ECONOMIC DEVELOPMENT COMMISSION
MEETING MINUTES
October 15, 2020
8:30 a.m. – 12:00 p.m.

MEETING DATE
October 15, 2020
Virtual Meeting

MEETING PARTICIPANTS
A. Commission Members
Carrie Schiff, Becky Takeda-Tinker, Chris Franz, Wendell Pryor, Blake Jones, David Dragoo, Benita Duran, Jandel Allen-Davis, Rob Brown, Gretchen Wahl, and Jay Seaton.

B. Guests

C. Staff

DECISION/ACTION ITEMS
1. The Economic Development Commission approved the Minutes from the September 17, 2020 EDC Meeting.

2. The Economic Development Commission approved the following projects/items

<table>
<thead>
<tr>
<th>JGITC</th>
<th>Project Cosmic Sphere; and Project Pegasus.</th>
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<tbody>
<tr>
<td>SF</td>
<td>Semiconductor Manufacturing Earmark; Rural Technical Implementation Earmark; and LONE Program Modification and Renewal.</td>
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<tr>
<td>EZ</td>
<td>JEF - CO Christian University Campus; DEN - Dress for Success; PP - El Paso County Fairgrounds; REG10 - Gunnison Arts Center; DEN - Mental Health Center; PP - Westside CARES; and Contribution Projects Re-certifications</td>
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<tr>
<td>RJS</td>
<td>Program Manual Guidelines modification.</td>
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<tr>
<td>CCR and CCRS</td>
<td>CCS Contract Renewal.</td>
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<tr>
<td>ECGP</td>
<td>Energize Colorado Gap Fund contract amendment.</td>
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A. Meeting Called to Order
Schiff called the meeting to order.

Meeting Minutes
Allen-Davis moved approval of the September 17, 2020 meeting minutes. Takeda-Tinker seconded the motion. Motion passed unanimously.

M/S/P – Allen-Davis, Takeda-Tinker – September 17, 2020 minutes approved as presented by staff.
B. Job Growth Incentive Tax Credit (JGICT): Michelle Hadwiger

Project Cosmic Sphere

Hadwiger presented Project Cosmic Sphere. Project Cosmic Sphere is a wholly owned, US subsidiary of a private Japanese aerospace company that is considering locating its US headquarters 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 Cosmic Sphere was originally a startup under the Google Lunar X Prize competition, which began in 2007 to spur private companies to develop cost-effective technologies to bring robotic spacecraft to the surface of the moon. After winning one of the prizes in the competition, the company behind Project Cosmic Sphere raised a substantial amount of money to develop its own lunar lander in Japan. As part of the company’s continued growth, they have developed a relationship with NASA to develop a lunar lander capable of delivering NASA payloads to the moon. This Project entails opening a US Headquarters to support the company’s sales and marketing, research and development, and design efforts. Eventually, this project entails finding a US location in which to base the manufacturing capabilities as well. While it is not guaranteed that the eventual manufacturing facility would co-locate with the headquarters, the initial implantation of a headquarters does bring with it the significant potential for follow-on investment.

Staff is requesting approval of $1,130,607 in performance-based Job Growth Incentive Tax Credit over an 8 year period for the creation of up to 48 net new full-time jobs over the next 8 years at an average annual wage equal to or greater than the average annual wage of the county the project chooses to locate. 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 - Pryor, Takeda-Tinker – Project Cosmic Sphere approved as presented and recommended by staff.

Project Pegasus

Hadwiger presented Project Pegasus. Project Pegasus is a publicly traded, Real Estate Investment Trust (REIT) that owns and develops healthcare real estate for a variety of healthcare tenants. 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 Pegasus is evaluating multiple domestic markets in which to relocate its headquarters. The company maintains other existing offices in California, the Northeast, and the South in addition to the California HQ. In moving the headquarters, this project would create 166 net new full time jobs that would be spread across executives, vice presidents, directors, associates, and assistants across all major corporate functions. The average annual wage of these positions would be $425,213, which is 550% of Broomfield County’s average annual wage, which is the highest of any Colorado county’s average annual wage. The company is considering the Denver Metro area, but has not yet identified a specific county in which they would locate. Colorado is competing with Nashville, Tennessee and Dallas, Texas for this project.

As a REIT, which is required to pass-through most of its profits to shareholders, it typically does not pay income tax and ultimately may not be able to use all of this incentive. Though, it is possible the structure of the company can change in the future to a different structure that would have a state income tax liability. Other REITs have previously received JGICT awards.
Staff is requesting approval of $5,293,286 in performance-based Job Growth Incentive Tax Credit over an 8 year period for the creation of up to 166 net new full-time jobs over the next 8 years at an average annual wage equal to or greater than the average annual wage of the county the project chooses to locate. 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 - Wahl, Duran – Project Pegasus approved as presented and recommended by staff.

