

ECONOMIC DEVELOPMENT COMMISSION

MEETING MINUTES

September 17, 2020
8:30 a.m. – 12:00 p.m.

MEETING DATE

September 17, 2020
Virtual Meeting

MEETING PARTICIPANTS

A. Commission Members

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

B. Guests

Aldo Svaldi, Candace Payne, Cathy Schulte, Chance Sanchez, Charles Greaves, Chris White, Ed Sealover, JoAnne Greek, Kristi Brownfield, Laura Marchino, LeVaughn Ohelo Kaopio, Rachel Lyons, Sara Lobato, Steve Jozefczyk, Terri Benson, Tiffany Pehl, Zhenghua Yang, Felix Alcala, Collin Floom, Jo-Ann Scharmann, Madeline Williams, and Tricia Allen.

C. Staff

Betsy Markey, Jeff Kraft, Sean Gould, Ken Jensen, Jill McGranahan, Che Sheehan, Tad Johnson, Andrea Blankenship, Sonya Guram, Kelly Baug, Donald Zuckerman, David Madsen, Michelle Hadwiger, Mike Landes, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the August 31, and August 20, 2020 EDC Meeting Minutes.
2. The Economic Development Commission approved the following projects/items

JGITC:	Project Kite.
EZ:	Denver EZ - Bridge the Gap; Pikes Peak EZ - Colorado Springs Philharmonic; Mesa EZ - Community Hospital; East Central EZ - Limon Heritage Society; Pikes Peak EZ - Working Fusion at Mills Street; Pikes Peak EZ - Working Fusion Capital Campaign; Northwest EZ - Yampa Valley Medical Center; Pikes Peak EZ - Manitou Springs Heritage; and COVID-19 Project extensions.
COFTM:	Badwater; Project Bluetree; and Zero Road.
RJS:	Eco Super Structures.

A. Meeting Called to Order

Schiff called the meeting to order.

Meeting Minutes

Takeda-Tinker moved approval of the August 31, and August 20, 2020 meeting minutes. Pryor seconded the motion. Motion passed unanimously.

M/S/P – Takeda-Tinker, Pryor – August 31, and August 20, 2020 minutes approved as presented by staff.

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

Project Kite

Hadwiger presented Project Kite. Project Kite is a publicly traded consumer-packaged-goods company headquartered in Toronto, Canada that is considering expanding its current production capabilities in Colorado. Due to the sensitive nature of the project, further identification beyond that provided below would jeopardize the confidentiality of the company. The company behind Project Kite is a portfolio of cannabis brands, which design, manufacture, and distribute hardware globally, and packaged consumable products in 12 US states through a network of over 3,000 retail stores within the cannabis industry. The company behind Project Kite operates in the licensing space as well, with exclusive agreements across the health and wellness category, including operations in Ohio and Maine. The Company employs 90 people and maintains US operations in Oregon and Colorado, with around 75 employees in Colorado.

Project Kite is looking to expand the companies' production operations. This project would entail increasing the number of employees based in Colorado. The project under consideration would entail adding equipment and facility capacity to the company's existing Colorado location.

Staff is requesting approval of \$584,399 in performance-based Job Growth Incentive Tax Credit over an 8 year period for the creation of up to 43 net new full-time jobs at a minimum AAW of \$71,734, 100% of Denver County's AAW or 100% of whichever county is ultimately selected. 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.

M/S/P - Franz, Duran – Project Kite approved as presented and recommended by staff.

Update of Previously Approved Projects

Hadwiger provided the following update.

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
Denver EZ	Bridge the Gap	Operations	Homeless Support	12/31/2025	\$1,065,595	\$245,000
Pikes Peak EZ	Colorado Springs Philharmonic	Operations	Tourist Attraction	12/31/2025	\$3,600,000	\$350,000
Mesa EZ	Community Hospital	Capital Campaign	Community Facility	12/31/2025	\$35,000,000	\$450,000
East Central EZ	Limon Heritage Society Project	Operations	Homeless Support	12/31/2025	\$840,040	\$37,500
Pikes Peak EZ	Working Fusion at Mills Street	Operations	Homeless Support	12/31/2025	\$1,544,040	\$200,000
Pikes Peak EZ	Working Fusion at Mills Street	Capital Campaign	Homeless Support	12/31/2025	\$1,341,000	\$900,000
Northwest EZ	Yampa Valley Medical Center Foundation	Operations	Healthcare	12/31/2025	\$10,000,000	\$2,000,000
Pikes Peak EZ	Manitou Springs Heritage Center	Capital Campaign	Tourist Attraction	12/31/2025	\$621,000	\$20,000
					\$54,011,675	\$4,202,500

M/S/P – Wahl, Takeda-Tinker – EZ Contribution projects approved as presented and recommended by staff. Pryor recused himself from the vote.

