

ECONOMIC DEVELOPMENT COMMISSION

MEETING MINUTES

February 16, 2023
8:30 a.m. – 12:00 p.m.

MEETING DATE

February 16, 2023
1600 Broadway, Suite 2500
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Chris Franz, David Drago, Andrew Sparn, Carl Young, Walker Stapleton, Steven Paletz, Jay Seaton, and Simon Tafoya.

B. Guests

Aldo Svaldi, Alan with Project Beacon, Thomas Walton, Candice Campbell, Laura Rodriguez, Emily Fay, Meegan Spicer, Jared Safier, Makayla O'Malley, Greg Tally, Jenna Goldstein, Meredith O'Connor, Robin Martinez, Aaron Herrera, Ryan Nalty, Gus Project Beacon, Analisa Romano, Rodney Cooper, Toni Barrett, Sara Lobato, Candace Payne, Trish Thibodo, Courtney Rodwell, Lauren Johnson LeGrand, Mike Raley, David Denison, and Tiffany Pehl.

C. Staff

Eve Lieberman, Jeff Kraft, Sean Gould, Tad Johnson, Sonya Guram, Crystal Walsh, Leslie Hylton-Hinga, Che Sheehan, Keri Ungemah, Ashley Mount, Alissa Johnson, Michelle Hadwiger, Mike Landes, Elise Hamman, and Virginia Davis.

DECISION/ACTION ITEMS

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

JGITC: Project Beacon, Project Maverick, Project Spectra, and Transferrable Tax Credits.
EZ: Valley Food Partnership, Latino Chamber of Commerce of Pueblo Building, Steamboat Winter Sports Club, Perry Mansfield Performing Arts Operations & Capital, SAM: Leveling Up, and Foundation for Colorado Springs' Future.
RJS: Morgan County Zone Formation.
COFTM: Blood Vine, and King of the Mountain.
HB22-1418 Updates to Program Guidelines.

A. Meeting Called to Order

Franz called the meeting to order.

B. Minutes

Franz called for a motion to approve the minutes from the January 19th, 2023, EDC Meeting.

Sparn moved approval of the minutes. Stapleton seconded the motion. Motion passed unanimously.

M/S/P – Sparn, Stapleton – Minutes approved as presented by staff.

C. State Small Business Credit Initiative

Sparn 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 Insider Status for the SSBCI Program. Paletz seconded the motion. Motion passed unanimously.

The EDC is now in Executive Session.

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

Dragoo moved the EDC exit Executive Session. Young seconded the motion. Motion passed unanimously.

The EDC is now in Open Session.

D. Job Growth Incentive Tax Credit

Project Beacon

Hadwiger presented Project Beacon. The company behind Project Beacon is an aerospace engineering and analysis firm that is headquartered in Huntsville, AL. The company provides engineering, analysis, and technical management support to the Department of Defense, Federal, and commercial customers. Project Beacon is a corporate expansion project that will support the US Space Force in cybersecurity, software, and modeling and simulation activities. This work will include both unclassified and classified elements, which will require office space, lab space, and closed areas for classified analysis and processing.

Staff is requesting approval of up to \$1,347,612 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 71 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.

M/S/P – Sparn, Dragoo – Project Beacon approved as presented and recommended by staff.

Project Maverick

Hadwiger presented Project Maverick. The company behind Project Maverick produces silicon anodes for high energy lithium-ion batteries. Setting a precedent for scalable silicon anode production and has developed a unique manufacturing process to grow 3D structures in a roll-to-roll system. Project Maverick seeks a competitive location to support its lithium-ion battery production for the United States electric vehicle and aerospace markets. Project Maverick aims to produce industry leading lithium-ion batteries utilizing anode technology to substantially improve the performance of EV, aircraft and drones through higher density and longer-range batteries.

Staff is requesting approval of up to \$5,491,784 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 332 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.

M/S/P – Sparn, Walker – Project Maverick approved as presented and recommended by staff.

Project Spectra

Hadwiger presented Project Spectra. The company behind Project Spectra is an aviation company. Project Spectra will establish a training center for an aerospace company. Several sites are being considered with an expectation of securing land for development by June 1, 2023. Access to cities on the east coast and the cost of doing business are key drivers for this decision.

Staff is requesting approval of up to \$3,790,995 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 240 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.

M/S/P – Sparn, Young – Project Spectra approved as presented and recommended by staff.

