

ECONOMIC DEVELOPMENT COMMISSION

MEETING MINUTES

June 18, 2020

830 a.m. – 12:00

MEETING DATE

June 18, 2020

Virtual Meeting

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Aldo Svaldi, Ed Sealover, Lucas High, Mustafa Al-Shawaf, Ben with Project Red Lady COFTM, Candace Payne, Rachel Lyons, David T Jones, Jeff with Project Wade, Lisa Harper, Magill with Project Hummingbird COF, Mara Hardy, Mike with Project Blackbird COFTM, Pete with Project Blackbird, Rebecca Gillis, Robert Brown, Robin Brown, Roger Hosea, Steve Jozefczyk, Tyler Hales, Trae Miller, Austin with Project Hummingbird, Carl Lashua, and Jake with Project Pentagon.

C. Staff

Betsy Markey, Jeff Kraft, Sean Gould, Ken Jensen, Sonya Guram, Jill McGranahan, Katie Woslager, Donald Zuckerman, Rama Haris, Mariel Rodriguez-McGill, Che Sheehan, Tad Johnson, Reid Aronstein, David Madsen, Leslie Hylton, Max Nathanson, Mike Landes, Kelly Baug and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the May 21, 2020 EDC meeting and an amendment to the April 16, 2020 Meeting Minutes.
2. The Economic Development Commission approved the following projects/items

JGITC:	Project Nutmeg; Project Hummingbird; Project Wade.
SF:	Project Pentagon.
COFTM:	Project Black Bird; Project Raven and Blackjacks; Project Red Lady; SF Extension.
EZ:	JEF-Savio Family Residential Program; DEN-NWCA Riverfront Open Space; SC-Fox West Theatre; REG10-The Wright Opera House; EC-Lincoln County ED Corp.
RJS:	Prostar Geocorp; Docupots; Removal of Companies.
AI:	Fort Lewis College; GeoVisual Technologies/Precision Agriculture Collaboration Initiative; NREL/NWTC.
TTC:	Precertification's for Evraz and VF Corp.

A. Meeting Called to Order

Schiff called the meeting to order.

Meeting Minutes

Pryor moved approval of the May 21, 2020 and the Amendment to the April 16, 2020 EDC meeting minutes. Takeda-Tinker seconded the motion. Motion passed unanimously.

M/S/P - Pryor, Takeda-Tinker – May 21, 2020 and Amendment to April 16, 2020 minutes approved as presented by staff.

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

Project Nutmeg

Hadwiger presented Project Nutmeg. Project Nutmeg is a wholly owned subsidiary of a large, Fortune 500 U.S. pharmaceuticals company that is considering opening a new manufacturing facility in Colorado. The company behind Project Nutmeg researches and manufactures bio-pharmaceutical products intended to treat cancer. The company specializes in discovery research, clinical development, and regulatory affairs in the field of oncology, and they develop and manufacture both internally and externally discovered products. In addition to developing their own products, as medicines developed by the parent or other external organizations near US regulatory approval, the company behind Project Nutmeg is brought on to manage continued clinical development, commercialization and medical affairs support.

With the support of the larger parent company, Project Nutmeg would significantly expand the companies' discovery team and laboratory operations. While the company has locations across the U.S. and Europe, this project would entail increasing the number of employees based in Colorado, of which there are around 40 today. The project under consideration would entail building a new 70,000 square foot laboratory facility, which would require a capital investment of over \$20 million in building and equipment. The project would create 106 net new full time jobs that would be spread across biologists, chemists, QA/QC, facility managers, and other discovery-related positions. At an average annual wage of \$125,142, these jobs would be well over 100% of the average annual wage for any of the three counties under consideration in Colorado, which are Boulder, Broomfield, and Denver County.

Staff is requesting \$3,453,952 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 106 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 – Allen-Davis, Duran – Project Nutmeg approved as presented and recommended by staff.

Project Hummingbird

Hadwiger presented Project Hummingbird. Project Hummingbird is a publicly-traded American technology company that is considering relocating its headquarters to Colorado. The company behind Project Hummingbird is a global technology provider currently headquartered in the Northeast US. The company employs nearly 5,500 employees worldwide. Its current presence in Colorado is a distribution center employing approximately 13 employees. Project Hummingbird's relocation is estimated to employ 75 people over the next eight years at an average annual wage of \$168,396, which is equivalent to 195% of the average annual wage in Broomfield County, which is the highest AAW of any Colorado county under consideration. This project represents a full relocation of the company's executive offices and headquarters, and these jobs will be largely spread between management and software engineering functions. The project will contain a 'software engineering center of excellence' that the company would co-locate with the new HQ. The project is expected to realize roughly \$4M in capital expenditure.

