

ECONOMIC DEVELOPMENT COMMISSION
MEETING MINUTES
July 16, 2020
8:30 a.m. – 12:00 p.m.

MEETING DATE

July 16, 2020
Virtual Meeting

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Aldo Svaldi, Jason Bertolacci, Sue Dorsey, Elsa Ali Hughes, Steve Johnson, Thomas Marquez, Mike O'Donnell, Ceyl Prinster, Su Ryden, Metta Smith, Anne Haines, Jonathan Veteto, Sue Riden, Ed Sealover, Kate Chapman, and Marisa Barrera.

C. Staff

Betsy Markey, Jeff Kraft, Sean Gould, Ken Jensen, Jill McGranahan, Katie Woslager, Mike Landes, Jack Tiebout, Che Sheehan, Tad Johnson, Andrea Blankenship, Andrew Wallace, David Madsen, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the June 18, 2020 EDC Meeting Minutes.
2. The Economic Development Commission approved the following projects/items:

SF:	EDC and PTAC Administration request.
EZ:	REG10 Grand Mesa Arts and Events Center; and SC A.R. Mitchell Museum Operations.
CARES Act:	Contract with CHFA pre-approved.
AI:	NREL/NWTC Request.

A. Meeting Called to Order

Schiff called the meeting to order.

Meeting Minutes

Pryor moved approval of the June 18, 2020 EDC meeting minutes. Takeda-Tinker seconded the motion. Motion passed unanimously.

M/S/P - Pryor, Takeda-Tinker – June 18, 2020 minutes approved as presented by staff.

B. Strategic Fund (SF): Sean Gould, Jeff Kraft, Betsy Markey, Jonathan Veteto

EDC Budget Update

Kraft presented the EDC Budget update which shows a current available balance of \$2,705,945 available for future projects.

SF Balance Forecast

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

Procurement Technical Assistance Center (PTAC)

Kraft introduced Veteto the program manager and executive director for the Colorado PTAC. Veteto presented an overview of the PTAC program. The Colorado PTAC was established in 2009, and the State initiated statutory support for it in 2015 after a bipartisan Procurement Technical Assistance Task Force found that ongoing state financial support is necessary to establish a stable and successful PTAC. Since the Colorado PTAC's inception in 2009, and per federal reporting standards, over 5,000 clients have been served, helping to support a total of 55,000 jobs around the state. In 2018 alone, clients working with the Colorado PTAC reported earning a combined total of over \$419 million in government contracts and creating/retaining over 8,000 jobs.

The Colorado PTAC is vital to the State's COVID-19 economic recovery efforts. As a massive contraction in the private sector is occurring, government contracts, especially those with the federal government which is adding trillions in new appropriations, are one of the most secure sources of business right now and one of the few sectors which is growing. Indeed, the Colorado PTAC's client contact was up 14% in March and continues to grow, with several PTAC clients actively working on recovery efforts for the federal government, including PPE development.

HB20-1116, which was passed into law at the end of June, extends state support for the Colorado Procurement Technical Assistance Center (PTAC) for five years. The Colorado PTAC supports eligible small businesses, including those that are women, minority, and veteran-owned, obtain and perform government contracts at federal, state, and local levels. OEDIT currently receives \$220,000 to support the Colorado PTAC and help draw down federal matching funds. This past legislative session, OEDIT advocated for an extension of this support for five years. Post-COVID-19, this financial support was limited in the bill to \$175,000 for the first two years of the extension; per the legislation, that number will go back up to \$220,000 in fiscal years 2023, 2024, and 2025.

Veteto introduced Riden a PTAC board member. Riden said she spent some time in the legislature and was honored to be involved in getting the PTAC going again when they did the study back in 2013. After interviewing the PTAC's around the country, they found that the Colorado PTAC was actually the role model for everyone else. It makes you feel good as a legislator to create a program that really works and gets results. I've been on the board since I left the legislature and am impressed with everything the PTAC does. I recommend that you do as much as you possibly can to support their efforts.

Pryor said I can say categorically since my involvement in economic development over the last eleven years, the PTAC has been a steady partner.

Markey said when you think about the robust aerospace and defense industry we have in Colorado it's really critical. There are those federal dollars out there with more coming. Look at Space Command as an example. PTAC does a great job of capturing those federal funds for small business around the state.