Update of Approved Projects

Hadwiger said there have been announcements from Integris, introduced as Project Garnet, Intelligent Growth Solutions, introduced as Project Sprout, Think Orbital, introduced as Project Root, and Zivaro, introduced as Project Dinosaur, have all chosen Colorado. We also have pending announcement from Disco, Stripe, Owl, Orchid, and Cell.

E. Strategic Fund

VF Corporation

Gould presented the VF Corporation request. The Transferable Tax Credit program allows companies that make major capital investments to transfer certain tax credits that are earned in the course of making that investment. This program is authorized by CRS 24-46-104.3 (House Bill 17-1356). The benefit of this program is that approved companies can sell certain income tax credits that normally are not transferable and could not be used unless the company had a state income tax liability.

To be potentially eligible for transferable tax credits, a business must make a capital investment of at least \$100 million over the ten consecutive income tax years that commence immediately following the date of pre-certification by the Economic Development Commission (EDC).

Tax credit types which are covered in this program include Job Growth Incentive Tax Credit (JGITC), Enterprise Zone (EZ) investment credit, EZ new employee credit and EZ R&D credit. The program sunset on June 30, 2020. The EDC has already pre-certified the total \$30 million allowed by statute to VF Corp (\$13M) and Evraz North America (\$17M).

The EDC has previously approved the following:

- JGITC incentive for VF Corporation - \$27,036,262 on 800 NNJs (August 8, 2018)
- Pre-Certification for the Special Treatment of Certain Tax Credits up to \$13M. (August 8, 2018; May 16, 2019; and June 18, 2020)
- Confirmation of the \$100M Strategic Capital Investment (January 21, 2021)

VF Corporation is now formally requesting to “treat their tax credits differently”.

OEDIT Staff requests that the EDC approve VF Corporation to treat \$5,501,313 in Tax Credit Certificates differently.

M/S/P – Dragoo, Sparrn – VF Corporation request to treat their tax credits differently, approved as presented and recommended by staff.

F. Strategic Fund

EDC Budget Update

Gould provided the EDC Budget update which shows a Long Bill balance of \$4,071,278.

SF Balance Forecast

Gould presented the SF Balance Forecast that shows an approximate, current available balance of \$4,471,778 in annual Long Bill funds, \$4,875,000 in Just Transition & EDO funds, and \$1,983,824 in RJS Grants.

Strategic Fund Red Yellow Green Report

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

G. 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
REG10	Valley Food Partnership	Operations	Business Assistance	12/31/2028	\$2,924,000	\$12,158
PUE	Latino Chamber of Commerce of Pueblo Building Payoff & Capital Improvements Camp	Capital Campaign	Business Assistance	12/31/2028	\$100,000	\$6,250
NW	Steamboat Winter Sports Club	Operations/ Capital Campaign	Visitor Event/Attraction	12/31/2028	\$15,200,000	\$137,875
NW	Perry Mansfield Performing Arts Operations & Capital	Operations/ Capital Campaign	Visitor Event/Attraction	12/31/2028	\$1,725,000	\$126,250
NW	SAM: Leveling Up	Operations	Visitor Event/Attraction	12/31/2028	\$795,000	\$34,375
PP	Foundation for Colorado Springs' Future: Enhanced Economic Development Programs	Operations	Economic Development Organization	12/31/2028	\$500,000	\$63,750
TOTAL					\$21,244,000	\$380,658

M/S/P – Sparrn, Dragoo – EZ Contribution projects approved as presented and recommended by staff. Franz recused himself from the vote for the Foundation for Colorado Springs project.

Strategic Fund Continued

EDO Grants First Round Wrap Up and Second Round Update

Mount and Hylton-Hinga provided an update on the EDO Recovery Grant and provided a Second-Round update. Those awards were all dispersed in December of 2022. They were all based on COVID economic recovery. We now have final or updated reports from all 55 awardees. For the awardees we received updated reports from, we have asked them to provide final reports no later than the end of February. After receiving the reports there are no recommendations to claw back any of the funds.

The second round is different. Fundamentally it's still serving a lot of the same eligible organizations. However, we have moved on from recovery funding and now we've asked them to come together and create an action plan. Something that is unique to their organization or area. They are putting forward and initiative and giving us an action plan. That closed yesterday. We received a total of 83 applications. These grants will be in the range of \$25,000 to \$40,000. We anticipate awarding between 23 and 38 grants

to those applicants. The review will begin soon by staff and then the eligibility committee. We anticipate coming back to the EDC with potential awardees at the April meeting.