Staff is requesting \$2,061,324 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 75 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 – Takeda-Tinker, Wahl – Project Hummingbird approved as presented and recommended by staff.

Project Wade

Hadwiger presented Project Wade. Project Wade is a venture-backed American fintech company, based in the Bay Area that is considering Colorado for the site of its HQ2 as it builds out its national presence. The company has roughly 425 employees, including three based in Colorado. The company behind Project Wade is looking to establish its HQ2, where it intends to expand hiring for most internal functions. The company has a goal of hiring 100 FTEs in the chosen region within the first 12 months of the office opening, while expanding roughly 20%-25% year after year. Project Wade's HQ2 is estimated to employ 543 people over the next eight years at an average annual wage of \$134,472, which is equivalent to 184% of the average annual wage in Denver County. This project represents a full suite of corporate functions, including management, finance and business development, software engineering, marketing, legal, and operations.

Staff is requesting \$5,525,357 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 543 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, Franz – Project Wade approved as presented and recommended by staff.

C. Strategic Fund (SF): Sean Gould, Michelle Hadwiger, Betsy Markey EDC Budget Update

Gould provided the budget update which currently shows a balance of \$2,705,945 available for future projects.

SF Balance Forecast

Gould presented the SF Balance Forecast which shows \$394,445 in projected available funds.

Project Pentagon/Tranche Policy Discussion

Hadwiger presented Project Pentagon. Project Pentagon is a Software-as-a-Service (SaaS) technology company serving direct-to-consumer industries that is considering expanding within Colorado. The company is headquartered in Colorado. Project Pentagon is a competitive expansion project for the company's next satellite office. The company already utilizes a flexible, remote-based work environment, and has a commitment to facilitating employee choice and rural development through tech-enabled solutions. The company estimates that Project Pentagon will lead to the creation of up to 403 net new full time jobs. 171 of these jobs are projected to be remote workers in rural Colorado counties, under OEDIT's LONE incentive. The company will move fast with hiring and has reported a current demand for about 250 positions. The company's projected average annual wage of the jobs to be created by this project is \$62,295. This is equivalent to 145% of the average annual wage in Mesa County. OEDIT has collaborated with the Grand Junction Economic Partnership (GJEP) on this project. GJEP has been a strong supporter of this project since its inception. Under the LONE incentive, Project Pentagon will be eligible to earn up to \$1,111,500 in Strategic Fund cash funds, without any local matching funds, in addition to the Job Growth Incentive Tax Credit eligible for the total pool of employees associated with the project. Per LONE, the average wage requirement for the entire pool of employees will be pegged to the home county in question (Mesa County) irrespective of where the location neutral employees associated with the project are based.

Staff is requesting \$2,760,210 in performance-based Job Growth Incentive Tax Credits over an 8-year period, 96 months, is requested from the EDC. The amount of this incentive as recommended above takes into account OEDIT staff's analysis of the four factors identified in C.R.S. § 39-22-531 (3)(c).

This incentive is contingent upon the Company maintaining their headquarters in a rural community in Colorado. The creation of up to 403 net new full-time jobs (including 171 LONE 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. Before any credits are issued, the company must create and maintain at least 20 net new full-time jobs.

The full amount of this LONE incentive is \$1,111,500 for up to 171 net new permanent full-time jobs. However, upon approval of this incentive, only \$260,000 for the first tranche will be subject to encumbrance upon signing the incentive contract. The remaining amount maintained in the "pipeline" in the Strategic Fund Forecast. If the strategic fund balance is low and/or the company is not performing the first tranche, OEDIT and the EDC may withhold further tranche. The maximum under this award is \$1,111,500 in a performance-based Strategic Fund LONE incentive over a 5-year period, 60 months, is being requested from the EDC at \$6,500/NNJ.