Markey thanked Riden for all her support of the PTAC program over the years.

Franz said as someone who has owned or worked with multiple defense and arrow space companies that eco system is extremely difficult to manage as a small business owner and this is a required function. Dollar for dollar, I have no question that we are getting immense value for this and it's very easy for me to support it.

Schiff asked Kraft to provide the request.

EDC and PTAC Administration Request

Kraft presented the administration request for EDC and PTAC. For the past three years, OEDIT Admin requests have been for \$600,000. The JBC cut OEDIT's administrative funding for RJS and PTAC. These programs previous had their own fully funded appropriation in the Long Bill. Request Approval from EDC

for \$660,492 in operational funds for FY 2021 from Strategic Fund appropriation of \$5,000,000 to make up for RJS and PTAC cuts. This includes Salaries and Benefits for ~5.5 FTEs (one more FTE than previous years), Proportional Share of Office Services, Supplies, Lease, etc. Salesforce.com Licenses and Development, EDC Meeting Expenses (less travel, more technology). The programs supported are the Regional Tourism Act, Job Growth Incentive Tax Credit, Strategic Fund Incentives & Initiatives, Enterprise Zone administration, RJS, and PTAC.

BF&I Division is currently down one headcount due to a recent resignation. Due to budget cuts across the board in other divisions within OEDIT, and particularly in the Colorado Tourism Office (CTO) down 27% and all international travel marketing put on hold, BF&I and the EDC have the opportunity to take on 0.8 FTE to assist in administration of multiple programs for the next fiscal year and perhaps longer. Andrea Blankenship from CTO is a very skilled and highly valued member of the OEDIT team and will be an excellent addition to the BF&I team and will allow the office to retain skilled staff. Losing a person with her program management skills would not only be a loss for OEDIT/CTO, but her as well in this post COVID economy. A majority of her time will be spent on RJS.

With the extension of the RJS program by the legislature this session, the competitive clause was “relaxed” and administrative funding of \$80,983 and 1.0 FTE last year was reduced for FY21 to \$40,491 and 0.5 FTE. This partial funding is due to the sunset of the program under the original statute of 12/31/2020. We expect the volume of RJS applicants to dramatically increase. This increased workload for staff will be somewhat offset as the amount of research and due diligence on each applicant will be less. We believe it will be a net increase in staff administration of this program. With this reduction in funding, we are adding to the OEDIT Administration ask for the difference in funding of \$40,492 representing 0.5 FTE.

Note: Until we can get the RJS money restored, starting in FY22, we will be asking for the full amount in subsequent years of \$80,983.

Staff is requesting approval of \$660,492 for FY21 OEDIT Operational Funding and EDC Administration.

M/S/P – Pryor, Takeda-Tinker – EDC Administrative request approved as presented and recommended by staff.

Staff is requesting approval of a PTAC Strategic Fund Initiative for \$50,000 over the next two fiscal years.

M/S/P – Franz, Dragoo – PTAC SF Initiative for \$50,000 over the next two fiscal years approved as presented and recommended by staff.

Update of EDC Approved Projects

Gould provided the following update saying most of the recently approved projects have chosen Colorado so some good wins for Colorado.

C. Enterprise Zone (EZ): Andrew Wallace

EZ Contribution Projects

Wallace presented the following EZ Contribution Project Proposals for approval.

EZ	Project Name	Type	Category	Completion Date	Budget	1 yr. Proj. Credits
REG 10	Grand Mesa Arts and Events Center	Operations	Visitor Attraction	12/31/2025	\$185,000	\$12,750
South Central	A. R. Mitchell Museum Operations	Operation	Visitor Attraction	12/31/2025	\$250,000	\$15,625
					\$435,000	\$28,375

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

D. CARES Act: Jeff Kraft

Energize Colorado Contract with Colorado Housing and Finance Authority (CHFA)

Kraft said late in the session, we had an opportunity to get \$20M of CARES Act funds for small business grants. It has to be spent by December 30, 2020. So everything we're talking about here, time is of the essence. Our conceptual idea was to leverage the existing infrastructure. The people behind Energize Colorado, which originally started out as a Brad Feld initiative has transitioned into tremendous leadership with Kent Thiry who is contributing philanthropically to that effort. Jason Bertolacci is a key person who is involved in setting this up. They are leveraging existing infrastructure through non-profit lenders, CDFI's and rural revolving loan funds. They are targeting a group of underserved communities. We worked together to write the legislation so the EDC contracts with CHFA. CHFA will use their existing relationships to distribute these funds across Colorado.

