

ECONOMIC DEVELOPMENT COMMISSION

MEETING MINUTES

July 27, 2022

8:30 a.m. – 1:30 p.m.

MEETING DATE

July 27, 2022

Virtual Meeting

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, Steven Paletz, David Dragoo, Chris Franz, Carl Young, Andrew Sparn, Walker Stapleton, and Simon Tafoya.

B. Guests

Jake Rishavy, Wendell Pryor, Wendy Lea, Scott Romano, Laura Rodriguez, Taylor Sanders Grande, Ryan Cobbins, Courtney Rodwell, Sara Lobato, Michelle Krug, Cooper with Project Our Nation, Lusas High, Aldo Svaldi, Leo with Project Eldorado, Ed Sealover, Jenny Napier, George Nolfi, Joel Viertel, Thomas Cox, Lukasz Dubaj, Emily Fay, Taylor McFadden, Victoria Weitbrecht, and Stephanie Pitts-Noggle.

C. Staff

Jeff Kraft, Sean Gould, Keri Ungemah, Che Sheehan, Sonya Guram, Donald Zuckerman, Kelly Baug, Kylie Peterson, Michelle Hadwiger, Leslie Hylton, Kayla Shock, Alissa Johnson, Morgan Vankat, Alyson Anderson, Hana Sayeed, Hasti Soltani, Mike Landes, Natriece Bryant, LeeAnn Morrill, Marisela Parraguez, Kat Papenbock, Martin Gonzalez, Elise Hamman, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the May 19th, 2022, EDC Meeting.
2. The Economic Development Commission approved the following projects/items:

JGITC:	Project Our Nation.
SF:	Project Eldorado; Startup Colorado; Energize Colorado Gap Fund; and SSBCI TA.
EZ:	Catholic Charities, Family Housing at Hunt Campus; and Magic Circle Players Capital Campaign.
COFTM:	Lovers; and The United George Nolfi Project.
RJS:	Sedgwick County Creating a Zone; and Jabil Tax Credit Certificates.

Meeting Called to Order

Schiff called the meeting to order.

Rishavy presented the local economic climate of Chaffee County.

The board thanked Rishavy for the presentation and for the community's hospitality.

A. Minutes

Schiff called for a motion to approve the minutes from the June 16th, 2022, EDC Meeting.

Spurn noted he was not present at the June 16th meeting but noted his name in the minutes. Staff will make that correction.

Tafoya moved approval of the minutes with the noted correction. Franz seconded the motion. Motion passed unanimously.

M/S/P – Tafoya, Franz – Minutes approved with the noted correction.

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

Project Our Nation

Hadwiger presented Project Our Nation. The company behind Project Our Nation uses data sets, machine learning and Artificial Intelligence tools to streamline operations for manufacturing plants and realtors. Project Our Nation represents the company's efforts to establish their headquarters. The company is currently a small startup that is evaluating different locations to determine the best place for the company to grow. Within Colorado, the company is considering the metro Denver region and is working in partnership with the Metro Denver EDC. The company is looking for a home where there is an active and engaged technology and real estate ecosystem. Labor availability and cost of doing business are also factors in the location decision.

Staff is requesting approval of up to \$164,284 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 36 net new full-time jobs at an average annual wage equal to or greater than the average annual wage of the county the project chooses to locate. The net-new jobs in Colorado must be maintained for one full year before any credits become vested and the Company must create a minimum of 20 net new full-time jobs before any tax credits are issued. The Company must provide proof, via bank statements or other such evidence, that they have raised \$750K in capital, by the end of 2022 prior to the execution of this JGITC award contract.

M/S/P – Franz, Paletz – Project Our Nation approved as presented and recommended by staff.

C. Strategic Fund

EDC Budget Update

Gould provided the EDC Budget update which shows a Long Bill balance of \$4,142,405. We are still working with accounting on fiscal year end close. We are hoping to have final balances by August.

SF Balance Forecast

Gould presented the SF Balance Forecast that shows a current projected available balance of \$5,420,000 in annual Long Bill funds, \$4,410,000 in CRPS funds, \$6M in Just Transition & EDO, and \$2,033,824 in RJS Grants, and \$500,000 in ARPA Rural.

Strategic Fund Red Yellow Green Report

Gould provided the SF RYG update which shows progress on approved programs/projects.