This incentive is contingent upon the creation of up to 40 net new permanent full-time jobs with a maximum of up to 171 net new permanent full-time jobs, in the LONE-eligible communities, with similar positions as the JGITC project. As long as the AAW requirement of the total JGITC project has been met, then these LONE net new jobs are eligible for this incentive. As the company performs on creating LONE eligible positions (project type positions in the eligible remote rural counties). OEDIT staff will return to the EDC with a report on the company's progress each year and ask for additional tranches of funding in \$260,000 increments for up to 40 more LONE positions not to exceed 171 net new jobs. Any remote rural works in the county selected for the satellite office will not count for the LONE calculation. The Net New Jobs must be maintained in Colorado for one full year before any grant payments are made at the end of the 5 year period, based on the average number of LONE eligible employees over years 2 through 5. Per the LONE incentive, no local match is required for these Strategic Fund monies.

M/S/P – Seaton, Brown – Project Pentagon approved as presented and recommended by staff. Note: Dragoo recused himself from the vote. Takeda-Tinker abstained from the vote.

LOCATION NEUTRAL EMPLOYMENT (LONE) PROGRAM POLICY UPDATES:

- 1) When the LONE program was created, the intent was to exclude Location Neutral Net New Jobs (NNJs) in the home county where the JGITC Project is located. We want to make this implied rule explicit.
- 2) For LONE incentives approved by the EDC in excess of \$260,000, for up to 40 NNJs at \$6,500/NNJs, OEDIT will contract for the full amount, but encumber in tranches of \$260,000. The first tranche will be encumbered at contract execution and the remaining tranches will be earmarked for the remaining amount of the LONE incentive award.
 - o Tranches two and beyond will move from earmarked to encumbered based on the following considerations:
 - Are there available funds in the Strategic Fund balance?
 - Has progress in hiring remote rural workers on the previous tranche been made, or is forecasted to accelerate, requiring one or more tranches to be encumbered?

- If the company has qualified more LONE NNJs than the current encumbrance allows, OEDIT will automatically encumber tranches to keep pace with the company's performance, without further EDC approval.
- Tranches will not be un-earmarked for at least two years allowing the company to demonstrate performance. Should the hiring of remote rural workers be slower than planned and mathematically not able to reach the maximum award amount, Tranches will be un-earmarked if the EDC determines the funds are needed for other projects.

The Commission agreed with the LONE Policy revisions and directed staff to move forward with the suggested policy updates.

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

COFTM Budget Update

Rodriguez-McGill provided a COFTM budget update which shows a balance of \$896,103 in unobligated funds with a total of \$351,567 pending EDC's approval today.

Project Blackbird

Rodriguez-McGill presented Project Blackbird. Project Blackbird is a feature-length documentary film produced by Boulder-based REEL ROCK d.b.a. Sender Films.

For this production, the producers plan to film in Rocky Mountain National Park, Eldorado Canyon State Park, Flagstaff Mountain and Boulder Colorado.

Since its inception, Sender Films has received financial support from leading outdoors industry brands (currently The North Face, Black Diamond Equipment, Yeti and others); these funds will support the creation of this feature-length documentary.

The objective of this request is to spur film production in the state and support local filmmakers. Given the popularity and global appeal of Sender Films' documentaries, Colorado will benefit from highlighting the state's beautiful landscapes and climbing locations. A Colorado-based production, such as this one, creates opportunities for Colorado's skilled workforce to work where they live.. Reel Rock, LLC d.b.a. Sender Films plans to hire 80% of the production's workforce locally.

The project has a total preliminary Colorado budget of \$1,274,068; Payroll spend: \$914,518; Vendor spend: \$359,550; CO Crew hires: 52; CO Cast hires: 0; Total CO hires: 65 (80% Colorado Workforce).

Given the estimated local qualified expenditures outlined in the application, COFTM would like to request a rebate of up to \$254,813 (full 20% rebate).

M/S/P – Jones, Wahl – Project Blackbird approved as presented and recommended by staff.

Project Raven and Blackjacks

Rodriguez-McGill presented Raven and Blackjacks. Raven and Blackjacks is a supernatural Western television series featuring a pair of fraternal twins who are the illegitimate bi-racial son and daughter of a railroad magnate. Raven and her brother Jack are troubleshooters, traveling west to problem solve on behalf of their father. Raven's gift of sorcery and Jack's skills as a master of deception aid the twins in tackling their father's dirty work. Together they use their very different forms of magic to bail themselves out of difficult situations and to clean up after their erstwhile father.

This incentive application is for the proof-of-concept episode for the series. In light of the COVID-19 pandemic, Ersoz and Firestone plan to prepare for the production this fall/winter so they will be ready to safely return to set in the spring. They are currently eyeing private property in Steamboat Springs and the beautiful canyons of Fruita.