Kraft walked the EDC through SB 20-222. Guram is the lead on this program for OEDIT and Duran volunteered as the EDC's designee.

Duran said this has been the most complex community outreach and engagement activities I have ever taken on and it's so important. The efforts I have been involved in so far have been aligned with people like Sonya, and Rosy with the MBO office and other staff teams at OEDIT to make sure that we align our state databases and our contacts and all of the programs that we are engaged in, in rural Colorado so that when we are ready to launch the application in this process that we have an extensive outreach throughout the state. That's been one of the critical areas of focus we've had in the past few months. We are getting there. We are getting those pieces aligned. We are having conversations with people from all walks of life through every county in the state to be sure that we reach people who aren't regular Google searchers and may just need a hard copy paper application to be able to respond to. So we're thinking about all aspects of that and that is where you all come in. The request I made to the EDC members, and it's not too late if you haven't yet responded. I just wanted to get your view, your snapshot of your counties, your communities that you work within to get hints of some of those micro and small businesses that may not be touched by government programs and who need help and support. I want to make sure that we have that contact connection so that we can outreach to them when the time is right for that kind of connection so please send that information into the OEDIT staff. I will get it and incorporate it into our plan. It's all hands on deck with all stakeholders engaged and you're key stakeholder in this as EDC members so I want to encourage your engagement.

Pryor asked if this money that is coming to the county. I met with the county administrator and he said they anticipate some funding for small businesses that have COVID related expenses. There is some confusion in my mind of is the money coming from or through the county or is it coming through this Energize Fund.

Markey said the money does not go to counties. It will go specifically to businesses. Once the application comes out within the next week or two, we are going to have a full effort to make sure that we are getting it to all different channels, small rural minority businesses throughout the state. It is a big lift to get this \$20M in grant funding out by the end of the year but we are working to engage as many organizations, businesses to get this done.

Pryor asked for clarification on whether there was any money from the CARES Act that went to counties to distribute to businesses.

Kraft said there is CARES Act money that went to local governments and we know that various local governments in Colorado are setting up their own grant programs using CARES Act money. Adams County has stepped up, they have a model for counties that are interested in doing this. There is nothing that prevents local governments from running their own grant programs using philanthropic money or using CARES Act money they received. Adams County is doing it. Denver ran a grant program using their own

resources and philanthropic money. This is separate to that and supplemental to any local resources. This money will not be passed to the counties. It will go to the non-profit lenders who will then grant it down to individual small businesses. This is a statewide effort to supplement and compliment local efforts that might be happening.

Wahl asked if you have to be in a rural area to qualify for this money. Or can you be a metro area small minority business?

Duran said from the legislation, there are specific targeted groups. Rural is an element of that but it's also minority, veteran, women-owned, micro, small businesses.

Wahl asked if you have to be all those things to qualify. Or can you be in a metro area and qualify as long as you qualify under the other elements.

Kraft said that is correct. There will be a possibility for any business across the state to get a grant regardless of their circumstance.

Wahl asked if they have to go to a CDC or CEF to access those funds.

Kraft said there is a centralized intake and then a referral process. Ultimately, most of the grants will get referred to some non-profit entity to be underwritten and evaluated with CHFA having some oversight control of the money.

We have a draft of the contract that is not the final version of which we will ultimately enter into. The grants all need to be fully awarded and the expenses that they cover, have to occur between March and December 2020, we actually can cut the final check to the recipient early in the new year. We are working with the state Controller, Bob Jaros, to figure out if that can be in January or February. So we have a small amount of extra time to write the checks. Bob Jaros will make sure that we do this in a way that is compliant with the federal government.

Kraft talked through the organizational and financial structure of the State's relationship with the Energize Colorado Gap Fund.

Staff is requesting approval of the contract subject to the going through the State procurement process and subject to Duran's review of the final draft.

