we know they have to be updated. COVID-19 is going to put a severe dent in the sales tax collections out in the zone. That includes some of our key shopping areas here in Loveland called the Promenade shops and the market place near I-25. We have already seen a severe hit on that and we are making a substantial reassuming on what is going to happen on sales tax flows out there. I will just mention quickly that we did have a state department growth rate number of 4.5% that we have in this agreement. At the time we said that is probably the highest one that any zone has ever seen and it wasn’t consistent with what we thought the transit the city of Loveland was on and then we proved that over the next three years but it is still in the agreement and so we recognize that we have that growth rate that we have to hit as well. With COVID-19, we know it will be difficult to hit that. You are way ahead of the curve thinking about the property tax because there is a lot going on there. There is talk and a study saying that the residential rate my go down to less than 6%. That is going to dent all of the property taxes in Colorado and our region here. Luckily what we are developing out here is mostly on the commercial side. We have to go back and look at all of those numbers.

Schiff asked is it appropriate for us to be looking at the sources and uses more from the perspective of the relative percentages of sources of funds for funding the entire project rather than looking at this as what we anticipate it will cost and how those monies will be used.

Sheehan replied that is correct.

Kraft said our assumption is that basically we would combine the two MEAPs. That is something the EDC can weigh in on and discuss.

Schiff said this is something we need to talk about and seek guidance from our counsel about. There is a lot we have to think through and understand.

Fogel said as the chair of NCRTA I look forward to pushing this through with our group. The new group has absolutely reinvigorated the project and we’re ready to go. From a council stand point, we do have to go back to our council for approval and education on this project. But I do think we can get this done. The one percent through our tourism tax is a statutory complication but it is something that we can massage through the existing legislation that was put in through Loveland. Loveland desperately needs a destination attraction for families. We need a destination attraction for people outside of the community and country. Thank you for your time and consideration and we are here to help make this happen in any way possible

Kraft said we have a concrete proposal submitted. It's a little bit different from what was approved and I think the developers will very much want to know if we are okay with what was submitted and should they move forward. I think it's a ripe time for the EDC to wrap their arms around the proposal, understand it and decide do we think this meets the guardrails as approved and does it meet the EDCs intent. They will want to know if they are on the right track sooner rather than later. I think we it would be good to get legal guidance today and provide feedback.

Schiff said as we wait for legal counsel, let's get a status update on the other elements of the Go NoCO project.

Sheehan asked the project representatives about the status of the financing entity request for the Stanley Film Center project.

Cullen said our general counsel has reached out to Rogers with a general document. I don't think that Go NoCO has had a chance to review the document to comment on it. It is in motion. In the case of the SFC we've probably spent another half million since we spoke last. I will also be candid and say my focus is reopening the Stanley for the next ten days and sitting down with an attorney is not the priority.

Sheehan said that was the only other update.

Schiff said as we wait for legal counsel to become available, I would like to move forward with the OEDIT budget update.

Markey said the Legislature comes back into session next Tuesday. They will be considering the budget proposal that has been considered by the joint budget committee. A lot of things can change in the Legislature and nothing is final until the Governor signs the budget. That being said, I want to make sure you have an overview of the JBC proposal that is going forward with regard to OEDIT's budget. As you know we are facing a budget deficit of over $3B. Every agency within state government is being impacted quite heavily. There are a lot of difficult decisions being made. At OEDIT we worked with all the divisions to get in front of it and identify savings that would have the least impact on our ongoing economic development and more importantly economic recovery efforts for the state. In total our cuts equal about 27% of our annually appropriated budget. Given the uncertainty of projected state revenues we will continue to explore other contingency scenarios to deliver a balanced budget. We are working hard to make sure our Legislators understand the importance of our economic tools that we have that will be instrumental in helping us recover from the pandemic.

Schiff called for a motion to enter into executive session to receive legal counsel on RTA.

Seaton 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.

Takeda-Tinker moved the EDC exit Executive Session. Wahl seconded the motion. Motion passed unanimously.

The EDC is now in Open Session.

Schiff provided feedback to the Go NoCO team. We think it is a smart move to look at the two project elements and combine them in a more cost effective way. From a statutory requirement of having a unique and extraordinary project, we generally think that it would continue to meet those requirements. The concern that we have is the reduction in the amenities that are a part of the revised plan, must have an impact on the calculation of the unique out of state visitors this project can generate and therefore the tax revenue that can be generated in line with the RTA statute from the perspective of the stream of money from the state in support of the project. If the group wants to continue to pursue this new option of changing it from two elements and changing it into one element and reducing the amenities, then we are going to need to take a look at the actual revenue stream to come from the state because we anticipate that should also be reduced.

We have instructed Kraft and his team to work with you and evaluate what the consequence would be so you will have that information as it might influence your plans. We would also want to let you know that if you want to continue with your original plan in combining both elements and retaining all the amenities from the original proposal, there would not be an impact on the state revenue stream.

Schiff asked if the Go NoCO team had questions on the feedback provided.

Krcmarik said that feedback was stated clearly and that he has a clear concept of what was just said. They will work with OEDIT over the next two days to make sure that if we have any questions, we can get them answered. Thank you.

Schiff said, we want this to be built. We think it's exciting for the state and for Northern Colorado. We need projects like this. We look forward to hearing from the group on your decisions and we appreciate all the work that is going into this.

Krcmarik thanked the EDC and OEDIT for working with them on this.

**G. Transferrable Tax Credit: Ken Jensen, Mustafa Al**

**TTC Program Update**

Jensen provided a projects update.

**Evraz**

Evraz presented their project at the last EDC meeting. Evraz expects to announce their final "Go/ No Go" decision on June 16, two days before the June EDC meeting. At the June EDC meeting, OEDIT expects to request authority to issue a pre-certification to Evraz for $6.9 million.

**VF Corporation**

VF Corporation was scheduled to present their project status at this meeting, but given that OEDIT has not received the audit on their Strategic Capital Investment, in the interest of efficiency, that presentation will be given at the June EDC meeting. At the June EDC meeting, OEDIT expects to request authority to issue a pre-certification to VF Corporation for $3.1 million.

**Program**

If the pre-certifications for Evraz and VF Corporation are issued, then the total pre-certifications for this year will be $10 million, and the program total will be $30 over 3 years, so the statutory limits will have been met, and program will have been utilized to its capacity.

**Proposed Change to Program Manual**

The Transferable Tax Credit Program statute requires that the company be pre-certified before it can transfer a tax credit, and that the company must make a Strategic Capital Investment of $100 million. However, there is some ambiguity about whether the statute requires that the Strategic Capital Investment be completed before any credits are transferred.

OEDIT believes that the Strategic Capital Investment is the critical factor identified in the statute that justifies the extraordinary benefits of allowing credits to be transferable. If a company did not complete a strategic investment, the State would not obtain the benefits contemplated in the statute.

To clarify and implement this, OEDIT proposes that the following text be added to the Program Manual, in the section titled "Applying for Approval to Transfer a Credit":

- Before any credit may be transferred, the company must first complete its Strategic Capital Investment, and have this investment formally acknowledged by the Colorado Economic Development Commission.

OEDIT believes that this both follows the intent of the statute and is good policy, and requests a motion that this change be added to the program manual.

M/S/P – Wahl, Allen-Davis – Amendment to the program manual approved as recommended and presented by staff.

**Next Meeting**
The next EDC meeting is scheduled for June 18, 2020.

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