Update of Previously Approved Projects
Hadwiger said Colorado has been in the news in the last week for landing top spots in rankings for number one economy, top five places to live in different respective communities. We’re also seeing a larger amount of venture capitalists and private equity investment in Colorado companies as well as just in general interest in access to capital formation in Colorado. Executive talent is something companies have said that Colorado needs a larger critical mass of and so these increased headquarter opportunities are helping with increasing the densities and mitigating the risk of an executive coming to Colorado and knowing they have another opportunity to go to another company and work. So that critical mass and density is extremely important and we are glad to see this trending in that direction. One more piece of good news, Fidelity recently announced they will be hiring three hundred additional jobs in Colorado.

C. Strategic Fund (SF): Jeff Kraft, Sean Gould, Michelle Hadwiger, Reid Aronstein, Glenn Plagens, Greg Thomason

EDC Budget Update
Gould presented the EDC Budget which shows a current available balance of $8.9M for future projects.

SF Balance Forecast
Gould provided the SF Forecast which shows $3,165,485 project available funds. We will be unencumbering the $2.9M encumbered in 2018 for the Market Based Sourcing per 24-26-105. DOR and OEDIT agreed the impact of MBS to state revenue is inconclusive.

Semiconductor Manufacturing Incentive Program
Hadwiger presented the Semiconductor Manufacturing Incentive Program request. The goal is to build an incentive program to attract and build semiconductor manufacturing facilities in order to leverage Federal Funding under the National Defense Authorization Act for Fiscal Year 2021.

On June 10th and 11th, 2020, the Senate and House introduced a bill called the Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Act. The bill authorizes funding for semiconductor R&D, including $3 billion for the National Science Foundation, $2 billion for the Department of Energy, and $2 billion for the Defense Advanced Research Projects Agency’s Electronics Resurgence Initiative. It creates a multi-agency National Semiconductor Technology Center that would conduct research and prototyping of advanced semiconductors in partnership with the private sector, with a recommended budget of $3 billion over ten years. It establishes an Advanced Packaging National Manufacturing Institute under the Department of Commerce with a recommended budget of $5 billion over five years and creates a semiconductor program at National Institute of Standards and Technology that would support a new Manufacturing USA institute. It creates a $10 billion trust fund to match state and local incentives for investments in semiconductor manufacturing facilities and provides tax credits for qualified semiconductor equipment or manufacturing facility expenditures through 2027.
The CHIPS for America Act was included in the National Defense Authorization Act for Fiscal Year 2021, and has passed both the House and the Senate. If and when the bill is signed into law, this would provide significant federal funding to help attract and build semiconductor manufacturing facilities in the US. The States that create their own incentive programs that qualify to be matched by Federal funds under the CHIPS Act provisions will be poised to attract these opportunities in the next 1 to 3 years as supply chains shift and the US looks to become competitive in the semiconductor manufacturing space. To qualify for matching federal funds, Colorado would need to develop a “covered incentive” as defined in the legislation.

Staff is requesting approval to earmark $1.5M in Strategic Fund dollars in support of the Semiconductor Manufacturing Incentive Program.

M/S/P - Pryor, Takeda-Tinker – The Semiconductor Manufacturing Incentive Program earmark approved as presented and recommended by staff.

**Rural Technical Implementation Program (RTIP)**

Plagens, Monaco, Thomason presented the RTIP Program. The Rural Technical Assistance Program (RTAP) helps rural communities create economic development strategies by providing free technical assistance and consulting services. Previously known as Colorado Blueprint 2.0, the program was created after conversations with thousands of people in communities across the state. Despite its name change, the program’s goal is still the same: to create and retain jobs in rural areas of the state. Each program was a singular event with a limited number of opportunities. This led to a gap in the amount of communities served and limited the opportunities of the program. In the old program communities could apply for any of the seven of the program’s initiatives.

These initiatives were overseen by the division of OEDIT that aligned with the initiative’s outcomes and focus, but there was little coordination between initiatives, or how they fit into the communities overall economic strategy resulting in uneven geographic representation and exclusion of communities without the proper foundational support to compete for a program initiative. With a growing understanding of the impacts of the pandemic on our rural economies, the need to assist our communities with creating responsive, strong and resilient economic strategies that go beyond just planning, but also factor in implementation and accountability for impact and growth has become far more apparent. While the existing RTAP served the rural communities it engaged with well, it has also highlighted many of the deficiencies of the existing program to adequately respond to the increased demand and scope of assistance necessitated by the ongoing pandemic.