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

E. Advanced Industries (AI): Katie Woslager Board Education

Wosalger provided a training provided training on the AI program as required by C.R.S. 24-3.7-102.

AI: NREL/NWTC Request

Wosalger presented the NREL/NWTC request in the amount of \$454,000. This project will develop recycling research capabilities at NREL that will enable recycling of wind blades. The project goal is to develop Colorado's CoMET facility at NREL into a premier center for composite wind blade recycling research.

M/S/P – Pryor, Dragoo – NREL/NWTC project approved as presented and recommended staff.

AI Budget Update

Wosalger presented the AI budget which currently shows an available balance of \$ for future projects.

F. Update of Cash Collateral Support to Gates Foundation for PPP

Kraft recapped the two special EDC meetings, one on April 22nd and one on April 25th. One was to make sure that the EDC could work with CHFA to use the Cash Collateral Support Program to help guarantee a loan to the Gates Foundation from First Bank, so that the Gates Foundation could provide upfront cash to non-profit lenders and CDFIs in Colorado to help make PPP loans.

By allowing us to use \$2M of Cash Collateral Support on a pari-passu basis with the assets that Gates had, it would allow them to get a loan from First Bank and pre fund PPP loans. Particularly focused on this equity lens. Underserved communities, people of color, veteran and women-owned businesses. We have near final results and will receive written results in a timely manner afterwards.

Dorsey provided a quick update of the program saying that the State's commitment allowed Gates to capture an additional \$10.5M from other funders, \$5M from Gates Family Foundation, \$5M guarantee commitment from Garrett Community Investment and another \$500,000 from AJL Foundations. On April 27th when the second round of PPP money was available, we had \$12.5M in capital that we were able to provide to the three SBA lenders. That sparked about an additional \$20M of other capital from lenders around the state. Not necessarily through this vehicle but directly to those lenders. While not through the First Bank facility there was a tremendous amount of additional capital raised as a result of the EDC's commitment.

Prinster with Colorado Enterprise Fund, O'Donnell with Colorado Lending, and Haines with DreamSpring, provided an update of the impact made to date.

The EDC thanked everyone for the update and the work being done.

G. 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.	Aurora-Gaylord
<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	

Kraft said we are actively working with Mike Anderson, the economist hired by Go NoCO, to reevaluate if there is a reduction in scope in the Indoor Waterpark hotel, how would that change the model and the award. We think there will be intensive conversations in August. We may even look to have an early morning meeting to look at that model and assumptions. More to come and more to be heard from Go NoCO and the Stanley.

Aurora Eligible Costs

Sheehan provided Aurora Urban Renewal Authorities eligible costs. In that they had eligible costs that were from their application that they wanted to submit that could potentially be eligible for reimbursement through RTA funds. We are bringing that to your attention because it is a departure from what it is for most other RTA projects.

"Eligible costs" means the costs of designing, constructing, financing, and maintaining eligible improvements designated by the commission as part of an approved regional tourism project, including but not limited to costs of engineering, construction engineering, surveying, construction surveying, construction labor and materials, design, planning, legal services, accounting, overhead or administrative staffing, financing, bond issuance or reissuance, underwriting, interest payments, loan origination fees, and similar necessary and convenient costs incurred by the financing entity in exercising its powers pursuant to this part 3. Moneys advanced by private developers within the regional tourism project to the financing entity for eligible improvements, whether pursuant to loans or contractual funding and reimbursement agreements, together with reasonable interest thereon, shall be eligible costs. In addition, the financing entity's costs for purchasing eligible improvements constructed and owned by third parties either prior to or subsequent to designation of the regional tourism project shall be eligible costs. Costs and expenses incurred by the financing entity pursuant to section 24-35-118 and in complying with its annual report and audit obligations under this part 3 shall be eligible costs."