The Project will be financed with local angel investor money, which has already been obtained. The producers plan to submit the proof-of-concept to Denver's SeriesFest television festival with the hope of starting conversations with major distributors and a plan to keep production for the 8-episode series in Colorado.

The project has a total preliminary Colorado budget of \$116,770; Payroll spend: \$76,770; Vendor spend: \$50,000; CO Crew hires: 25; CO Cast hires: 17; Total CO hires: 42 (93% Colorado Workforce)

Given the estimated local qualified expenditures outlined in the application, COFTM would like to request a rebate of up to \$23,354 (full 20% rebate).

M/S/P – Seaton, Pryor – Raven and Blackjacks approved as presented and recommended by staff.

Project Red Lady

Rodriguez-McGill presented Project Red Lady. Project Red Lady is a feature-length mountain biking film. For this production, the producers plan to film in Crested Butte, Gunnison and along the Mountain Bike Trail Systems of the Gunnison Valley. In addition to funding from sponsors and distribution partners, the film will be partially funded by the Gunnison Valley's Tourism and Prosperity Partnership (TAPP). The production company will release the film via three channels. First through global theatrical release as they have traditionally done with their annual ski films. The theatrical release will be followed by a paid digital release through iTunes, Amazon and Google Play in addition to streaming video on demand (SVOD).

The project has a total preliminary Colorado budget of \$367,000; Payroll spend: \$128,500; Vendor spend: \$209,700; CO Crew hires: 10; CO Cast hires: 0; Total CO hires: 10 (100% Colorado Workforce)

Given the estimated local qualified expenditures outlined in the application, COFTM would like to request a rebate of up to \$73,400 (full 20% rebate).

M/S/P – Allen-Davis, Wahl – Project Red Lady approved as presented and recommended by staff.

SF Extension

Rodriguez-McGill presented the SF Extension request. On October 17, 2019, the Economic Development Commission (EDC) approved a one-time allocation from the Strategic Fund of \$1,250,000 to be used by the Colorado Office of Film, Television and Media (COFTM) for the purposes of increasing the FY2019-20 COFTM film incentives budget. The goal of the allocation was to retain the local film industry and workforce in Colorado, attract new productions to the state, and support local film projects and take advantage of marketing opportunities, all of which encourage economic development across the state.

The original motion for these funds included the following deadlines:

- Individual projects must be approved by the EDC and encumbered for use by June 30, 2020
- Filming must be completed and submitted for incentive reimbursement to COFTM by December 31, 2021
- Any funds not meeting these timelines will be un-earmarked or unencumbered and returned to the state

In March 2020, filming across the globe ceased production due to the COVID-19 pandemic. At the current time, both independent and studio productions are at a standstill as they navigate state stay-at-home/safer-at-home orders, new insurance policies and implement new safety procedures with unions and other industry organizations.

COFTM is requesting a 12-month extension of the remaining allocated strategic funds as follows:

- Individual projects must be approved by the EDC and encumbered for use by June 30, 2021
- Filming must be completed and submitted for incentive reimbursement to COFTM by December 31, 2022
- Any funds not meeting these timelines will be un-earmarked or unencumbered and returned to the state

The extension of the strategic fund allocation will allow COFTM to work with filmmakers looking to film in Colorado when they are able and take advantage of the industry interest in filming outside of major metropolitan areas.

M/S/P – Pryor, Takeda-Tinker – SF Extension approved as presented and recommended by staff.

Zuckerman announced Rodriguez-McGill's departure from OIEDIT. Rodriguez-McGill will be leaving to pursue her studies.

The EDC and Zuckerman commended Rodriguez-McGill on her work with and the education of the COFTM program.

**E. Enterprise Zone (EZ): Sonya Guram
Proposed Contribution Projects**

Guram presented the following Contribution Projects for review.

Enterprise Zone	Project Name	Project Type	Project Category	Completion Date	Project Budget	1 yr. Projected Credits
Jefferson County	Savio Family Residential Program	Capital Campaign	Community Facility	12/31/2025	\$3,000,000	\$406,250
Denver	National Western Center Authority-Riverfront Open Space	Capital Campaign	Community Facility	12/31/2025	\$10,000,000	\$20,000
South Central	Fox West Theatre	Capital Campaign	Toursit Attraction	12/31/2025	\$7,800,000	\$656,250
Region 10	The Wright Opera House	Operations	Visitor Event/Attraction	12/31/2025	\$165,400	\$17,500
East Central	Lincoln County Economic Development Corp	Operations	Economic Development	12/31/2025	\$125,000	\$5,550
TOTAL					\$21,090,400	\$1,105,550

M/S/P – Duran, Brown – Contribution Project Proposals approved as presented and recommended by staff.