With these deficiencies in mind, there needs to be a shift in how we approach technical assistance to our rural communities, not only in the methodology and delivery, but the fundamental substance of the information and subject matter to better reflect the needs and priorities for communities in economic recovery. In response to changing conditions, the new RTAP program would address these issues and create a more robust and accessible program to better respond to the needs of our rural communities. The new slate of RTAP programs would be a combination of existing programs and new offerings, but with refreshed branding, consistent nomenclature and a more flexible architecture to allow customization of program elements to better reflect the needs of the participating community.

The New Rural Technical Assistance Program (RTAP) is a multi-faceted education, assistance, and implementation program for rural Colorado communities. The goal of the revised RTAP program is to provide fundamental education and subsequent project development and implementation while
measuring economic metrics to provide quantifiable economic help to the community. The program is comprised of three coordinated phases, all housed under the umbrella of the RTAP banner:

- RTEP - Rural Technical Education Program (Phase 1)
- RTAP - Rural Technical Assistance Program (Phase 2)
- RTIP - Rural Technical Implementation Program (Phase 3)

The RTAP program is designed to lead a community from initial education to completion of designated projects through a carefully curated program of focused learning curriculum, in-person engagement and mentored planning and execution. Interested communities register a core team who will be the primary local advocates and champions for any programs the community engages in. These team members can vary by program and are designed to provide a steady and consistent line of communication between the RTAP facilitators and the community. The RTAP program will provide a clear set of metrics for measuring economic success that aligns with the community’s goals in order to provide accountability and verifiable impact.

The initial RTAP program offerings will align closely with the outcomes of the community roadmaps that are created through the collaborative EDA grant being conducted with DOLA in order to provide immediate assistance to rural communities that have identified specific areas of need.

Staff is requesting approval to earmark $1.5M in Strategic Fund dollars in support of the Rural Technical Implementation Program.

M/S/P - Pryor, Allen-Davis - The Rural Technical Implementation Program earmark approved as presented and recommended by staff.

**LONE Program Modification and Renewal**

Gould presented the LONE Program renewal request. The Location Neutral Employment Program (LONE) is designed to encourage collaboration between key economic development stakeholders in Colorado’s urban and rural communities by expanding the benefits of large, urban job creation projects to all regions of the state. To achieve this goal, the Location Neutral Employment Program encourages companies to hire remote workers in Colorado’s rural areas in addition to hiring a core employment base at a physical location in one of Colorado’s urban areas. In doing so, LONE’s intent is to make Colorado more competitive in winning corporate relocation and expansion projects by combining the Job Growth Incentive Tax Credit (JGITC) with Strategic Fund (SF) cash incentives. The combination of these two incentives would allow companies to include rural remote workers within their normal JGITC incentive, and receive an additional Strategic Fund cash incentive for each remote rural worker employed in an eligible rural county. LONE, like a standard JGITC/SF award, is a performance-based job creation incentive program for companies interested in relocating to or expanding within Colorado. The program relies on and encourages urban and rural collaboration on projects, and waives the most restrictive element of Strategic Fund Grants: the $1:$1 Local Match, which requires the local community/municipality to match the state’s Strategic Fund investment. Using existing State incentives, combined with the ever-increasing ability for employees to work remotely, this program aspires to expand the economic benefit of major urban job creation projects to all parts of the state. The pilot program ended in June of 2020.

Staff is requesting approval to modify and renew the LONE program with the following caveats:

- The LONE program extension approval to 12/31/2021, pending funding availability.
- Each LONE award is capped at a $300,000 maximum.
• Companies will receive $2,500 per Rural Net New Jobs created in eligible counties and $5,000 per Rural Net New Jobs located on either Southern Ute or the Ute Mountain Ute Reservation lands, or in eligible “Just Transition” counties.

M/S/P - Franz, Allen-Davis – LONE program modification and renewal approved as presented and recommended by staff.

D. Enterprise Zone (EZ): Andrew Wallace

EZ Contribution Projects

Wallace presented the following EZ Contribution Project Proposals for approval.

