



COLORADO

Office of Economic Development
& International Trade

EMPLOYEE OWNERSHIP COMMISSION - MEETING MINUTES

WEDNESDAY, JULY 31, 2019

1600 N. Broadway, Suite 2500

Denver, CO 80202

9:00 a.m. – 11:00 a.m.

Section 1	9:00 a.m.	Introduction of Commissioners and Welcome	Betsy Markey
		<i>Attendees</i> <ul style="list-style-type: none">• OEDIT: Betsy Markey, John Kovacs, Glenn Plagens, Jeff Kraft• Commission members: Halisi Vinson, Sandy Shoemaker, Dan Hobbs, Douglas Dell, Stephanie Grippe, James Coleman, Jack Tate, Jason Wiener, Jen Briggs, Steve Johnson, Kerry Siggins (via phone)• Not in attendance: Minsun Ji	
Section 2	9:30am	Employee Ownership Network and Overview	Glenn Plagens
		<i>Notes</i> <ul style="list-style-type: none">• the way that employees turned owners look at it, the pride it gives them• primary goals<ul style="list-style-type: none">○ number one goal is employee ownership, governor's dashboard○ leading indicators or activities, end of FY--concrete touches with 1,000 businesses to engage in conversation of EO• Strategic partners - Kitchen Cabinet• Agenda and minutes will be housed on website• John is navigator in accepting inquiries, RMEOC as a strategic partner• John will reach out with list of kitchen cabinet, email John back with suggestions of people to invite to table - robust network• how to measure what doesn't fall into easily trackable 5500, ESCORPs, lead the way to create better dashboard to expand all versions of employee ownership (Jen Briggs)	
Section 3	9:35am	Employee Ownership Folders	John Kovacs
		<i>Notes</i> <ul style="list-style-type: none">• review of recent EO news from Greeley meeting<ul style="list-style-type: none">○ executive order○ media coverage○ commission of 13 members, cross section of various areas○ Jason's article "Colorado- The Delaware of Cooperative Law"• SBDC network<ul style="list-style-type: none">○ 15 core centers located throughout Colorado○ seasoned coaches with years of experience○ Employee Ownership Network○ timeline of EO Key Actions○ Greeley meeting of directors<ul style="list-style-type: none">■ training on EO, overview of concept■ ESOPs, co-ops• robust SBDC network, opportunities that if business owners' kids don't want the family business, EO opens the doors for another option other than closing<ul style="list-style-type: none">○ 8,800 said sell to the employees as succession plan○ 139 ESOPs, 170 co-ops in Colorado○ congressional interest, bi-partisan issue○ can we see what that pipeline is? capture the data (Sandy Shoemaker)○ *SBA involved at every step of the way (Betsy Markey)○ public meeting (meetings of three or more require minutes and postings)	



Kitchen Cabinet

Group

Notes

- *inquiries of interest are invited to participate on kitchen cabinet*
- *what's the best way to harness this group? do we invite them in?*
- *maybe have different working groups by industry or expertise (Betsy Markey)*
- *sharing the kitchen cabinet list--how do we want to organize, utilize this group*
 - *an opportunity to invite national people, academia consortium, incorporate national efforts, get on national news (Jen Briggs)*
 - *maybe host a national conference, invite the Governor (John Kovacs)*
 - *a one day workshop at a national meeting, force breakout groups as working groups, interview process, organizing community activities, bringing in national and local (Stephanie Gripne)*
 - *Jack Tate volunteers to participate to lead efforts of educating, bring folks from business community into cabinet, current list has one particular political ecosystem, let's diversify that, reach out to Kelly, metro Denver, south metro, Colorado Springs (Jack Tate)*
 - *bring in people from rural communities (Stephanie Gripne)*
 - *figure out framework, develop depth in subject matter, bring people in to present info, bring in experts, not necessarily bring in people until we've clarified plans and goals (Jason Wiener)*
 - *lay the groundwork with business community before we look at specific working groups (Betsy)*
- *groundwork laid by RMEOC*
 - *Halisi summary of work*
 - *brainstorming people interested in the information*
 - *building network with everyone on front range, spotted on outer regions after legislation passed, more outreach to build network,*
 - *Buena Vista, Montrose, Castle Rock,*
 - **Halisi can provide a comprehensive list*
- *what is the ultimate outcome of kitchen cabinet (James Coleman)*
 - *have segments to act as different functions (Glenn Plagens)*
 - *James Coleman wants to participate with education segment*
 - *incorporate education to teach people about it*
 - *incorporate MBO employee owners*
 - *incorporate law schools, CU, can law students help in this project, CPA programs, business schools (should be talking about EO) (Betsy Markey)*
 - *map the ecosystem, strategically pick under resourced, who in the group fits where on spectrum, strengths and weaknesses, follow foundation of RMEOC (Jason Wiener)*
 - *ESOPs in this country are where services are provided, trustees where we lack resources (Sandy Shoemaker)*
 - *many attorneys are nay-sayers, bigger risk is getting bad news, need to have A-players, mindful of names we put on a list (Jen Briggs)*
 - *Denver Business Journal, low cost way to elevate people doing good work, data, people self-submitting (Stephanie Gripne)*
 - *leading indicators of what's going to happen, we want to ramp up demand but we want to offer the service providers (Glenn Plagens)*
 - *want to see attorneys doing this work, we need the ecosystem established to offer the resources required for the EO transition (Jason Wiener)*
 - *overcome investment bankers and others that don't have personal gain (Douglas Dell)*
 - *gives ESOPs a bad name, it's okay they get sold, pathway to employee ownership, it's not a binary choice, how do we explain this, partial ESOP, how to coach people, capital ownership wealth, should be proud but right now it's considered a failure (Jen Briggs)*