**F. Rural Jump-Start (RJS): Ken Jensen
ProStar Geocorp**

Jensen presented the Prostar Geocorp extension request. ProStar Geocorp has applied for an extension of Rural Jump-Start program benefits. This application requests a 4 year extension for the business

income tax exemption, the employee exemption, and the state sales tax exemption. ProStar Geocorp is the first company to have submitted an application for extension.

OEDIT has reviewed this application, and based on the criteria approved by the EDC, recommends approving ProStar Geocorp for the 4 year extension of benefits for the company income tax benefit, the employee income tax benefit, and the company sales tax benefit.

Based on the criteria of the Program Manual, OEDIT concludes that ProStar Geocorp has made a strong case for approving the extension of benefits.

OEDIT takes the view that offering Rural Jump-Start benefits to companies encourages these companies to grow in the rural areas of Colorado, which is in turn essential to addressing issues of rural economic development.

OEDIT has reviewed this application, and based on the criteria approved by the EDC, recommends approving ProStar Geocorp for the 4 year extension of benefits for the company income tax benefit, the employee income tax benefit, and the company sales tax benefit, maintaining the allocation of 29 New Hires.

M/S/P – Pryor, Brown – ProStar Geocorp extension approved as presented and recommended by staff.

Docupots

Jensen presented Docupots. Docupots is a product company that will manufacture and market biodegradable pots for commercial and residential use. Docupots will be a new division of an existing company.

The Rural Jump-Start Program has received an application from a manufacturing company that intends to transform waste paper into small bio-degradable pots for the commercial agriculture market. These pots would be sized for seeds, and then bio-degrade as the plants sprout and grow.

OEDIT concludes that the new division of Docupots was not operating in the zone at the time application as defined by the guidelines of the Rural Jump-Start program.

OEDIT has concluded that Docupots passes all metrics for participation in the Rural Jump-Start program, and therefore recommends approving Docupots for participation in the Rural Jump-Start program with ten New Hires.

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

Change to the Program Manual

Jensen provided an update of the Program Manual. Per the discussion at the last EDC meeting, OEDIT recommends making two changes to the Rural Jump-Start program manual, that the company may not receive RJS benefits until it moves into the zone, and that the company must move into the zone within one year of EDC approval. To implement these changes, OEDIT suggests adding the following text to the Program Manual:

If order to receive Rural Jump-Start Program benefits, including the New Hire benefit, the company must be located in the Rural Jump-Start zone specified in the application. If the company is not located in the RJS zone at the time of EDC approval, the company has one year from EDC approval to move into the zone. If the company does not move into the zone within one year of EDC approval, the company must appear before the EDC to request an extension, which the EDC may approve,

modify, or deny at its discretion. In any case, the benefit period will start at the latter of 1) the EDC approval date, or 2) the date the company moves into the zone.

The EDC agreed to the recommended changes to the Program Manual and directed staff to move forward.

Removal of Companies

Jensen presented the following companies for removal. OEDIT recommends the removal of three companies from the Rural Jump-Start Program, Bio-Comp, Pierce Corporation, and Visual Globe.

Bio-Comp (doing business as Hemp Adobe), planned to locate in Montrose. The company never set up operations anywhere, as they had trouble with fundraising. OEDIT has discussed this with Sandy Head, the Executive Director of the Montrose Economic Development Corporation, as well as with Kevin Hodge, the owner of Bio-Comp.

Pierce Corporation has moved administrative functions into the RJS zone from Oregon. The company had planned to move their manufacturing operations to Mesa County, but business conditions have changed, and the company is moving all its operations out of Mesa County.

Visual Globe plans to keep all of its operations in Parker, Colorado, and will not be moving to the Mesa County RJS zone. They cited access to talent and personnel as the reason for this decision.

M/S/P – Wahl, Seaton – Removal of companies approved as presented and recommended by staff.

Annual Report and Benefits Summary

Jensen provided a brief summary of annual reports and benefits. Total tax exemptions issues to RJS companies for 2019 operations, \$27,082 and tax exemptions issued to RJS employees for 2019 operations, \$1,747,552.