<table>
<thead>
<tr>
<th>EZ</th>
<th>Project Name</th>
<th>Type</th>
<th>Category</th>
<th>Completion Date</th>
<th>Budget</th>
<th>1 yr. Proj. Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jefferson County EZ</td>
<td>Colorado Christian University Campus Redevelopment</td>
<td>Capital Campaign</td>
<td>Infrastructure</td>
<td>12/31/2025</td>
<td>$70,000,000</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Denver EZ</td>
<td>Dress for Success Denver: Employment Services</td>
<td>Operations</td>
<td>Job Training</td>
<td>12/31/2025</td>
<td>$191,500</td>
<td>$13,750</td>
</tr>
<tr>
<td>Pikes Peak EZ</td>
<td>El Paso County Fairgrounds Barns Replacement Project</td>
<td>Capital Campaign</td>
<td>Tourism Attraction</td>
<td>12/31/2025</td>
<td>$700,000</td>
<td>$63,125</td>
</tr>
<tr>
<td>Region 10 EZ</td>
<td>Gunnison Arts Center</td>
<td>Capital Campaign</td>
<td>Tourism Attraction</td>
<td>12/31/2025</td>
<td>$900,000</td>
<td>$137,500</td>
</tr>
<tr>
<td>Denver EZ</td>
<td>Mental Health Center of Denver</td>
<td>Operations</td>
<td>Job Training</td>
<td>12/31/2025</td>
<td>$10,000,000</td>
<td>$7,625</td>
</tr>
<tr>
<td>Pikes Peak EZ</td>
<td>Westside CARES - Homeless Housing &amp; Employment Services</td>
<td>Capital Campaign</td>
<td>Homeless Support</td>
<td>12/31/2025</td>
<td>$333,750</td>
<td>$25,000</td>
</tr>
</tbody>
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$82,125,250 $2,747,000

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

EZ Contribution Projects Annual Re-Certification for CY 2021

Wallace presented the Contribution Projects for Annual Re-Certification.

Staff requests that the EDC re-certify or approve 258 currently active or approved EZ Contribution projects for eligible status in 2020. The statutes governing Enterprise Zone Contribution Projects require annual review and approval, also known as re-certification.

This group of projects for re-certification includes 74 projects that began in 2020, 44 that were presented to and approved by the EDC in 2020 and 29 that were approved in 2019 with a January 1st 2020 start date.

Contribution projects that were active prior to 2020, and that did not have a fixed end-date of 12/31/2020 were reviewed by the 19 zone administrators – zone administrators recommend 256 of these for re-certification in 2021 and the zone administrators have not recommended 15 projects. An annual review was conducted for each of these projects to evaluate their performance against approved project activities and achievement of economic development objectives. Ninety-two projects will close at year-end either because they reached their project end-date, or the zone administrator did not recommend their continuation.
We have compiled the list of projects for your information (available as an Excel file in Dropbox). Per statutory requirement, the list of projects includes a description of each project, its accomplishments toward the economic development goals of the enterprise zone, and an estimate of the amount of potential contributions to the project in the next calendar year. Per Commission direction, and as outlined in the policies, all projects have an end-date, and will conclude on that date if not before – the project start and end dates are provided for your information.

To conclude, 332 projects are recommended for re-certification, or to be active in 2021. In 2020, 352 projects were re-certified, and in 2019 391 projects. Limited project terms force projects to conclude and new proposed projects to be more targeted. Additionally OEDIT staff and EZ Administrators have been working to identify achievable objectives for new projects that will positively impact economic conditions within the Enterprise Zones.

M/S/P – Duran, Jones – Contribution Project Recertification of the 332 projects approved as presented and recommended by staff.

E. Rural Jump-Start (RJS): Ken Jensen, Andrea Blankenship

Statute Changes

Jensen and Blankenship presented the RJS Statute changes. The legislative changes to the Rural Jump-Start Program are now in effect. The program is extended until 2025, the competition clause is no longer applied statewide; it now only applies to contiguous distressed counties, and a local economic development organization may now serve the same functions as an institute of higher education. OEDIT expects these changes to lead to a significant expansion of the program. The bill makes these specific changes to the Rural Jump-Start program:

- The last day that the EDC may approve a company or the formation of a zone is December 31, 2025.
- The area of the competition review is changed from statewide to contiguous economically distressed counties.
- A local economic development organization or similar non-profit may now sponsor the creation of a RJS zone.
- A local economic development organization or similar non-profit may now sponsor the application of an RJS business.
- Any local economic development organization that wishes to participate in the Rural Jump-Start Program must be approved by the EDC as established in the program guidelines. These economic development organizations have all the same responsibilities and restrictions (conflict of interest, etc.) that the institutes of higher education have.
- Local Economic Development organization will need to have the same relationship requirement with the applicant company, and attest to this with a signed MOU.
- These changes went into effect on September 13.