Cultural Preservation Grant Proposal

Hylton-Hinga presented a draft proposal for the Cultural Preservation Grant Program.

Proposal Overview: Establish a grant program for a group of geographically proximate and culturally similar businesses that are facing displacement pressures and are located in main streets, corridors, or districts that hold cultural, social, or historical significance in Colorado.

Eligibility: OEDIT will select 4-5 main streets, corridors, or districts that demonstrate cultural, social, or historical significance in Colorado and then provide grants to 3-6 businesses within those communities. To apply for this competitive grant, those businesses must collaborate with a local sponsoring entity (local government, economic development organization, business improvement district, community-based non-profit, etc.) to demonstrate the following:

- The businesses' location is culturally, socially, or historically significant to Colorado;
- Each of the businesses contributes to the community's cultural, social, or historical significance; and;
- Each of the businesses faces displacement or destabilizing pressures that threaten the preservation of the cultural significance of the community.

***OEDIT will avoid using strict criteria to determine what is – or is not – deemed culturally significant. Instead, it will be up to the applicants to describe why they believe their communities and businesses hold cultural significance.

Allowable Costs: Applicants must also demonstrate that each participating business has a plan and budget for the grant funds that will help alleviate some of the challenges they're currently facing or lead to cost savings over time. At a minimum, allowable costs could include:

- Capital costs for building or technology upgrades, including energy and facade upgrades
- Development of value-add service or product
- Changes in accordance with historical designations

Performance Requirements: After awardees are determined, sponsoring entities will support communication between OEDIT and the awarded businesses for the life of the award, which may be up to two years. Sponsoring entities may be provided with administrative support to help maintain these relationships. During the life of the award, businesses may be required to participate in OEDIT technical assistance programming, which will vary depending on each business' unique needs. On behalf of the businesses, sponsoring entities will also be required to update OEDIT on a pre-determined regular basis on businesses' use of funds, ability to overcome challenges, and a community's preservation of their cultural heritage.

Staff will put a rubric together and will bring back that and a more fleshed out proposal to the EDC for review.

H. Rural Jump-Start (RJS): Leslie Hylton-Hinga

Application to Form a Zone in Morgan County

Hylton-Hinga presented the Application to Form a Zone in Morgan County. Morgan County has passed a resolution to become a Rural Jump-Start Zone. The application is sponsored by the Morgan County

Economic Development Corporation and does not include a pipeline of potential companies. There are no municipalities being presented with Morgan County's application at this time.

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

M/S/P – Dragoo, Tafyoa – Morgan County zone formation request approved as presented and recommended by staff.

I. Regional Tourism Act (RTA): Che Sheehan

RTA Program Update

Sheehan provided the RYG update. The USOPM closed on bonds on January 31, 2023. Staff included the necessary certifications in the board book for reference.

J. Colorado Office of Film, Television, and Media

Brachfeld presented the COFTM budget which has a total FY22 COFTM Incentive Funds of \$754,563 remaining if the pending projects today are approved.

Blood Vine

Brachfeld presented Blood Vine. Blood Vine Movie LLC is a Colorado based company created for the purpose of filming Blood Vine. Over A last minute weekend getaway, involving a wine tasting and a dinner party, Remy Holbrooke, a survivor from the streets of Philadelphia, must escape the Blood Vine Estate and its vengeful host, Maximillian Eckert and his army of hired assassins.

Blood Vine will be filmed in Palisade, Colorado. Production is slated to begin in April and wrap in May of 2023. The production team plans to engage in a film festival run prior to pursuing their relationships with distribution companies upon completion of the film.

Per the applicant's estimations, the Office of Film, Television & Media is anticipating a total of \$600,000 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$1,078,950.

The project has a total preliminary Colorado budget of \$107,588.20:

- Payroll spend: \$200,000
- Vendor spend: \$400,000
- CO Crew hires: 20
- CO Cast hires: 20
- Total CO hires: 40, which equals 66% of the total crew hired for this project

The estimated qualified local expenditures of the application would result in a rebate of \$120,000 which is a 20% rebate.

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

M/S/P – Spurn, Stapleton – Blood Vine was approved as presented and recommended by staff.