**G. Advanced Industry (AI): Katie Woslager
AI Projects for Final Approval**

Wosalger presented the following project for final approval.

Organization	Funding Request
Fort Lewis College	\$1,500,000
GeoVisual Technologies, Inc.	\$731,194
NREL/NWTC	\$360,000

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

AI Budget

Woslager provided an AI Budget update which shows \$5,835,198 in remaining funds available.

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

Jensen provided the following RTA Program Update.

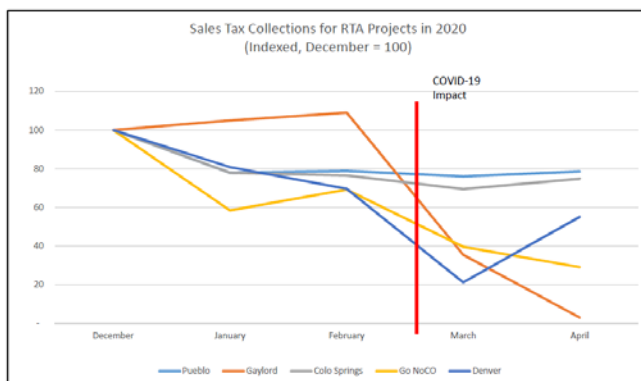
Project/Element	Status	Planned Opening Date (or other summary info)	Key Next Steps	Immediate Items for EDC
Aurora-Gaylord		Opened	OEDIT staff worked with AURA on streamlining future quarterly reports. Proposed expansion currently on hold.	
<u>Colorado Springs-City for Champions</u> (Must commence by 12/16/18 (19))			OEDIT compiling all modifications into one master amended resolution. Working closely with Attorney General to work on specific resolution language.	
USAFA Welcome Center		Changed from red to green with yellow border per 11/21/19 EDC meeting where commencement was approved	Hit required March 31, 2020 milestones: Financing Entity enters into pledge agreement with the BID – Completed BID issues bond with net proceeds of at least \$60M – Requirement extended until 12/31/2020 The net proceed of the series B bond total at least \$25M – Requirement Extended until 12/31/2020 Project Element Developer enter into sublease agreement - Completed Fully executed GMP for general contractor – Completed	Project update on USAFA from Bob Cope
<u>Go NoCO</u> (Must Commence by 11/12/20)			OEDIT staff met with the WWAP and Waterpark Hotel team and discussed feedback from the last EDC meeting. We are working on getting the original economist to update assumptions.	Brief update from Whitewater park team based on last meeting.
Stanley Film Center			John Cullen has been focused on reopening the Stanley and plans to re-engage with the film center in mid to late June	

Sales Tax Collections in 2020

Sheehan provided the information on the 2020 sales tax collections for the RTA projects.

Raw Data						Drop, Dec - April
	December	January	February	March	April	
Pueblo	\$4,926,349	\$3,841,300	\$3,886,071	\$3,747,576	\$3,872,621	21%
Gaylord	\$606,964	\$637,132	\$661,845	\$215,618	\$22,862	96%
Colo Springs	\$19,054,170	\$14,861,520	\$14,586,986	\$13,246,934	\$14,263,603	25%
Go NoCO	\$907,957	\$530,606	\$628,523	\$359,848	\$264,595	71%
Denver	\$18,341,964	\$14,839,305	\$12,774,698	\$3,899,766	\$10,133,659	45%
All Projects	\$43,837,405	\$34,709,863	\$32,538,124	\$21,469,742	\$28,557,340	51%

Index = 100				
December	January	February	March	April
100	78	79	76	79
100	105	109	36	3
100	78	77	70	75
100	58	69	40	29
100	81	70	21	55
100	79	74	49	65

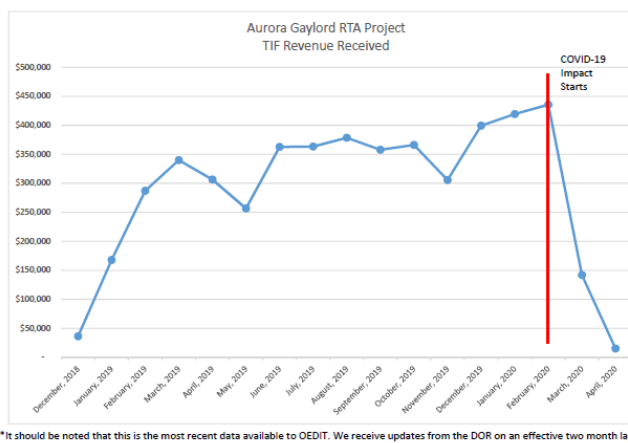


Aurora/Gaylord

Sheehan provided the following tax collection information for the Aurora/Gaylord project.