Except for this fiscal year (FY 20-21), all of the funding for the administration of this program was eliminated by the General Assembly when the statute was renewed. The EDC has approved administrative funding for this program from the Strategic Fund ($90K per year). OEDIT expresses its gratitude for this funding at a time when resources are constrained and demand is both increased and urgently needed.
Staff is requesting an estimated rebate request in the amount of $144,714 in support of this project.

**Expected Program Administration Changes**
As a result of these changes, OEDIT expects the following changes in program administration:

- OEDIT expects to work with local economic development organizations in the same manner as it has dealt with the institutes of higher education. OEDIT does not expect to treat these two types of entities differently. This is simply an addition of the types of entities that can sponsor applications, the institutes of higher education are not being replaced or losing any rights.
- The sponsor of a business application must post on the application in just one newspaper, and it should be a local or regional newspaper.
- The sponsor of a business application must post a notice of the application on their website.
- The sponsor of a business application must make a good faith effort to notify the relevant parties (at a minimum, local economic development organizations and chambers of commerce) of the business application for the purpose of the competition review. This will need to be documented.

**Expected Program Performance Changes**
As a result of these changes, OEDIT expects the following changes in program performance.

- More zones will be formed. There are currently only 16 of 40 economically distressed counties are participating in the RJS program. OEDIT hopes to increase this.
- More companies will participate in the program. This is the most important change OEDIT is working toward. OEDIT expects that many of these companies might have a state competitor. And with this change, OEDIT expects the Rural Jump-Start program to become more of a mass market program, and less of a specialized program, as it is now. At this time, the companies in the program tend to be specialized. With the statute change, OEDIT expects to see more companies that are more local, less technologically based, and less likely to be in the local news.
- More companies will be working with local economic development groups.

Staff provided a draft of the Program Manual that contains the proposed changes and the updated Competition Flow Charts.

Staff is requesting approval of the changes to the Program Manual due to the statute changes and the change to the newspaper posting requirement.

M/S/P – Seaton, Brown – Program Manual Updates, Competition Flow Charts updates and Newspaper Posting Requirements approved as presented and recommended by staff.

**RJS Requested Guidance**
Jensen said with these changes to the Rural Jump-Start Program, OEDIT is expecting a wider variety of companies to apply to the RJS program. Economic developers from smaller counties have mentioned that they often have the need for businesses that are common in metro areas but rare in remote areas. Potentially, some of these businesses could be eligible for the Rural Jump-Start Program. OEDIT would like the Commission’s feedback on how an application from the following types of companies might be viewed. For the purpose of this discussion, assume the company meets all other statutory and program requirements.

Schiff said we have a responsibility of administering legislation and we need to understand where we have latitude for policy and if we do we still need to know that those policies are consistent with what the intent was.
Seaton said I don’t know that I can put any real precision on this as we evaluate these things on a case by case basis. The original legislation put a lot of discretion in the hands of the Commission for this reason. What the legislation has turned into is not what the original intent. I think it’s better now and it can solve some problems that really small communities face. I think we should be open to that. But I’m afraid articulating any rule right now would be, one very difficult, and two it may put us in a box we don’t like. So, I think we are going to want to evaluate this as the applications come through.

Pryor said there was a time when we emphasized regional cooperation and planning. I can see a retail operation that was able to show some reach beyond the county boundaries into a region is something we may want to think about but I agree with Jay. Maybe we need to bring back the legislation and just have an intentional discussion about this.

Wahl said if our job is really to get money out to the communities and trying to do that in a rural community with this type of money seems like the right thing to do. I agree that it needs to follow statutes but if there are areas that we can interpret it our own way to get money into the hands of businesses coming into these communities, it seems to me we would want to do that.

Allen-Davis said she thinks this is the right direction and is very supportive.

Brown said I think in rural Colorado a job is a job. So if we can create a net new job that should be our primary consideration. I will say with RJS the risk that you run is it becomes a recruiting tool and if the pool is too shallow then you could be using the incentive to recruit a worker from one company to another within the community and then it isn’t technically a net new job and that to me is the limitation of the program.

Seaton added the original intent of RJS came out of an observation as the front ranger recovered before rural the front range was pulling a lot of employment out of rural into the I25 corridor. RJS was an attempt to give rural a foothold against that giant vacuum. It has evolved since then. This is a tool for rural to maintain their foothold.

Hearing no other comments, the board moved to the next agenda item.

F. Colorado Credit Reserve (CCR) and Cash Collateral Support (CCS): Sonya Guram, Justin Vause
Guram and Vause presented the CCR and CCS program board education in compliance with CRS 24-3.7-102, covering best practices for state boards and commissions.

Duran asked if these programs could work with Gap Fund or CLIMBER Fund.