- *capital ownership inequality (Jack Tate)*
- *metrics of success (Jason Wiener)*
- *putting stories out there that ESOPs fail less but doesn't mean zero percent, bad business is bad business*

Section 4 10:00

Revolving Loan Fund

Jeff Kraft

Notes

- *HB17-1214*
- *Started the discussion*
- *Up to half of the costs of transaction*
- *Work with CHFA and EDC*
- *Continuing to use the funding similar to original foundation*
- *Leverage state small business funds to fund*
- *Viable path with capital*

Comments

- *What does 10,000 dollars mean, is this meaningful or should we look beyond?*
- *Statute says 10,000 for 20,000 interaction*
- *First is feasibility study, 25,000 dollars or more (Sandy Shoemaker)*
- *This would be a tool more for co-ops than ESOPs, is that sizeable enough for co-ops*
- *8,000-20,000 for co-ops usually does it (Jason Wiener)*
- *This is moreso for asset rich and cash poor, bridge the gap that would allow them to do this (Halisi)*
- *Money is at CHFA, work with them to provide capital to the network, subsidies to make it work*
- *5-25-person businesses, could have a huge impact, serves other social goal of hits potential number of business conversion, many candidates under 5 million with 30 employees or less (Jason Wiener)*
- *One off webinar where they walk us through the transaction process from Jen Briggs and Sandy Shoemaker (Stephanie Gripne)*
- *What other financial obstacles are there, what do we need to be addressing*
- *It is cost prohibited, very expensive to go through the process, how we can subsidize or work with partners (law firms, accounting firms) to help subsidize, every change brings possibility of audit from Department of Labor, hard for them to be in Durango, had to go to Denver a lot, having pre-vetted vendors* (Kerry Siggins)*
- *Income sharing agreements, social capital, create sidecar evergreen investments (Stephanie Gripne)*
- *Bill is repealed 2022, seek reauthorization, do more until then to show how it's been effective (James Coleman)*
- *Ongoing expenses with ESOPs, not necessarily larger, 2-5 million dollars with around 50 employees or higher revenue with fewer employees*
- *Overcoming initial upfront costs for smaller companies*
- *ESOPs should be recommended with certain goals, there are other options (Kerry Siggins)*
- *How to make it trackable, cash gain sharing funds, incentives around those gain sharing/employee-ownership (Jen Briggs)*
- *Define employee ownership, clients don't identify as employee-owned but the middle ground is largest in terms of numbers, transaction costs aren't a concern, adopt a neutral definition, who's out there and what the product is, set of concepts guided by values and metrics, defined by outcomes (Jason Wiener)*
- *Employee ownership and profit sharing, inclusive capitalism (Jen Briggs)*

Section 5 10:20

Employee Ownership Working Groups

Betsy Markey + Group

Section 6 10:50

Next Steps and Next Meeting

Glenn



Notes

- *First Tuesday of every month at noon*
- *Send email if you want to be on finance*
- *Send notes and points*
- *Bring in SBA*

Section 7 11:00

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