King of the Mountain

Brachfeld presented King of the Mountain. Shoulder2Shoulder LLC is a Colorado based company created for the purpose of filming King of the Mountain. King of the Mountain is a feature length documentary about the Pikes Peak International Hill Climb. Race car drivers from around the world, the best of the best,

compete against each other and dedicated locals in the community to become the year's champion, also known as The King of the Mountain. Utilizing archival photos, interviews, and footage from this year's race, the film will capture the human spirit as it relates to this unique and severely dangerous race. Production is slated to occur in April of 2023. The filmmakers plan on screening it locally in Colorado Springs upon completion and will pursue film festivals and streaming services for distribution.

Per the applicant's estimations, the Office of Film, Television & Media is anticipating a total of \$500,000 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$899,125.

The project has a total preliminary Colorado budget of \$500,000:

- Payroll spend: \$450,000
- Vendor spend: \$50,000
- CO Crew hires: 13
- CO Cast hires: 0
- Total CO hires: 13, which equals 76% of the total crew hired for this project

The estimated qualified local expenditures of the application would result in a rebate of \$100,000 which is a 20% rebate.

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

M/S/P – Stapleton, Young – King of the Mountain was approved as presented and recommended by staff.

K. HB22 – 1418 Extension of Certain Unused Tax Credits

Kraft, Gould, and Johnson provided the following update based on EDC feedback from the January meeting.

OEDIT Outreach Efforts

Per the direction of the EDC at the January meeting. Since that meeting, OEDIT performed substantial additional outreach which supplemented the outreach done previously.

- On December 1, 2022, OEDIT created a web page and posted information about this program. This web page announced the Public Stakeholder Meeting, held on December 12, 2022, and included information about how to submit comments. After the draft guidelines were developed, they were posted on this web page.
- Public Stakeholder Meeting (Dec. 12, 2022)
 - OEDIT held a public (Zoom) meeting where we discussed our draft guidelines, timeline, and overall process for the program. OEDIT requested any and all feedback, comments, and questions.
 - This public meeting was announced on the web page and in an OEDIT newsletter sent to our full economic development stakeholder mailing list by our marketing team.
- Request for public comment via OEDIT newsletters (Jan. 3, 2023, and Feb. 1, 2023)
 - OEDIT requested public feedback in our January and February newsletters. Requests included links to program webpages and draft guidelines.
 - The February newsletter contained a letter explaining the basics of the program and what we're seeking feedback on. The Open Comment window extended until End of February.
- Enterprise Zone Admin meetings (Feb. 3, 2023)

- OEDIT Enterprise Zone Program Manager explained the program to all administrators around Colorado and requested them to pass along this information to important stakeholders in their region.
- Enterprise Zone Admin Letter (Feb. 3, 2023)
 - The same letter that was circulated via our February newsletter was distributed to all Enterprise Zone administrators.
- Enterprise Zone Admins - Targeted outreach to eligible businesses (Feb. 3, 2023)
- Economic Development Council of Colorado Letter (Jan. 24, 2023)
 - The same letter that was circulated via our February newsletter was distributed to our contacts at the EDCC
 - EDCC agreed to pass this letter and communications to their list of CPA's for additional targeted outreach and awareness during the upcoming tax season.

Public Comments

As of February 7, 2023: Despite additional outreach, OEDIT has received no relevant comments or feedback from the public.

**The one communication we received related to HB 22-1418 was inquiring if this involved Opportunity Zones. OEDIT clarified which tax credits are affected by HB 22-1418 and this program is not related to opportunity zones.*

Changes to Draft Guidelines Based on EDC Feedback at January Meeting

1. Added: \$400,000 threshold will only be used for the first cycle/cohort of extensions.
2. Added: If a company knows they cannot use an extended credit, then they must notify OEDIT immediately in writing so we can make it available during the next annual cohort. This can only be done within the 5-year window, 2021 through 2025.
3. Modified: Required Financial Documents to include unaudited statements so long as accompanied by correlating Federal Tax Returns.

After taking public comment, staff worked to draft the Program Guidelines, Policies and Procedures for the Extension of Certain Unused Tax Credits and presented those to the EDC for feedback.

M/S/P – Stapleton, Young – Changes to the Guidelines approved as presented and recommended by staff.

L. Other

Next EDC Meeting

Kraft said staff is planning a remote meeting to Grand Junction, working with Jay Seaton, and other local representatives on this meeting. Staff will keep the EDC updated on the dates and planning.

The next EDC meeting will be March 16, 2022.

With all items discussed, the meeting was adjourned.