



COLORADO

Office of Economic Development
& International Trade

EMPLOYEE OWNERSHIP COMMISSION – MEETING MINUTES

TUESDAY OCTOBER 1, 2019

1600 N. Broadway, Suite 2500

Denver, CO 80202

12:00 p.m. – 2:00 p.m.

Marketing Subcommittee will convene from 11:30 to 11:55

AGENDA

- Section 1 12:00 p.m. **Intro and Open** Betsy Markey & Glenn Plagens
- In attendance
- Betsy Markey, John Kovacs, Glenn Plagens, Jeff Kraft, Kerry Siggins, Stephanie Gripne, Rep. James Coleman, Halisi Vinson, Jason Wiener, Minsun Ji, Sen. Jack Tate, Sandy Shoemaker via phone
- Not in attendance
- Jennifer Briggs, Douglas Dell, Dan Hobbs, Steve Johnson
- Review and approval of minutes from September 3, 2019 meeting
- Should we elect a Chair
- Feels unnecessary (Jason Wiener)
 - How does it work without a chair? (Kerry Siggins)
 - In the case we are divided, send out a survey to ask all (Glenn Plagens)
 - Ensure committees are tied together (Kerry Siggins)
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- EDC Liaison
- Bring in a liaison from EDC to join EO Commission meetings periodically
 - Do we have a counterpart at city and county of Denver? No but we closely partner with metro Denver SBDC
- Section 2 12:15 p.m. **Updates** John Kovacs
- GOV filmed EO Video at OEDIT on Sept 23
 - GOV speaking requests nationally
 - EO Presentation to all OEDIT staff on Sept 23
 - Glenn and John speaking and presenting at CTO conference on Sept 29
 - EO table banners ordered
 - EO Flyer created
 - Colorado's **EO pipeline has doubled** since March 2019 (12 to 24 firms):
 - 8 companies in various stages of conversion
 - 172 employees
 - \$19,035,148 in revenue
 - Likely many more companies that are yet to join the pipeline
 - Requiring companies to report in to the pipeline (Kerry Siggins)
 - DAWI workers to owners national data set from certain developers (Jason Wiener)
 - Confidentiality, is it ok to add a client to the list, doesn't have to be the name, but have the numbers data (Sandy Shoemaker, Kerry Siggins)
 - Create a predictive model with data collected (Stephanie Gripne)
 - Need to define journey mapping to determine "stage" of EO process
 - Current **EO base** in Colorado is 308:
 - 173 Co-ops
 - 135 ESOPs
 - Create an infographic on new data for the pipeline (Glenn Plagens)
 - EO companies register with Secretary of State, but we are looking at the in-between as well
 - Using attorneys, accounting from other states to expedite EO process (Stephanie Gripne)
 - 24 pipeline conversions would represent **a 12% increase** (Annualized)





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Section 3

12:30 p.m.

Marketing Subcommittee Report Out

Marketing Subcommittee

- Four meetings so far
- Client journey map, which areas most important to create impact, ensure we aren't reinforcing wheel or stepping on toes of groups already doing this work
- Determining steps companies take in deciding which model of EO is the best fit for them/journey map
 - Step one: awareness; use existing marketing platforms, build upon other organizations' work, brand awareness of State, this is the biggest piece
- Definition of EO
 - Considering a percentage, we don't want to scare people by demanding a percent, don't want to create a barrier
 - Any business entity for which at least a meaningful and growing percentage of the attributes of ownership are offered on reasonably affordable terms to all full and part time, non-seasonal workers, subject to qualifying periods, whether employees or contractors
 - Definition is not for marketing, just so we are on the same page with the product
 - More emphasis on principles and elements rather than the numbers
 - The matrix of EO, questionnaire to categorize EO
- What types of companies do we want/not want
 - Purely a financial decision rather than a culture of the company decision
 - If they're losing money as a company and trying to save it
 - There should be a legacy piece, not just financial
- Tier the businesses, what access to capital these businesses have
- Marketing will send out feedback of three documents, feedback by Oct. 8th

Section 4

1:00 p.m.

Policy and Finance Subcommittee Report Out

Policy and Finance Subcommittee

- Identify market gaps in financing tools which are inhibiting EO businesses in CO and to recommend/build tools to fill those gaps
- Four types of debt financing applicable to EO businesses
- Co-ops and ESOPs can access normal debt mechanisms available to similarly situated non-employee owners' companies for debt for fixed assets and working capital
- Market gaps for Business Acquisition Loans
- Market gaps for EO transition costs
- State small business credit initiative, non-profit PRI tools
- Set up an EO fund, but we have to educate and activate the people who would be interested in this program, training of the investors, accelerators for investors (Stephanie Gripne)
- Funds that exist in other states
- Market gap with transition costs: smaller asset rich, cash poor businesses (underserved, rural) as a barrier...financing isn't a barrier so much as the mindset of spending all that money on EO (Sandy Shoemaker)
- Grants couldn't make a huge difference here, but a loan fund could be more effective (Betsy Markey)
- Less so about the cash, more about spending a lot of money for the process (Kerry Siggins)
- Increased competition in the market to reduce costs of transition to EO, subsidize the owner, professional services fee less important, attack with competition (Jason Wiener)
- Aggregate 500 investors that quarterly are available, grow them, provide income sharing agreements, pay it back over many years, money to grow should we choose (Stephanie Gripne)
- Cash collateral support program, CHFA
- Providing portal on the website for employee ownership, work with other groups to offer EO as another option in addition to their own
- Get a name at IMA





Section 5	1:15 p.m.	Education Subcommittee	Education Subcommittee
		<ul style="list-style-type: none">• Develop and foster awareness and knowledge related to EO (Rep. James Coleman)• University partnership, community education and outreach, department of Higher Education• Curriculum development for building networks, programming, curriculum sharing with mentoring• How to operate a business: education of technical/professional service providers• 2020 goals, concrete model of education, partnerships between OEDIT and colleges and universities, by end of year, partner with four universities• Help: identify who has relationships with universities, help to build relationships with four by end of FY 2020• Also have discussions around students in high school so they have knowledge even before college• Have teams that also disperse to rural communities to communicate this (Minsun Ji)• Reach out to CU and DU law schools, create a project for students to help companies with their transition (Betsy Markey)• New Belgium sponsored, Net Impact, sponsor a competition at CU Boulder (Stephanie Gripne)	
Section 6	1:30 p.m.	Discussion and Next Steps	Group
		<ul style="list-style-type: none">• Pro-bono services, management of pro-bono cases, reach out to their attorneys to see if they are interested in pro-bono work for businesses (Betsy Markey)• Have a couple wins, balance long- and short-term goals (Betsy Markey)• Colorado Lawyers Committee, identify 5 or 6 law firms specifically interested, get the low hanging fruit engaged (Betsy Markey)• Certain rules around pro-bono work, may not be best method, direct certain encouragement to firms that have all of the resources but don't identify them as EO (Jason Wiener)• Strategic task force to get EO into the pipeline, identify players and take it from there, we need some wins, what is in the pipeline, what do you need, high impact meeting (Jason Wiener and John Kovacs)• Executive roundtable, email John who should be at that table, teach them how to become specialized in EO (Glenn Plagens)• Marketing team can look at what this roundtable should look like• Invite a pilot program with the ten in the pipeline, we pro-bono aid them in the transition, who's ready to transition, pilot the program with however many are ready, promise low and deliver high to be clear on expectations (Stephanie Gripne)• What would the interest rates look like with CHFA? 4% maybe, State could have leniency to set this (Halisi Vinson, Jeff Kraft)	
Section 7	2:00 p.m.	Adjourn	