Kraft said CHFA has done an amazing job and has been a great partner on these and other programs. There are new sources of capital for small businesses designed to support the recovery. There is the Gap and CLIMBER fund. One thing we’ve thought about is we tend to burn through the CCR allocation. It tends to be provisions to lenders somewhere within six months of the year, that $360,000. Given the strain on lenders and the potential of default loans and the need to keep them well capitalized, should we bring to the EDC a request to add an extra chuck of money to the CCR program as they will likely need it to keep their balance sheets healthy. These are the smallest community banks, community loan funds and CDFIs.
The reason we have held off in bringing the request forward is that there is the CLIMBER fund which CHFA is helping us manage. I think we will be coming to the EDC with some CLIMBER fund related requests potentially down the road. But what that fund does is allow the state to sell tax credits to raise $50M in first loss money to incentivize small business lending for COVID recovery. Some of the structures that the CLIMBER fund will likely use will closely parallel the CCR and CCS programs and CHFA will be running those for us. One of the reasons we have not requested more money for the CCR program yet is because the CLIMBER fund is going to provide some related money and we want to see how that plays out before we come back to the EDC for more funds.

These programs are business as usual programs and they are incredibly helpful in a downturn and if there is any kind of a credit crunch but because COVID has put some much strain on small businesses and small business lending needs the state has felt compelled to respond with grants and loans and provide extra capital. In collaboration with OEDIT, CHFA is running all of these programs. There is a lot of alignment and synergies to fill needs and gaps that the other programs lag.

**CCS Contract Ratification with CHFA**

Guram presented the full contract to the board. The term on this contract began October 1st. We were up against the contract expiration date at the end of September. We are asking for your approval after the fact but you do have the authority to decide whether or not to continue the program.

You will notice that it is a zero dollar contract in that the state is not issuing new funds to CHFA. There is the $17M in the master trust account CHFA holds. The EDC does technically have ownership of that money. The contract is to continue the CCS program.

Schiff said we did have a time crunch with the contract. She talked with Jeff and Sonya about the contract and read it before OEDIT signed it and agreed it would be reasonable to do that and then bring it to the Commission for ratification. If you have any concerns about it we can certainly entertain amendments to it. With that background information, does anyone have any concerns or comments?

Hearing none, Schiff called for a vote.

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

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

**RTA Program Update**

Jensen provided the following RTA Program Update. Aurora Gaylord is open and operating. They are not doing as well as they were and we’ll talk about briefly in a moment. Pueblo PBR is commenced and their phase 1 is complete nothing new to report on that. Colorado Springs, the one project element that needs to be discussed is the USAFA Welcome Center and we’ll hear from them today. We will discuss NCRTA at a special meeting coming up. NWC are completely commenced. They are still undergoing construction with nothing further to report today.

Going back to Aurora/Gaylord and the TIF revenue that has been received. We have been tracking that and the best that can be said is their low point was in the middle of summer and they have been going up ever since but they are nowhere near where they were before COVID. OEDIT continues to track that. We don’t have any specific projections or information from the project at this time.

**Colorado Springs/USAFA Welcome Center**
**Kraft** recapped saying the Commission did extend the deadline to commence substantial work for a year. You then determined they did meet that commencement deadline within that extra year’s extension. As part of that they did need additional time to do their bonding. The Commission agreed to give them another year to bond which ends on December 31st, 2020. As part of that they AFA also agreed to allow them, under the lease to bond as well. Within a day of actually issuing those bonds COVID hit and disrupted the municipal bond market. We are getting close to the end of the year and we thought it would be important to give you all an update on the status of executing the financing. We also thought it would be valuable to receive advice from counsel on next steps. We are not asking for a vote from the Commission today.

**Kraft** introduced Bob Cope and Dan Schnepf with the project to provide an update. **Cope** said the Olympic Museum is open and doing well. Last week we moved the iconic bridge into place. People will start to walk on that bridge in early 2021. The Hybl Center is open. Weidner Stadium is on schedule. They had their formal naming ceremony. Robson Arena is on schedule. They plan to open in 2021 for the fall hockey season assuming we get past COVID. Everything is on track. That brings us to the USAFA Welcome Center.

We've had really good conversations with OEDIT staff and we appreciate that. Today we want to update you on the recent developments of the project and lay out the status.

**Cope** introduced Dan Schnepf, Jon Moellenberg, and Don Hunt and Eric Smith here to provide additional information.

**Schnepf** said we continue to make progress on the project as it relates to the infrastructure that will service the sub area developments. In fact all of the entitlements for the construction of the infrastructure and the design process has been completed. As soon as we get financing we will have the ability to go right to construction.