Project Eldorado

Hadwiger presented Project Eldorado. The company behind Project Eldorado has developed a sustainable autonomous commercial mower to maintain off-road environments safely, effectively, and responsibly. The company is planning to add a production facility to mass produce and meet their customer demands. Their product has been popular, and they currently have a backlog into 2025. In addition to Colorado, the company is considering Florida and Texas where they have existing teams and where many of their customers are located. Within Colorado, the company is considering Longmont where they already have an operation. We are working in collaboration with the Longmont Economic Development Partnership.

Staff is requesting approval of up to \$1,172,000 performance-based Strategic Fund incentive over a 5-year period for the creation of up to 394 net new full-time jobs at \$6,500 per net new job at an average annual wage of \$104,322, which is 140% of the Boulder County average annual wage. Or a payout of \$3,000 per net new job for the creation of up to 390.7 net new full-time jobs if the average annual wage is at least \$74,516, 100% of the Boulder County average annual wage at the end of the 5-year term. The net-new jobs in Colorado must be maintained for one full year before any grant payments are made and a \$1:\$1 local match of incentives by the City of Longmont, the Longmont Economic Development Partnership and/or grants from other community partners that match the payout and term structure of the OEDIT incentives and will not result in the possibility of a clawback by the community partners and an undermatch of OEDIT's payouts.

M/S/P – Franz, Dragoo – Project Eldorado was approved as presented and recommended by staff.

Estes Park E-Center

Papenback presented the Estes Park E-Center request. When the Estes Park Economic Development Corporation Entrepreneurial Center (E-Center) applied to the EDC for initial funding in 2019 their main impact goals were to:

- Unlock the managerial and executive talent in the Estes Valley region for the benefit of Estes Valley area entrepreneurs (including the investment capacity of that talent and fostering connections to regional and national angel groups and investment syndications).
- Help local entrepreneurs access the robust startup support services available in the Front Range and beyond.
- Communicate the value proposition of Estes Park to appropriate startups and technology professionals from outside of the Estes Valley region. ("Estes Valley" is defined as Estes Park, Drake, and Glenn Haven.)

During the past two years they have refined their metrics to reflect direct impact from their programs into new jobs created and some capital formed for the businesses they serve. The E-Center has become a key component in promoting investments and job growth in their region, especially in the creation of new businesses in the outdoor recreation industry and the startup, retention, and expansion of businesses within the Estes Valley.

The positive impact across both metrics is evident when you compare 2021's performance to their first year:

- 2019-2020 (COVID-impacted year): 11 jobs created; \$30,000 in capital formation
- 2021: 6 new jobs created, 3 new businesses formed, \$1.2 M in taxable local sales/capital, \$204,000 in new wage creation

To date, the Estes Park E-Center has successfully helped 24 companies receive key services through the BASE program to create 17 new local jobs, \$30,000 in direct investments and \$1.4 million in new taxable sales and wages in the Estes Valley.

Staff recommends that the EDC continue their support of the E-Center for the third tranche of incubator funding with the noted funding requirements of the current program. We also continue to recommend that the demonstration of long-term sustainability via public and private support be a factor in future EDC awards.

M/S/P – Franz, Young – Estes Park E-center Year-3 funding approved as presented and recommended by staff.

Startup Colorado

Grande presented the Startup (SUCO) request.

SUCO Requests

\$500,000 in ARPA TA Funding to be dispersed over the next 2 years, allowing Startup Colorado to operate as a subcontractor/administrator of OEDIT/EDC Technical Assistance programing to support COVID recovery in the following two areas:

- Entrepreneur Scholarship Fund: \$290,000
 - \$200k direct scholarships to rural entrepreneurs to access to Technical Assistance & Professional Services
 - \$90k Program Implementation Costs (program management, marketing and promotions, application review, deployment of funds)
- Founder CO-OPetition Program: \$70,000
 - \$70k to run two 4-week covid-recovery pre-accelerator programs, delivering one cohort annually over two years support a total of 30 rural entrepreneurs
- ARPA Management: \$70,000 Metrics, Tracking, and Reporting

\$250,000 in additional operational funding from EDC state General Funds to be dispersed in \$50,000 increments over the next 5 years.

- As in previous years, this funding would require a 2:1 match. Startup Colorado is well on its way to securing match dollars through current foundation and individual donor grants and gifts.

Franz said he has been on the board since 2011. The original structure worked well in that communities competed in a friendly way. What it did was activate ecosystems and local governments. The jump to rural in 2017 was an opportunity to do something that had never been done. No one had activated the rural ecosystem. But what we saw in Colorado was that we had a lot of innovative people and small companies that had no connectivity to anything. Trying to connect them to Denver, Colorado Springs, or Boulder, did not work. The local ecosystems wanted to retain their own identities and work amongst themselves. So, this was an experiment really to see if we could connect and activate those ecosystems. The first five years was about trying to see what works. From my perspective, we have found that there are ecosystems that are capable because there is infrastructure in place from SUCO, so, I do see immense value in it and the next five-year goals are worthy.