COVID-19 Project Extension Request

Wallace presented the COVID-19 project extension request.

As the COVID-19 epidemic continued to effect EZ contribution projects for months on end, we had a few enterprise zone administrators reach out to see if there was a possibility to extend a few projects for one more year that are dramatically effected by COVID-19. After much consideration, we believed that this was both the right thing to do and needed for specific project that deadlines were extended because of a delay in fundraising and operation.

Below, you will find a list of enterprise zone contribution projects who have requested an extension. Each project and enterprise zone administrator was required to write a letter explaining why this extension is needed and how COVID-19 has delayed the projects current timeline related to the contribution project application. Each project will be asking for a one-year extension, which will change the projects end date from 12/31/2020 to 12/31/2021.

East Central EZ	Community Growth Alliance
East Central EZ	Elbert County Historical Society & Museum
East Central EZ	Old Town Museum, Burlington
East Central EZ	City of Burlington Capital Project
Weld County EZ	Greeley Philharmonic Orchestra
Region 9 EZ	Mountain Studies Institute
Region 9 EZ	Housing Solutions for SW

M/S/P – Pryor, Duran – COVID-19 project extensions approved as presented and recommended by staff.

D. Colorado Office of Film, Television, and Media: Kelly Baug, Donald Zuckerman Luz de Luna Productions, LLC Badwater

Baug presented Badwater. The requested incentive is to produce a proof-of-concept pilot episode of Badwater, a proposed hour-long scripted dramatic television series to be filmed in southwestern Colorado. The series follows an escalating clash of cultures between the town's older, entrenched patriarchy and a younger, more diverse cohort of relative newcomers. The county sheriff and a local Native American civil rights activist are caught in the middle of the story, which will progress to explore themes of morality, ethics, and environment and social justice.

Setting will play a major role in Badwater. Locations in and around Montezuma County, including Cortez, Dolores, and Mancos will stand in for the fictional town of Goodwater. The diverse array of landscapes, such as red-rock sandstone canyons, forested mountains, and lush river valleys, will also be featured in the storytelling. Once completed, the pilot episode will be offered for sale to television broadcast and cable networks, streaming services, and other distributors with the goal of securing an order for an inaugural six-episode season. If picked up for distribution, Luz de Luna will propose the remaining five episodes be filmed in Colorado.

Per the applicant's estimations, the Office of Film, Television & Media is anticipating a total of \$723,574 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$1,301,167.

Staff is requesting an estimated rebate request in the amount of \$144,714 in support of this project.

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

Project Blue Tree

Baug presented Project Blue Tree. Serenity Forge, a Colorado limited liability company, is a video game development studio and publisher founded by Zhenghua (also known as Z) Yang in Boulder, CO in 2014. In addition to their in-house projects, Serenity Forge also works with partners and collaborators to create a variety of interactive projects, including 2D/3D video games, AR and VR experiences, interactive installations, mobile apps, and more.

Serenity Forge is in the process of negotiating final deal structures with a video game, comic book, and film/TV publisher for Project “Blue Tree,” a video game project. This publisher will be fully funding the game’s development.

Per the applicant’s estimations, the Office of Film, Television & Media is anticipating a total of \$1,786,435 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$3,212,456.

Staff is requesting a waiver of the rural component to the use of the Strategic Funds and an estimated rebate in the amount of \$100,000 in support of this project.

Yang provided some background of his life and career and the philosophy of his business and projects.

The Commission thanked Z for the background and look forward to hearing about the company’s future successes.

M/S/P – Wendell, Jones – Rural waiver and rebated for Project Blue Tree were approved as presented and recommended by staff.

Zero Road

Baug presented Zero Road. Zero Road LLC is a Colorado limited liability company managed by producer and Colorado resident Colin Floom for the purposes of producing the independent feature film, Zero Road. Zero Road is an independent feature film about a gifted teen that turns to drug running to save his mom and survive his last year of high school, and is based on the true story of writer-director Chance Sanchez’s own life.

Filming for Zero Road will take place in over 24 commercial and residential locations throughout the Denver area, including the Vault Building and the University of Colorado Denver. The producers of Zero Road plan to submit the film to the film festival circuit upon completion in early 2021, with a goal of locking in a distribution deal and international theatrical release.

Per the applicant’s estimations, the Office of Film, Television & Media is anticipating a total of \$171,905 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$309,128.

Staff is requesting an estimated rebate request in the amount of \$144,714 in support of this project.

Sanchez provided some background of his life and career.

Floom thanked the EDC for their support. They are looking forward to filming the project.

The EDC thanked Chance for attending and providing the background.

M/S/P – Duran, Pryor – Zero Road approved as presented and recommended by staff.

COFTM Budget

Baug provided a budget update which shows a current available balance of \$ 545,691.00 after the current project approval.