All of the stakeholders continue to work hard and I appreciate the City of Colorado Springs has extended our authorization for bonds for one year which was an important component. Last week the AFA Foundation approved $6M of support for the Visitor Center project.

We have two possible tracks for financing the project. One of them is the bond market, which you were gracious enough to extend the deadline. We thought there would be a quick return to the market for this type of project. I wish I could say it was as quick as we anticipated. The hospitalities and the industries that relate to travel are all being still very much affected by the COVID events that have taken place. The first track is the bond finance approach which will happen either in the traditional bond market under a retail bond approach or a negotiated bond sale with parties who were interested before COVID collapsed the market. The second financing option approach is the CARES Act Loan. The Secretary of the AF is talking with the Secretary of Defense about supporting this project as critical to the military’s mission and important for security at the Academy. We have not heard the outcome of those discussions but if we get the Secretary of Defense’s support, it would make it much easier to get treasury financing, if and when the treasury becomes open to that.

**Moellenberg** said we had intense dialogue with institutional investors last February and March as the capital market solution unfolded. Unfortunately our timing was bad and orders we had in place from investors were pulled and we’ve been working hard to improve the project ever since. We count the AF Foundation support as a big coup. It adds liquidity to the program in case we don’t hit the timelines that
we anticipate in terms of travelers returning to the market so it allows the hotel to succeed even if there is a delay in revenue. So we are looking to reassembling the project and reengaging those investors.

Schiff asked Commissioners if they had any questions at this time.

Hearing none, Kraft asked Bob and the team if you are unable to execute one of the two paths that Dan eluded to, what would the next option.

Cope said the reason we are here in October is we did not want to come in November or December in the event that bonds had not been issued. So we wanted to provide the update, open the dialogue and set the table for a discussion around a potential extension. I think we will know more in thirty days but if it looks unlikely the bond could be issued before the end of the year we would certainly like the Commission to entertain an extension for the issuance of bonds. The time to do so is up for discussion, however this project is teed up and ready to go. We just need the bond market to return to some normalcy and we can go ahead and break ground. I would urge consideration for another year’s extension but I would leave that to your discretion of what you think is appropriate.

Schiff asked if there were any questions. Hearing none, Schiff entertained a motion to enter executive session to receive advice from counsel.

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

Schiff said before we adjourn to executive session I want to say I appreciate you bringing this to our attention now, in advance. It is really collaborative and helpful we also agree this is an important project that we want to see get done.

The EDC is now in Executive Session.

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

Allen-Davis moved the EDC exit Executive Session and enter into Open Session. Pryor seconded the motion. Motion passed unanimously.

The EDC is now in Open Session.

Schiff said you haven’t actually made a request yet and you’ve given us a really important update and we appreciate you bringing it to us as soon as you were able. What we want to communicate is to please keep us apprised as to your efforts to bond over the next couple of months. We would direct you, beginning now, should you decide that you need a contingency plan in place in the form of an extension, you should start working with OEDIT staff and our counsel to figure out what should be presented to us for a formal extension request sometime before the end of the year. We want to reiterate our strong support for this project. We know from the experience working with you on this before, we don’t want to be the rock and you’ve got the hard place in D.C. that you are also working with, which is why if there is a contingency plan it would be wise to start those conversations with staff.
Cope said thank you for that feedback. That is very reasonable direction for us. Our team will coordinate and get back with Jeff and his team. Thank you.

H. Energize Colorado Gap Fund (ECGP): Jeff Kraft, Sonya Guram

Kraft and Guram present the ECGP contract amendment request. We do plan to bring a more robust update to the Commission next month for this program. Jeff noted the press release from the Governor’s office that has some high level data about the number of applications and request for the Gap Fund. It mentions that we’ve seen requests for almost 6000 different businesses for $79M in grants and $56M in loans. I’ll remind the Commission that you provided the $2.5M in loan funding grants that didn’t need to be paid back so it could be used as loss funding for private investors. Then we had the opportunity to provide $20M in CARES Act funds that was given to us from the General Assembly as part of a senate bill which directed us to contract with CHFA with the intent to support the Gap Fund which we did with your support and direction.

The great news is we got a lot of applications from women-owned businesses, rural businesses, African-American and Latino owned businesses which are all historically underserved groups that have had a hard time accessing capital and the Gap Fund in the legislation was specifically targeting those in underserved communities.

The exciting thing is the Governor was able to pull together and additional $6M in grant money on top of the original $20M that the General Assembly designated and so the Governor issued an executive order directing that money be contracted to CHFA under the oversight and supervision of the EDC to expand the grant funds available for the Gap Fund. We could potentially serve up to another 200 or so businesses. It’s a thirty percent increase.