M/S/P – Dragoo, Sparn – SUCO request approved with a modification to include a reporting requirement on ROI from the impact of the programing and the financial commitments being made to other programs. Franz recused himself from the vote.

Energize Colorado Gap Funds

Guram and Romano presented the Energize Colorado Gap Fund (ECGF) request. Energize Colorado is a nonprofit organization comprised of builders and innovators focused on serving Colorado's smallest and most underserved businesses across four priority groups: women, rural, veteran, and BIPOC.

ECGF formed in response to COVID. The EDC committed \$2.5M for loans to underserved businesses. Romano provided background on the current structure and the proposed new structure of ECGF program.

Small Business COVID Relief Grants

- ECGF pivoted from loans to provide their infrastructure and partnerships to deploy grants
- 2020 Grants - \$26M
 - 13 Sub-Grantors
 - 10,000+ Applications Accepted requesting \$240M+
 - 2,060 Small Businesses Awarded \$25M+
- 2022 Grants - \$15M
 - 10 Sub-Grantors
 - 8,580 Applicants Revisited
 - 2,306 Small Businesses Awarded \$14M+
 - 79% were first time recipients
 - Average Grant Size: \$6,167

Staff is requesting approval to shift the remaining loan program commitment of \$446,692 directly to ECGF from CHFA and the deployment of the \$1.5M grant commitment that has been held in reserve.

M/S/P – Spurn, Franz – ECGF request approved as presented and recommended by staff. Tafoya recused himself from the vote.

SSBCI Technical Assistance

Parraquez presented the SSBCI TA request. The SSBCI TA will go to support the deployment of the SSBCI Capital program the US Treasury will grant to the state of Colorado \$2.4M to fund technical assistance for Very Small Businesses (VSB) and businesses owned and controlled by Socially and Economically Disadvantaged Individuals (SEDI). OEDIT is applying for these funds via the EDC with the approval from the Governor. The Business Support and Business Funding and Incentives Divisions collaborated to develop the proposal you see in your board books and that we will review today. The application is due to the Treasury on September 1st, 2022.

Staff is requesting approval of the following:

- This SSBCI Technical Assistance proposal, including the programs and high-level budget, presented today to be submitted as an application by OEDIT to the US Treasury.
- Provide OEDIT with discretion to modify the structure and details of this proposal based on conversations with the Governor, US Treasury, and key stakeholders
- Allow OEDIT to begin procurement to implement this program as soon as possible

M/S/P – Tafoya, Spurn – SSBCI TA Proposal approved as presented and recommended by staff.

D. Enterprise Zone (EZ): Che Sheehan

Contribution Project Proposals

Sheehan presented the following EZ Contribution Project Proposals for approval.

EZ	Project Name	Type	Category	Completion Date	Budget	1 yr. Proj. Credits
PP	Catholic Charities: Family Housing at Hunt Campus	Capital Campaign	Community Facility	12/31/2027	\$9,000,000	\$687,500
REG10	Magic Circle Players Capital Campaign Phase 1	Capital Campaign	Tourist Attraction	12/31/2027	\$1,000,000	\$212,500
TOTAL					\$9,000,000	\$900,000

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

E. Colorado Office of Film, Television, and Media (COFTM): Kelly Baug, Donald Zuckerman

COFTM Budget

Baug presented the COFTM budget which has a total FY22 COFTM Incentive Funds of \$218,000 remaining if the pending projects today are approved.

Lovers

Baug presented Lovers. This project was previously approved by the EDC in February of this year. Due to the productions shifting timeline and financing picture, as well as them turning over into a new production vehicle, or office unencumbered the funds for projects with a more immediate need. They are ready to go now.

Lovers LLC is a Colorado company created to produce Lovers, a feature-length independent film. Lovers is the story of Ash, a woman in her mid-thirties living in New York city, struggling as a writer. When Ash receives the sudden news that her ex-boyfriend, Tommy, has tragically committed suicide, she returns to Colorado to mourn the loss with the hometown friends she spent her twenties with. Production for Lovers is set to begin in November and December 2022. Producers have secured a bar on South Broadway where half of the filming will take place. The rest of the film will shoot throughout the Denver metro area, with some shots potentially taking place in rural mountain locations. Lovers is being financed through private equity and will be submitted through the film festival circuit beginning in 2023.