Regional Tourism Act Program
Aurora Gaylord TIF Revenue Received

DOR Reporting Month	Month of Economic Activity	Period of Economic Activity	TIF Revenue Received
1/31/2019	12/31/2018	December, 2018	\$36,216
2/28/2019	1/31/2019	January, 2019	\$167,744
3/31/2019	2/28/2019	February, 2019	\$287,065
4/30/2019	3/31/2019	March, 2019	\$339,848
5/31/2019	4/30/2019	April, 2019	\$306,420
6/30/2019	5/31/2019	May, 2019	\$256,603
7/31/2019	6/30/2019	June, 2019	\$362,686
8/31/2019	7/31/2019	July, 2019	\$363,326
9/30/2019	8/31/2019	August, 2019	\$378,414
10/31/2019	9/30/2019	September, 2019	\$357,805
11/30/2019	10/31/2019	October, 2019	\$366,043
12/31/2019	11/30/2019	November, 2019	\$305,703
1/31/2020	12/31/2019	December, 2019	\$399,382
2/29/2020	1/31/2020	January, 2020	\$419,233
3/31/2020	2/29/2020	February, 2020	\$435,494
4/30/2020	3/31/2020	March, 2020	\$141,877
5/30/2020	4/30/2020	April, 2020	\$15,044



Go NoCO Update

Kraft said staff is working with NCRTA and the project developer on the project requirements and exploring the option to reduce the amount of revenue based on the reductions that they are proposing. Staff will provide an update of progress in July.

The Stanley Hotel is still focused on reopening and will reengage in mid to late June.

Colorado Springs Update

Kraft updated the board saying the Colorado Springs team has made progress towards getting the funding finalized and will provide an update at a future meeting.

I. Transferrable Tax Credit (TTC): Ken Jensen Precertification's

Jensen presented updates on the TTC projects.

Status of the Evraz Project

Evraz presented their project at the April EDC meeting. Evraz expects to announce their final "Go/ No Go" decision on June 16, two days before this EDC meeting. If Evraz decides to pursue this project, the next steps in the TTC program are expected to be:

- The issue of the final precertification.
- Evraz initiates the project, making the Strategic Capital Investment through construction spending.
- Evraz expends \$300 million, which satisfies its Strategic Capital Investment requirement. During this phase, the company will be earning tax credits that will eventually be transferable.
- Evraz submits evidence of these expenditures.
- The EDC acknowledges that the Strategic Capital Investment requirement has been satisfied.
- The company seeks EDC approval to transfer credits it has received.
- The EDC approves this request for transfer.
- The transfer is finalized.

Al-Shawaf, with Evraz (Project 5000) provided a brief update on the projects key milestones, the completed work as of February and a summary of expenditures.

The Commission thanked Evraz for the update.

Status of the VF Corporation Project

VF Corporation has signed a lease for their new corporate headquarters at 1551 Wewatta. This lease is the basis of the company's claim that they have satisfied their Strategic Capital Investment requirement.

OEDIT is reviewing the investment made by VF corporation, and expects that the investment by VF Corporation will meet the company's Strategic Capital Investment requirement. However, VF Corporation is required to provide an audit opinion from an independent certified public accountant that the strategic capital investment has been made, and this is still pending. Once this audit opinion is received, OEDIT will bring this to the EDC to formally acknowledge that the Strategic Capital Investment has been made.

Given that VF Corporation likely satisfied their Strategic Capital Investment requirement with the signing of the lease, once this is acknowledged by the EDC, the company may start the process of transferring their tax credits.

OEDIT recommends approving two precertifications of transferability for fiscal year 2019-20:

- Issuance of precertification for Evraz for \$6.9 million.
- Issuance of precertification for VF Corporation for \$3.1 million.

Staff also recommends the following:

- That the EDC advise Evraz to ensure that they satisfy the requirements of the Enterprise Zone program.
- That the EDC advise both companies to get a private letter ruling from the Department of Revenue.
- When these two precertifications are completed, the agreements with each company will be satisfied.