Pryor asked how are you going to handle the overwhelming amount of requests versus the amount of money available even with the additional $6M. Part of my concern is, I believe we are starting to hear on some of the PPL money that they didn't do it quite right as far as being able to project losses. Are you going to look at a pro rata share or are you just going to fund what you can and prioritize it in some way.

Guram said there was a single application for both grants and loans. So the EDC did make funds available for loans and the Gap fund has been looking to attract additional high wealth individuals and other organizations to add additional money so that those funds can go out in loans and our state funds from the EDC are leveraging other funds. That case has not come into play yet but it’s a single application. So when applications come in they are applying for either or both a grant and or loan. Right now we are really working to deploy the grant funds because they are tied to the CARES Act and we need to get those out the door by December 30th. The real focus has been on reviewing those applications first for grant dollars and getting those out.

So there is a prioritization process. When applicants fill out their information they are identifying how they align with those priority groups that Jeff mentioned. We are really focused on getting to those really small businesses. These are businesses with fewer than 25 people who didn’t have the capacity, overlooked by traditional banking relationships and either didn’t get funding or were underfunded by PPI and EIDL programs. We also know there are a lot of small community grant and loan programs functioning as well. So the grant program looks at are you one of these priority groups and also evaluating the gaps, what were lost revenues what were additional expenses incurred due to COVID. Our lender partners which are the Rural Loan Funds and Non-profit lenders are reviewing all that information to prioritize these businesses for non-profit applications. Once they are prioritize, they do further in depth analysis to
verify that information. The idea is that we would rather fully fund a business than allocate smaller amounts to businesses. So it’s really trying to look at those that reach that priority level and fully funding them up to the $15,000 that we can with a grant.

It is around 6000 applications that came in on the first round. The second round is open. At the onset, we are not seeing a great amount of applications. All those that applied in the first round will still be eligible in the second round. So they are already ranked as far as priority and they will keep those rankings if conditions have changed and the business wants to reapply they can do that. Of approximately $135M requested through that application process, about $79 almost $80M of that is from the grant side and about $55M from the loan side. We’re getting out those grants request as quickly as we can. In some of the initial communications we thought we would have four rounds but what we’re looking at is two rounds right now. I wanted to point out the incredible work that is going into identifying these businesses and making sure that they are aware. Benita has been working a lot to reach out to those communities and have some pop-up events working with Rosy McDonough, the MBO director, Glenn Plagens and Joey Jenkins, the SBDC has been heavily involved in supplying mentorship to those businesses and helping with the applications as well.

Duran said it has been an incredible team effort and I’m curious as it relates to EDC members what you are hearing and seeing out there in your communities and if there is particular outreach or connection that we need to be doing from the Energize Colorado side, please bring that forward. There is an incredible statewide volunteer team of people that really do align with this through the call center and other SBDC networks that are plugged into the whole effort. In the first part of September we did an in-person event in Pueblo at the convention center, appropriately distanced, and it was a very safe event that connected one-on-one with over 30 small businesses. We were planning to do some similar events in Longmont in the next week but given the public safety issues and concerns, we are not going to do an in-person event there and instead we are going to extend the virtual network with small businesses particularly Latino businesses in the Longmont area. We are hoping in this effort to get the Latino businesses we have been trying to target statewide into the applicant pool.

Schiff said to just so everyone is clear the Resolution we are being asked to adopt to use our authority to add the additional $6M to the agreement that we already have in place with CHFA to administer the CARES Act funds.

Guram added the state must commit or spend their CARES Act dollars by December 30th. The $6M that the Governor recently directed in part was because of the good work being done and the need and likely because it is not being fully utilized elsewhere under discretion of the state. So we have the final clause noting should additional CARES Act fund come to this Energize Colorado effort that through this Resolution we would ask for your approval to put any additional dollars behind our existing contract as well. And of course all of this is following the senate bill, now statute and the contract that we have supplied to the Commission.

Staff is requesting, under the Governor’s Executive Order, to amend the existing contract for $20M to add another $6M onto it to CHFA.

Markey thanked Duran for the work she has done on this program.

M/S/P – Wahl, Duran – ECGF Contract Amendment approved as presented and recommended by staff.
I. Other

Transferrable Tax Credit

Jensen provided a TTC program update. No major program events. 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.

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 22, 2020 this will be an early meeting and will focus on RTA. The next full EDC meeting will be November 19, 2020. Both of these meetings will be virtual.

With all items discussed, the meeting was adjourned.