Per the applicant’s estimations, the Office of Film, Television & Media is anticipating a total of \$999,250 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$1,796,901.

The project has a total preliminary Colorado budget of \$999,250:

- Payroll spend: \$700,000
- Vendor spend: \$299,250
- CO Crew hires: 35
- CO Cast hires: 22
- Total CO hires: 57, which equals 75% of the workforce for this project

The estimated qualified local expenditures of the application would result in a rebate of \$199,850 which is a 20% rebate.

Staff recommends approval of this project with the noted project conditions.

M/S/P – Franz, Paletz – Lovers was approved as presented and recommended by staff. Stapleton recused himself from the vote.

Untitled George Nolfi Project

Baug presented the Untitled George Nolfi Project. 6000 Feet LLC is a non-Colorado company created for the purpose of producing the Untitled George Nolfi Project.

The Untitled George Nolfi Project is a feature film and sci-fi thriller that takes place in the Colorado mountains. Principal photography for the Untitled George Nolfi Project is set to begin in October 2022 and wrap in December. Filming will take place throughout Clear Creek, Gilpin, Boulder, and Jefferson counties. The film is being partially- to fully financed by Lyrical Media LLC, a cross-platform financier and producer of films and video games.

Per the applicant’s estimations, the Office of Film, Television & Media is anticipating a total of \$18,078,587 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$32,509,819.

The project has a total preliminary Colorado budget of \$18,078,587:

- Payroll spend: \$12,702,373
- Vendor spend: \$5,376,214
- CO Crew hires: 189
- CO Cast hires: 103
- Total CO hires: 292, which equals 86% of the workforce for this project

The estimated qualified local expenditures of the application would result in a rebate of \$4,500,000 which is a 25% rebate. The 25% rebate is the result of HB22-1408 that was passed in May.

Staff recommends approval of this project with the noted project conditions.

M/S/P – Tafoya, Paletz – Untitled George Nolfi Project was approved as presented and recommended by staff.

F. Rural Jump-Start (RJS): Morgan Vankat, Andrea Blankenship

Sedgewick County Zone Formation

Vankat presented the Sedgewick County request. Sedgewick County has passed a resolution to become a Rural Jump-Start Zone. The application does not include a pipeline of potential companies, however, OEDIT staff has identified one business interested in joining the program. OEDIT recommends the approval of Sedgewick County for inclusion in the Rural Jump-Start program.

Staff requests a Motion to approve the application of Sedgewick County to become a Rural Jump-Start Zone.

M/S/P - Sparrn, Tafoya – Sedgewick County Zone approved as presented and recommended by staff.

Annual Reports for the Business

Jabil, Inc. submitted its Annual Report for 2021 and was approved to receive its Tax Credit Certificate at the June EDC meeting, but staff had trouble gaining access to the New Hire spreadsheet.

Jabil, Inc. has employees that are eligible for New Hire benefits for 2021:

Company	Employee Number	Wages Exempted
Jabil, Inc.	27	\$1,601,815.00
Total	27	\$1,601,815.00

OEDIT requests a Motion to Issue Tax Credit Certificates to these New Hires of Jabil, Inc.

M/S/P - Seaton, Dragoo – Jabil New Hire Tax Credit Certificates approved as presented and recommended by staff.

RJS Board Education

Hylton-Hinga provided the RJS board education as required by HB 18-1128.

G. Regional Tourism Act (RTA): Jeff Kraft, Che Sheehan

RTA Program Update

Sheehan provided the RTA program update. I did update the Gaylord state sales tax chart with the latest data. We are looking forward to touring the Colorado Springs projects next month. The main item being discussed today is the Go NoCO/Stanley Film Center Project which will be held in executive session.

Schiff entertained a motion to enter executive session.

Franz moved, pursuant to Colorado Revised Statutes Section 24-6-402(3)(a)(II) and (III), I move that we go into executive session with our attorney for the purpose of receiving legal advice about the RTA program which is required to be kept confidential by Colorado Revised Statutes Section 24-72-204(3)(a)(IV). Tafoya seconded the motion. Motion passed unanimously.

The EDC is now in executive session.

With all items discussed, the Schiff entertained a motion to exit executive session.

Tafoya moved the EDC exit executive session. Franz seconded the motion. Motion passed unanimously.

H. Other

Strategic Fund

Withdrawn.

Next EDC Meeting

The next EDC meeting will be August 24th and 25th, 2022, in Colorado Springs.

With all items discussed, the meeting was adjourned.