Schiff requested that the following excerpt taken from the November 16, 2017 staff summary for Project 5000 be noted for the minutes:

****actual EZ ITC might be more or less than this amount depending on how much of the capital investment is qualified to receive the 3% tax credit. For example investment in buildings do not generally qualify. Per the table above the transferable tax credits can be comprised of any mix of Enterprise Zone Investment Tax Credits, New Employee Credits or Research and Development Credits, or Job Growth Incentive Tax Credits for which the company qualifies during the 10 year period beginning in the tax year which commences immediately following this precertification approval. Before the Project can actually transfer the tax credits they earn, they will need to comply with all statutory requirements including but not limited to finalizing the investment and returning to the Commission with evidence of the investment and an independent CPA Audit.**

M/S/P – Duran, Allen-Davis – Issuance of precertification's approved as presented and recommended by staff.

J. Legislative Update: Leslie Hylton, Betsy Markey, Jeff Kraft

Markey, Hylton, and Kraft provided a legislative update as of June 10th. Because of the 3.2 billion shortfall in the State's budget, OEDIT dropped the majority of its legislative agenda items and accepted lower amounts of financial support on the remaining agenda items and for existing programs. In better news, OEDIT has been leading the charge on two new legislative proposals that provide millions of dollars in recovery support to Colorado small businesses.

Extension of the Procurement Technical Assistance Center (HB20-1116): The Senate amended this bill post-COVID to transfer \$175,000 out of the General Fund for this program, as opposed to the full \$220,000, for the first two fiscal years of the extension. The transfer will go back up to \$220,000 for fiscal years 2023, 2024, 2025. As of June 10, HB20-1116 is back in the House for final concurrence on the Senate's amendment, which we expect to happen before the end of the session. Then the bill will go to the Governor for signature.

Extension and Improvement of the Rural Jump-Start (HB20-1003): The Senate amended this bill post-COVID to remove the administrative support that OEDIT receives to manage this program, which is equal to ~\$90,000 and one full time employee. As of June 10, HB20-1003 is back in the House for final concurrence on the Senate's amendment, which we expect to happen before the end of the session. Then the bill will go to the Governor for signature.

CLIMBER Fund (HB20-1413): HB20-1413 would, leveraging up to \$250M, provide capital for loans for small businesses over the next two years and preserve thousands of at-risk jobs across the State. To reach the \$250M goal, the State proposes providing \$50M in first-loss capital over two fiscal years. These funds will come from the sale of insurance premium tax credits that mature at least five years after the date of issuance, thereby avoiding an immediate General Fund contribution or loss. As of June 10, HB20-1413 had passed the full House and is making its way through the Senate committees of reference before reaching the Senate floor.

CARES Small Business Grant Program (SB20-222): SB20-222 would provide \$20 million in CARES Act funding to the Energize CO Gap Fund for grants for Colorado's hardest-hit and most in need small businesses including non-profits directly supporting small businesses. OEDIT and the Economic Development Commission would serve as a pass-through for these dollars and contract with the Colorado Housing & Finance Authority to manage the program. As of June 10, SB20-222 is on its way to the Senate floor and will then go on to the House committees of reference before reaching the House floor.

Gaming Suspension Bill (HB20-1399) & the Advanced Industries Program: HB20-1399 was advanced by the Joint Budget Committee (JBC) to suspend all gaming transfers for two years and refund those programs (in part) via the General Fund. This bill directly impacts four OEDIT programs/divisions, including the Advanced Industries (AI) Program. Specifically, HB20-1399 suspended \$5.5M in gaming for two years for AI and refunded it via the General Fund for one year but at \$.5M, meaning AI took an overall reduction of \$5M. Originally, JBC staff had recommended eliminating the other source of AI funding (a transfer which ranges from \$4.1-7.6M annually), thereby leaving only \$.5 total for the program. However, OEDIT was able to stave off that recommendation, and ultimately the program will be funded in FY21 at about half the level it has been in previous years. As of June 10, HB20-1399 had passed both chambers of the General Assembly and is on its way to the Governor for signature.

Dropped Agenda Items: The following legislative proposals were dropped from OEDIT's agenda post-COVID and thus will not advance in the General Assembly this legislative session.

- Extension of the Enterprise Zone Refundable Mechanism for Investments in Renewable Energy (HB20-1299)
- Extension of the Transferable Tax Credit Program (HB20-1298)
- Authorization of the Outdoor Recreation Industry Office (HB20-1191)

K. Other

The next EDC meeting will be on July 16, 2020 and will be virtual.

With all items discussed, the meeting was adjourned.