E. Rural Jump-Start (RJS):

Jensen presented Eco Super Structure. ESS is a product company that will manufacture and market a revolutionary, eco-friendly steel structure, concrete composite building system for constructing residential and commercial properties. These buildings are engineered to withstand Category 5 hurricane winds and even earthquakes measuring 10.0 on the Richter scale.

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

M/S/P – Seaton, Allen-Davis – Eco Super Structure approved as presented and recommended by staff.

Competition Clause

Jensen said with the extension of RJS in the last legislative session, the Competition Clause requirement was relaxed. That will go into effect next month. Staff will provide additional information at the next meeting.

F. Regional Tourism Act (RTA): Ken Jensen, Che Sheehan, Jeff Kraft

RTA Program Update

Jensen provided the following RTA Program Update. Aurora, Pueblo and NWC are completely commenced and there are no updates at this time.

City For Champions is three-quarters commenced. USAFA is still an issue we are working on. We have no specific update to provide at this time.

We have been working closely with Go NoCO in recent days. Peligrande is now marked red on the program status report. The Whitewater Park and Hotel are now being combined into one element and the SFC is something that we continue to work on closely.

Go NoCO

Kraft said we continue to work with Go NoCO. We have provided another letter to Go NoCO to clarify, reiterate and be specific about things the EDC will be looking for as you asses a written request for extension. As you recall there is a statutory deadline to Commence Substantial Work in five years from approval. We want to make sure it is clear what the Go NoCO team needed to do to queue up an appropriate written extension request.

Some of the things we went through are we want to have clarity and solidify who the financing entity will be that will have the technical capacity to do the financing and issue the bonds. Currently the NCRTA is

the financing entity per the applicant's request, but it's an entity that doesn't have regular staff or experience doing deals. It has accounting consultants and a strong attorney working for them but they do not have the operational experience doing deals. That has raised some questions. From previous discussions of the statute, the financing entity can be a URA or metropolitan district or a tourism authority. There has been success with other projects using a URA. We are encouraging a discussion with NCRTA and stakeholders whether a URA in the zone could be the financing entity for one or both projects. The other discussion would be if the NCRTA remains the financing entity could they largely contract the work out to some existing entities who do the work on their behalf with the NCRTA having a broad oversight role. We've asked NCRTA and stakeholders to really think this through. We've asked them to come to the October meeting and present their strategy so there is a viable financing entity that could solve both of the current projects on the table.

Since the meeting we had with NCRTA and stakeholders we have said we need you to get as much work done as you can. We'd like to see as much progress as possible. With regard to the WWPB element, we've suggested it's important to get site control to show they have a place to build. They need to demonstrate as much of the work and effort they've put into the project. There has been effort. This new developer has been very responsive and engaged. They are pulling that story together to show they have done enough work to merit a Commencement.

With regard to the SFC, they have site control. They have a long term developer who is interested. John Cullen has spent upwards of \$8M on the Carriage House which is part of the SFC. Some of that could be used even if there wasn't a SFC project. But some of it, a few million dollars on extra infrastructure and a parking lot, wouldn't have been spent without the intent of building the SFC. They are showing a clear intent and John has even asked if he has Commenced work. Staff has said the standard the EDC uses is, you've Commenced work and have enough contracts in place and enough money to make it an irreversible situation and that you've got a plan to complete the project. We don't think he is quite there yet so we don't think he has Commenced. We do think he has demonstrated a lot of work toward the project and could Commence. John is working on pulling that story together. What we've told him is if he could finance the RTA revenue stream he probably could Commence. But to do that he needs a financing entity solidified. These projects have asked what it would take to get to Commencement. I would like the EDC and staff to get legal counsel on these projects.

Schiff asked if there were any questions. Hearing none, a motion was entertained to enter Executive Session.

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. Takeda-Tinker seconded the motion. Motion passed unanimously.

The EDC is now in Executive Session.

With all items for Executive Session discussed, Schiff entertained a motion to exit Executive Session.

Seaton moved the EDC exit Executive Session and enter into Open Session. Duran seconded the motion. Motion passed unanimously.

The EDC is now in Open Session.

G. Other

Transferrable Tax Credit

Jensen provided a TTC program update. OEDIT is working with Evraz to confirm the status of their Job Growth project, and working with VF Corporation to submit their confirmation of Strategic Capital Investment.

EDC Budget

Gould provided the EDC Budget Update which shows a forecasted available balance of \$6,101,102.

AI Budget

Schiff said Katie is unable to make this meeting but supplied the AI budget which shows no update. If you have questions, reach out to Katie directly.

Next EDC Meeting

The next EDC meeting will be on October 15, 2020. As discussed, there will likely be a need for an interim special meeting to discuss RTA. Both of these meetings will be virtual.

With all items discussed, the meeting was adjourned.