Kraft said this is the first Resolution he and Morrill worked on and it was modeled after the Pueblo Resolution. When Colorado Springs was being negotiated we had a public discussion about should the EDC allow application costs to be recovered as eligible costs. The statute doesn't prohibit it. We allowed Pueblo and Aurora to do it but decided moving forward and with the Colorado Springs application that application cost should be considered eligible costs. The reason we're bringing this up is because it was an issue discussed years ago but has come back up because Aurora is now involved in cost certification. Aurora will have costs that far exceed the revenue to reimburse those costs. So even though these are certified costs the reality is they have many hard costs that far exceed that. It's more of a technical issue. In the interest of transparency we wanted to make note of this. There is no action needed. Colorado Springs, Denver and Go NoCO Resolutions will not allow for reimbursement of application costs.

H. Opportunity Zone (OZ): Mike Landes, Jack Tiebout

Landes and Tiebout provided an update of the OZ program.

Nationally, as of April 2020, Novogradac reported more than \$10 billion in OZ funds; since the onset of the pandemic, some investors have pulled back funding. New federal rules have extended deadlines to deploy capital and begin construction on projects.

State activity: The Southern Colorado OZ Summit was held on February 12th. The event had 70 attendees and was cohosted by Dana Crawford at the historic Watertower Place in Pueblo. There were presentations from Fremont County, Chaffee County, Walsenburg, and Trinidad.

The OZs and the Coronavirus Recovery webinar was held on June 5th. The webinar had 90 attendees with presentations from local leaders, investors, and national experts.

Technical assistance grants for FY19-20

Community	Date approved	Amount	Purpose
Jefferson County	7/9/19	\$20,000	housing market study and Lakewood master planning
West End EDC	8/13/19	\$10,000	marketing projects to investors
Lincoln County EDC	8/13/19	\$7,500	due diligence for housing project
Huerfano County EDC	8/13/19	\$10,000	pro forma and marketing materials
Delta County	9/11/19	\$10,000	infrastructure development feasibility
City of Montrose	10/15/19	\$10,000	marketing projects to investors

Gunnison	1/22/20	\$2,000	marketing workforce housing project
Gunnison	3/11/20	\$2,000	marketing hotel project

In March, OEDIT partnered with the Colorado Center for Innovation in Community Capital (CC4ICC) to create the OZ Capital Accelerator Program (OZCAP).

- OZCAP is designed to increase access to capital for businesses based in opportunity zones – current cohort needs range from \$100k to \$5 million.
- Nearly 40 businesses applied to join the program – six have been selected as the program’s first cohort.
- Five of these businesses are owned or co-owned by women; one is African American-owned; one is based in Sterling; and several have strong social impact objectives such as serving veterans or working on climate issues.

OEDIT and CC4ICC will distribute applications for a second cohort of businesses in the coming months.

- OZCAP’s Round 2 will be focused on recruiting businesses outside the Front Range (Western Slope), with a special interest in business owners of color.
- The second cohort will consist of four to six businesses with robust business plans, strategies for return on investment, and a desire to operate in opportunity zones.

Due to the success of OZCAP for Colorado businesses in OZs, OEDIT expects to create a similar capital accelerator program dedicated specifically to real estate projects.

Goal for FY20-21 is to execute at least twenty virtual community-based events around Colorado.

The EDC thanked the Landes and Tiebout for the update and the work being done on the program.

I. Other

Transferrable Tax Credit

Kraft provided a TTC program update.

At the last EDC meeting, OEDIT approved two pre-certifications of transferability, one precertification for Evraz for \$6.9 million and one precertification for VF Corporation for \$3.1 million.

With these two pre-certifications, the total pre-certifications for Evraz are \$17 million, and the total pre-certifications for VF Corporation are \$13 million, fulfilling what was originally negotiated with these companies. These amounts total \$30 million, which is the program maximum, meaning the program has been fully utilized.

Evraz expected to announce their final “Go/ No Go” decision at the June EDC meeting, but that decision was postponed at the last minute. OEDIT is working with Evraz to determine when the decision will be announced.

VF Corporation is currently executing on their project to move their corporate headquarters to LoDo in Downtown Denver. The next step for VF Corporation is to provide an audit opinion from an independent CPA that the lease they signed fulfills the statutory requirement for the Strategic Capital Investment. Once this audit opinion is received, OEDIT will bring this to the EDC to formally acknowledge that the Strategic Capital Investment has been made.

Next EDC Meeting

The next EDC meeting will be on August 20, 2020 and will be virtual.

With all items discussed, the meeting was adjourned.

